LOW KENG HUAT
(SINGAPORE) LIMITED

ANNUAL REPORT 2022/2023

Klimt Cairnhill





CONTENTS

Klimt Cairnhill

CORPORATE PROFILE

Low Keng Huat (Singapore) Limited ("**LKHS**" or the "**Company**"), together with its subsidiaries (the "**Group**"), is a builder established since 1969. The Company started as a general building construction company. LKHS was listed on the Mainboard of the Singapore Exchange on 9 March 1992. Today, its business has grown to encompass property development and investments, which includes retail malls, serviced apartments in Singapore and a hotel in Australia. The Group's construction arm currently focuses on in-house development and investment projects. Major development projects include Klimt Cairnhill, Dalvey Haus, Uptown @ Farrer, Kismis Residences, Parkland Residences, The Minton, Duchess Residences, One North Residences and Paya Lebar Square. The Group's main investment properties are retail malls at Paya Lebar Square and BT Centre in Singapore. It also owns serviced apartments in Singapore, namely Citadines Balestier and Lyf @ Farrer, both operated and managed by The Ascott Group. In addition, the Group owns and operates a deluxe hotel in Perth (Australia) under the in-house brand, Duxton. Its other hospitality related business in Singapore is its food and beverage business under the in-house brand, Carnivore.

Klimt Cairnhill

Klimt Cairnhill

Duxton Hotel Perth

Lyf @ Farrer

CHAIRMAN'S STATEMENT

"Management is focused on maintaining a healthy balance sheet, and will be disciplined in capital management, as it navigates through a higher interest rate environment. In addition, the Group will be selective and strategic in new business acquisitions and investments, with the aim of delivering sustainable returns to its shareholders."

Mr Low Keng Boon
@ Lau Boon Sen

Dear Shareholders,

On behalf of the Board of Directors, I am pleased to present the annual report of Low Keng Huat (Singapore) Limited and its subsidiaries ("the Group") for the financial year ended 31 January 2023 ("FY2023").

Review of Financial Year

The year in review was challenging for the Group, with tightened government measures on residential property purchases, border closures in China, inflationary pressures, and rising interest rates, impacting our businesses.

The Group achieved revenue of $97.3 million for the year, a decrease by 40% from $161.6 million in the previous year. The decline was mainly driven by lower revenue contribution from residential development projects, partially offset by higher revenues achieved from the hotel and investment segments.

While Singapore's property sector remained resilient, high-end luxury residential sales for projects under construction was slow. Sales at Klimt Cairnhill were not spared in the financial year, with eight out of 138 units sold as of 31 January 2023, albeit a pick-up in sales post financial year-end. The luxury property segment served a niche market, and sales were affected by cooling measures implemented by the Singapore government, border closures in China and rising interest rates. During the year, the Group sold the remaining four units (out of 116 units) at the Uptown @ Farrer project, and the application for Certificate of Statutory Completion for the project was approved in January 2023. As for the Group's 40% held Dalvey Haus project, four units were sold as of financial year-end.

Room rates and occupancies at both Citadines Balestier and Duxton Hotel Perth improved, with the easing of cross-border travel restrictions and resumption of global travel. Lyf @ Farrer commenced operations in February 2022 and further contributed to the Group's revenue.

Retail mall rental and occupancy remained stable at Paya Lebar Square, supported by a recovery in consumption, a return of office workers and its focus on non-discretionary shopping. Construction activities at the Dalvey Haus project contributed to the higher revenue achieved for the Investment segment.

For the financial year ended 31 January 2023, the Group generated a net loss attributable to shareholders of $32.3 million, as compared to a net profit of $20.8 million last year. During the year, the Group recognised a net $18.5 million loss from the disposal of its remaining stake in AXA Tower. This transaction followed the Group's earlier disposal of a 10% effective interest in AXA Tower in June 2020, which resulted in a $50.2 million gain on disposal. In all, net gain for the investment in AXA Tower amounted to approximately $31.7 million.

Rising interest rates, which led to increased financing costs, impacted the Group's bottom line for the financial year. While performances of the Group's investment assets gradually recovered to pre-pandemic levels, rising interest rates affected overall profitability.

Last year, the Group recognised gains on disposal of Westgate group and office units at Paya Lebar Square, amounting to $19.7 million and $8.6 million, respectively.

Our financial position remained healthy, with a net gearing of 0.92x as of 31 January 2023, albeit higher than the 0.88x in the previous year. In addition to net cash generated from operating activities of $23.2 million, the Group received net cash proceeds of $45.2 million for the disposal of our remaining stake in AXA Tower. During the year, borrowings were reduced by $93.9 million and capital contributions, aggregating $23.6 million, were made to HThree City Australian Commercial Fund 3 LP, of which the Group holds an effective 41% stake. The proceeds from the capital contribution were mainly used for the acquisition of a 50% stake in a new commercial property in Melbourne.

Development

Development revenue declined to $28.7 million in the current year from $116.6 million in the previous year. The decrease in revenue was mainly due to the lower contribution from the Uptown @ Farrer project, partially offset by revenue recognised for sales at Klimt Cairnhill.

Uptown @ Farrer obtained TOP on 7 September 2021, and the remaining four units in the project were sold in the financial year under review. Klimt Cairnhill, another residential project launched in August 2021, sold five units during the financial year. As of 31 January 2023, a total of eight units in the project were sold, with construction completion at 31%.

Net loss before tax and non-controlling interests increased to $7.7 million in the current year, as compared to a net loss of $0.04 million in the previous year. In FY2022, profits generated from the Uptown @ Farrer project were able to cover most of the marketing costs and interest expenses incurred for the segment. This year, the slower sales, as well as the steep increase in interest rates, led to a higher net loss position.

Hotel & F&B

Hotel & F&B revenue increased to $38.8 million in the current year from $20.4 million in the previous year. The increase was mainly driven by higher occupancies and average room income achieved by Duxton Hotel Perth and Citadines Balestier. In addition, Lyf @ Farrer commenced operations on 1 February 2022, which further contributed to the segment's revenue. Carnivore, the restaurant operated by the Group, also saw an increase in receipts as business picked up post relaxation of Covid-19 restrictions.

CHAIRMAN'S STATEMENT

Net profit before tax and non-controlling interests for the Hotel & F&B segment was $2.1 million in the current year as compared to a net loss of $1.8 million in the previous year, driven by improved performances across all assets in the segment, partially offset by higher finance costs.

Investment

Investment revenue increased to $29.8 million in the current year from $24.7 million in the previous year. The increase was mainly due to the increased construction revenue from the Dalvey Haus project. The project was 83% completed as of 31 January 2023. Revenue contribution from Paya Lebar Square also improved, as there was no COVID-19 rental relief granted to tenants in the current year. During the financial year, occupancy at Paya Lebar Square remained healthy at an average of 99.9% with rental rates stable.

Net loss before tax and non-controlling interests for the Investment segment was $24.6 million in the current year, as compared to a net profit of $24.8 million achieved in the previous year. During the year, an aggregate net loss in relation to the disposals of PRE13 Pte. Ltd. ("PRE13") and Perennial Shenton Investors Pte. Ltd. ("PSI") amounting to $18.5 million was recognised, as compared to gains of $28.3 million recognised in the previous year for the disposals of Westgate group of companies and office units at Paya Lebar Square. The segment also recognised higher exchange losses and finance costs in FY2023, due to the weakening of Australian Dollar, Malaysian Ringgit and Chinese Renminbi against Singapore Dollar, and rising interest rates.

Dividends

The Board is pleased to recommend a first and final dividend of 1.0 cent per share. The dividend is tax exempt (one-tier) and total dividend payment will amount to approximately $7.4 million. This dividend recommendation is subject to the approval of shareholders at the Annual General Meeting to be held on 31 May 2023. The proposed dividend, if approved by shareholders, will be paid on 23 June 2023.

Outlook

The Group will focus on the successful completion and sale of units of existing residential development projects, with the reopening of borders resulting in the gradual return of foreign buyers to Singapore's luxury residential property sector. However, the most recent property cooling measures by the Singapore government, with Additional Buyer's Stamp Duty (ABSD) hikes the steepest for foreigners, will likely dampen demand for high-end luxury properties.

While the outlook for residential property sales remains uncertain, rentals from investment properties are expected to improve. Still, rising interest rates is expected to dampen the impact of any bottom-line recovery. Management is focused on maintaining a healthy balance sheet, and will be disciplined in capital management, as it navigates through a higher interest rate environment. In addition, the Group will be selective and strategic in new business acquisitions and investments, with the aim of delivering sustainable returns to its shareholders.

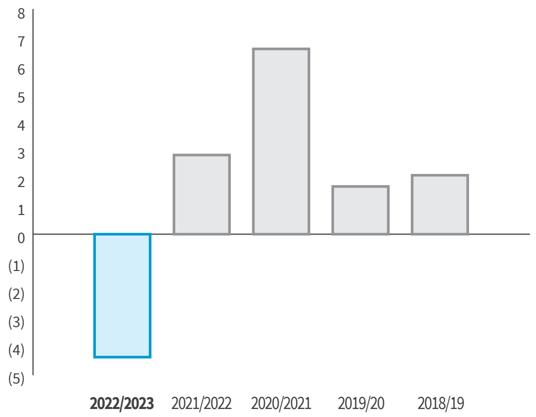
Appreciation

On behalf of the Board, I would like to express my sincere appreciation to our stakeholders, including our shareholders, customers, and business associates for their continued support of the Group and to the management and staff of the Group for their hard work, dedication, and commitment in the past year.

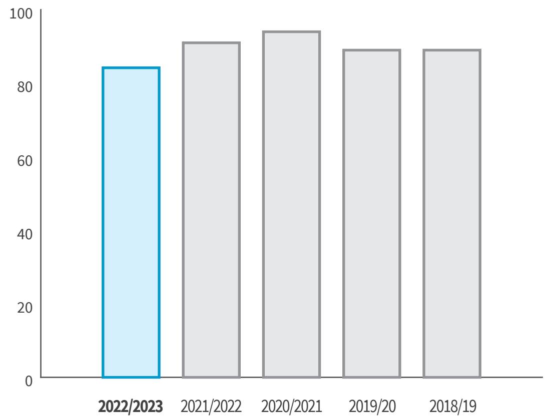
Low Keng Boon @ Lau Boon Sen
Executive Chairman

5 YEARS FINANCIAL HIGHLIGHTS

(LOSS)/EARNINGS PER SHARE (cents)



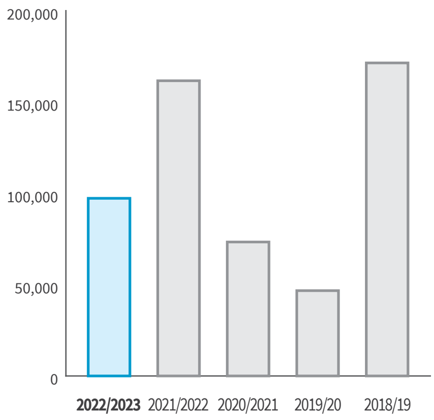
NET TANGIBLE ASSETS PER SHARE (cents)



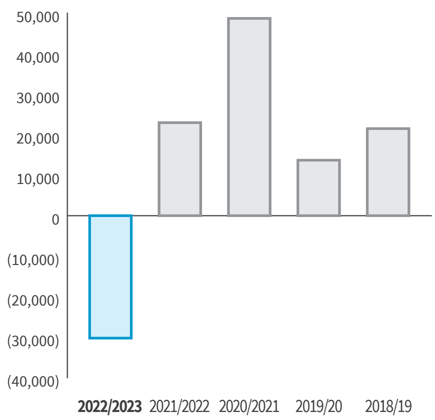
FINANCIAL YEAR	2022/23	2021/22	2020/21	2019/20	2018/19
OPERATING RESULTS					
Revenue ($'000)	**97,267**	161,638	73,351	46,710	171,396
EBITDA ($'000)	**408**	45,198	69,155	30,463	33,976
Pretax (loss)/profit ($'000)	**(30,255)**	22,987	48,741	13,708	21,511
Net (loss)/profit ($'000)	**(31,896)**	20,407	47,872	12,198	18,746
EBITDA margin (%)	**0.4%**	28.0%	94.3%	65.2%	19.8%
Pretax margin (%)	**(31.1%)**	14.2%	66.4%	29.3%	12.6%
Net margin (%)	**(32.8%)**	12.6%	65.3%	26.1%	10.9%
FINANCIAL POSITION					
Total assets ($'000)	**1,308,722**	1,446,943	1,548,649	1,511,942	1,213,119
Total borrowings ($'000)	**624,319**	718,176	737,112	740,408	447,197
Shareholders' equity ($'000)	**622,414**	671,073	695,539	657,013	655,216
Net debt : equity (times)	**0.92**	0.88	0.94	1.03	0.49
PER SHARE DATA					
(Loss)/earnings (cents)	**(4.4)**	2.8	6.5	1.7	2.1
Dividends (cents)	**1.0**	2.0	2.5	1.5	1.5
Net tangible assets (cents)	**84.2**	91.0	94.0	89.0	89.0
Year end share price (cents)	**41.0**	44.5	40.0	43.0	57.5
SHAREHOLDERS' RETURN					
Return on equity (%)	**(5.1%)**	3.0%	6.9%	1.9%	2.9%
Return on asset (%)	**(2.4%)**	1.4%	3.1%	0.8%	1.5%
Dividend yield (%)	**2.4%**	4.5%	6.3%	3.5%	2.6%
Dividend payout ratio (%)	**(22.8%)**	71.4%	37.9%	88.2%	71.4%

5 YEARS FINANCIAL HIGHLIGHTS

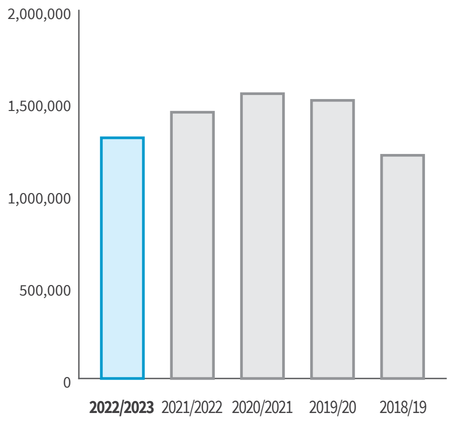
REVENUE
($'000)



(LOSS)/PROFIT BEFORE TAX
($'000)



TOTAL ASSETS
($'000)



FINANCIAL YEAR	2022/23	2021/22	2020/21	2019/20	2018/19
REVENUE					
Development	**28,687**	116,597	40,585	8,020	135,030
Hotels	**38,766**	20,365	16,027	20,986	18,817
Investments	**29,814**	24,676	16,739	17,704	17,549
Total	**97,267**	161,638	73,351	46,710	171,396
(LOSS)/PROFIT BEFORE TAX					
Development	**(7,688)**	(36)	(1,495)	(1,687)	10,592
Hotels	**2,060**	(1,755)	(6,711)	12,602	1,705
Investments	**(24,627)**	24,778	56,947	2,793	9,214
Total	**(30,255)**	22,987	48,741	13,708	21,511
TOTAL ASSETS*		(Restated)	(Restated)	(Restated)	
Development	**611,969**	673,951	683,894	655,728	454,712
Hotels	**302,743**	304,440	304,306	297,645	166,363
Investments	**393,068**	468,344	559,385	557,789	591,674
Total	**1,307,780**	1,446,735	1,547,585	1,511,162	1,212,749

* Excluding deferred tax asset and any GST receivables

Carnivore restaurant @ CHIJMES

REVENUE

Consolidated revenue decreased to $97.3 million for the financial year ended 31 January 2023 ("FY2023") from $161.6 million for the financial year ended 31 January 2022 ("FY2022"), mainly due to lower contribution from the Development segment, partially offset by higher contributions from the Hotel and Investment segments.

Revenue from the Development segment declined to $28.7 million in FY2023 from $116.6 million in FY2022. In the last financial year, Development revenue was mainly driven by sales at Uptown @ Farrer. The project obtained Temporary Occupation Permit ("TOP") in September 2021. In FY2023, the remaining 4 units of the project (out of 116 units) were sold and the project attained Certificate of Statutory Completion ("CSC") in January 2023. In comparison, 64 units at Uptown @ Farrer were sold in FY2022. In August 2021, Klimt Cairnhill, another residential project, was launched and 3 units were sold in FY2022. As at 31 January 2023, 8 units in the project were sold (out of 138 units).

Revenue from the Hotel segment increased to $38.8 million in FY2023 from $20.4 million in FY2022, due to higher occupancy rates and average room income at Duxton Hotel Perth and Citadines Balestier. In addition, Lyf @ Farrer commenced operations in February 2022, which further contributed to FY2023 revenue. Revenue at Carnivore, the restaurant operated by the Group, also improved, driven by the relaxation of Covid-19 restrictions on social gatherings and food and beverage ("F&B") establishments since April 2022.

Revenue from the Investment segment increased to $29.8 million in FY2023 from $24.7 million in FY2022. The higher revenue from this segment was mainly driven by construction activities at Dalvey Haus project, a residential development project 40% owned by the Group. Revenue from Paya Lebar Square also increased as there was no Covid-19 rental relief granted to tenants at the retail mall in the current year.

COST OF SALES

Cost of sales decreased to $72.5 million in FY2023 from $140.4 million in FY2022. The decrease in cost of sales was in line with the lower contribution from the Development segment as most units at Uptown @ Farrer were sold in FY2022. The decrease was slightly offset by higher operational costs from the Group's hotel, service apartments, restaurant and construction activities at Dalvey Haus, as well as higher depreciation expense.

GROSS PROFIT

Gross profit increased to $24.7 million in FY2023 from $21.3 million in FY2022, mainly due to higher contributions from the Group's Hotel segment from higher occupancy rates and average room income, as well as improved profitability at Carnivore restaurant. The Klimt Cairnhill project also reported higher gross profits from its sales in FY2023, as compared to the previous year. The higher gross profits contributed from the Hotel segment and the Klimt Cairnhill project were partially offset by the lower gross profits contributed from the Uptown @ Farrer project.

Gross profit margins increased to 25% in FY2023 from 13% in FY2022. The improvement in gross profit margins was mainly due to the higher percentage contribution from the Investment segment, which generated higher margins as compared to the Hotel and Development segments.

OTHER INCOME

Other income decreased to $10.2 million in FY2023 from $35.3 million in FY2022. In FY2023, the Group recognised a gain on early repayment of shareholder's loan amounting to $4.8M, in conjunction with the sale of its 20% equity interest in PRE13 and a write-back of impairment at Citadines Balestier amounting to $2.4 million. In FY2022, the Group recognised gains on disposal of investment in joint ventures pertaining to Westgate Tower Pte. Ltd.

OPERATING & FINANCIAL REVIEW

and Westgate Commercial Pte. Ltd. (“Westgate Companies”) amounting to $19.7 million, gains on disposal of investment properties, comprising 4 office units at Paya Lebar Square amounting to $8.6 million and a write-back of impairment at Citadines Balestier amounting to $3.4 million.

INTEREST INCOME

Interest income decreased to $0.5 million in FY2023 from $3.6 million in FY2022, mainly due to a decrease in imputed interest income from loans to joint ventures and associates. These loans included a shareholder loan to PRE13 which was fully repaid in FY2023, as well as shareholder loans to Westgate Companies which were fully repaid in FY2022.

DISTRIBUTION COSTS, ADMINISTRATIVE COSTS AND OTHER OPERATING EXPENSES

Distribution costs decreased to $3.0 million in FY2023 from $11.5 million in FY2022, mainly due to lower sales agents’ commissions incurred from reduced residential property sales, as well as lesser showflat costs at Klimt Cairnhill, given the showflat was built and completed in the previous year.

Dalvey Haus

Dalvey Haus Living Room

Citadines Balestier

Paya Lebar Square

Administrative costs increased to $13.6 million in FY2023 from $9.4 million in FY2022, mainly due to:-

(a) fees incurred for the disposal of equity interest in PRE13;
(b) an increase in management fees for Citadines Balestier and Lyf @ Farrer; and
(c) an increase in salary and related expenses.

Other operating expenses increased to $28.8 million in FY2023 from $8.4 million in FY2022, mainly due to a $23.3 million net loss recognised for the disposal of investments in associates, namely PRE13 and PSI. This transaction follows the Group's disposal of an effective 10% interest in AXA Tower in June 2020, which resulted in a $50.2 million gain on disposal in FY2021, leading to a net effective gain of $31.7 million for its investment in AXA Tower. The Group also recognised a $2.5 million exchange loss in FY2023, mainly due to a depreciation of AUD and MYR against SGD, as compared to a $0.6 million exchange loss in FY2022. The increase in other operating expenses was partially offset by lower fair value loss on financial assets at FVPL, amounting to $1.2 million in FY2023, as compared to $3.5 million in FY2022.

OPERATING & FINANCIAL REVIEW

FINANCE COSTS

Finance costs increased to $18.1 million in FY2023 from $7.8 million in FY2022, mainly due to higher loan interest rates, as well as finance costs incurred for the Klimt Cairnhill project. Prior to Klimt Cairnhill's sales launch in August 2021, finance costs incurred for the project were capitalised. Effective interest rate for the Group was 2.93% in FY2023 as compared to 1.12% in FY2022.

SHARE OF RESULTS OF JOINT VENTURES AND ASSOCIATES

Share of results of associated companies and joint ventures was negative $2.2 million in FY2023 as compared to negative $0.04 million in FY2022. The increase in share of losses was mainly due to a net loss recognised on the Group's stake in Dalvey Breeze Development Pte. Ltd. in FY2023. As at 31 January 2023, 4 units (out of 17 units) in the project were sold.

INVESTMENT PROPERTIES

The net book value of Investment properties decreased by $1.0 million to $292.7 million as at 31 January 2023 from $293.7 million as at 31 January 2022, mainly due to depreciation amounting to $3.9 million. The decrease was partially offset by a reclassification from property, plant and equipment to investment properties, due to a change in use, amounting to $2.9 million.

PROPERTY, PLANT AND EQUIPMENT

The net book value of property, plant and equipment decreased by $9.8 million to $298.3 million as at 31 January 2023 from $308.1 million as at 31 January 2022, mainly due to depreciation amounting to $8.2 million and reclassification to investment properties from property, plant and equipment, due to a change in use, amounting to $2.9 million. The decrease was partially offset by a write-back of impairment at Citadines Balestier amounting to $2.4 million.

ASSOCIATE COMPANIES

Associate companies decreased by $65.2 million to $27.1 million as at 31 January 2023 from $92.3 million as at 31 January 2022, mainly due to the disposals of PRE13 and PSI. Carrying amount of investments in PRE13 and PSI were $24.3 million and $0.4 million, respectively, on the date of disposal. There was also a repayment of shareholder's loan due from PRE13, which had a carrying amount of $39.0 million.

FINANCIAL ASSETS AT FVOCI AND FINANCIAL ASSETS AT FVPL

Financial assets at FVOCI decreased by $8.3 million to $5.2 million as at 31 January 2023 from $13.5 million as at 31 January 2022. The decrease was mainly due to the disposal of investments, as well as fair value changes.

Financial assets at FVPL increased by $20.6 million (net of exchange loss and fair value loss) to $36.3M as at 31 January 2023 from $15.7 million as at 31 January 2022. The increase was mainly due to a capital contribution made to HThree City Australian Commercial Fund 3 LP, for the acquisition of a 50% stake in a new commercial property in Melbourne.

DEVELOPMENT PROPERTIES

Development properties decreased by $2.7 million to $543.8 million as at 31 January 2023 from $546.5 million as at 31 January 2022. The decrease was mainly due to development cost being recognised as cost of sales at Uptown @ Farrer and Klimt Cairnhill for revenue recognised during the year. The decrease was partially offset by the higher inventory at Klimt Cairnhill project, as construction completion progressed to 31% as at 31 January 2023 from 16% as at 31 January 2022. Foundation works at Klimt Cairnhill was completed on 29 November 2022. In FY2023, Uptown @ Farrer sold its 4 remaining units, while Klimt Cairnhill sold 5 units.

CASH AND CASH EQUIVALENTS AND FIXED DEPOSITS

Cash and cash equivalents and fixed deposits decreased by $77.0 million to $50.4 million as at 31 January 2023 from $127.4 million as at 31 January 2022. During the financial year, the Group reduced its bank borrowings by $93.9 million, paid interest of $17.7 million, paid dividends of $14.8 million and contributed capital of $23.6 million to invest in financial assets at FVPL, with cash proceeds from the loan repayment by PRE13 of $43.8 million, cash flows generated from operating activities of $23.2 million and cash on hand.

BORROWINGS

Borrowings decreased by $93.9 million to $624.3 million as at 31 January 2023 from $718.2 million as at 31 January 2022, mainly due to a net repayment of term loans. Despite lower borrowings, net gearing ratio increased to 0.92 as at 31 January 2023 compared to 0.88 as at 31 January 2022, due to the lower equity position.

A. DEVELOPMENT PROJECTS ON HAND	LOCATION	LKHS' SHARE (%)	TYPE	NO. OF UNITS	STATUS
1. Klimt Cairnhill	71 Cairnhill Road	100	Freehold Condominium	138	Expected TOP is Q1 FY 2026
2. Dalvey Haus	101 Dalvey Road	40	Freehold Condominium	17	Expected TOP in Q2 FY 2024
3. Bina Park	Jalan Bina 1, Bina Park, Bandar Seri Alam, Johor	49	3 Storey shops with sub-basement	31	Launched in January 2012 27 units sold 2 units held for own use 2 units unsold
4. Taman Rinting	Taman Rinting	49	Landed Bungalows	20	Planning Stage
B. KEY INVESTMENT PROPERTIES	**LOCATION**	**LKHS' SHARE (%)**	**TYPE**	**NO. OF UNITS**	**STATUS**
1. Paya Lebar Square	60 Paya Lebar Road	100	Retail mall	159	As at 31 January 2023, 100% leased
2. BT Centre	207 Balestier Road	100	Commercial retail units	31	As at 31 January 2023, 28 units leased, and 3 units held for own use
C. PROPERTY, PLANT AND EQUIPMENT	**LOCATION**	**LKHS' SHARE (%)**	**TYPE**	**NO. OF UNITS**	**STATUS**
1. Duxton Hotel Perth	No. 1 St Georges Terrace	75	Hotel	306	Average occupancy of approximately 54% in FY2023.
2. Citadines Balestier	207 Balestier Road	100	Serviced apartments	166	Average occupancy of approximately 89% in FY2023.
3. Lyf @ Farrer	2 Perumal Road	100	Serviced apartments	240	Average occupancy of approximately 85% in FY2023.

LAND BANK	LOCATION	LKHS'S SHARE (%)	AREA (SQF)	USE
1. Bina Park	Bandar Seri Alam, Johor	49	66,137	Hotel Land Planning Stage
2. Unnamed	Bandar Seri Alam, Johor	49	3,330,996	Proposed Bungalow Lots Planning Stage
3. Tiram Park	Jalan Kota Tinggi, Johor	49	6,528,337	Proposed Industrial Development
4. Unnamed	Bandar Seri Alam, Johor	49	616,453	Proposed Mixed Commercial Development

CORPORATE INFORMATION

BOARD OF DIRECTORS

Low Keng Boon
(Executive Chairman)

Dato' Marco Low Peng Kiat
(Managing Director)

Low Poh Kuan
(Executive Director)

Alvin Teo Poh Kheng
(Executive Director)

Jimmy Yim Wing Kuen
(Lead Independent, Non-Executive Director)

Chris Chia Woon Liat
(Independent, Non-Executive Director)

Michael Leong Choon Fai
(Independent, Non-Executive Director)

Cheo Chai Hong
(Independent, Non-Executive Director)

AUDIT COMMITTEE

Jimmy Yim Wing Kuen *(Chairman)*
Chris Chia Woon Liat
Cheo Chai Hong

NOMINATING COMMITTEE

Cheo Chai Hong *(Chairman)*
Jimmy Yim Wing Kuen
Chris Chia Woon Liat
Low Keng Boon
Dato' Marco Low Peng Kiat

REMUNERATION COMMITTEE

Michael Leong Choon Fai *(Chairman)*
Jimmy Yim Wing Kuen
Chris Chia Woon Liat
Dato' Marco Low Peng Kiat

COMPANY SECRETARY

Alvin Tan Teck Loon
CA (Singapore)

AUDITORS

External Auditor
Foo Kon Tan LLP
Chartered Accountants
1 Raffles Place
#04-61 One Raffles Place (Tower 2)
Singapore 048616

Partner-in-charge: Ong Soo Ann
(Year of appointment: Financial year ended 31 January 2022)

Internal Auditor
NLA Risk Consulting Pte Ltd
143 Cecil Street
#17-03 GB Building
Singapore 069542
Director-in-charge: Gary Ng

BANKERS

United Overseas Bank Limited
DBS Bank Limited
Oversea-Chinese Banking Corporation Limited
Malayan Banking Berhad
The Bank of East Asia, Limited
The Hongkong and Shanghai Banking Corporation Limited

SHARE REGISTRARS & SHARE TRANSFER OFFICE

KCK CorpServe Pte. Ltd.
1 Raffles Place
#04-63 One Raffles Place (Tower 2)
Singapore 048616

REGISTERED OFFICE

80 Marine Parade Road
#18-05/09 Parkway Parade
Singapore 449269
Tel : +65 6344 2333
Fax : +65 6345 7841
Website: https://www.lkhs.com.sg

LISTING

The Company's ordinary shares are listed and traded on the Mainboard of the Singapore Exchange Securities Trading Limited.

Mr Low Keng Boon @ Lau Boon Sen
Executive Chairman

Date of first appointment as a director

14 April 1969

Date of appointment as Chairman

25 March 2019

Date of last re-election as a director

16 June 2020

Length of service as a director (as at 31 January 2023)

53 years 10 months

Low Keng Huat (Singapore) Limited Board Committee Membership:

- Nominating Committee (Member)

Academic & Professional Qualification:

- Chung Ling High School

Present Directorships in other listed companies (as at 31 January 2023):

- Nil

Major Appointments / Principal Commitments:

- Nil

Past Directorships in other listed companies over the preceding five years (from 1 February 2018 to 31 January 2023):

- Nil

Dato' Marco Low Peng Kiat
Managing Director

Date of first appointment as a director

7 November 2006

Date of last re-election as a director

31 May 2021

Length of service as a director (as at 31 January 2023)

16 years 3 months

Low Keng Huat (Singapore) Limited Board Committee Membership:

- Nominating Committee (Member)
- Remuneration Committee (Member)

Academic & Professional Qualification:

- Bachelor of Science in Management & Systems from City University, England

Present Directorships in other listed companies (as at 31 January 2023):

- Nil

Major Appointments / Principal Commitments:

- Nil

Past Directorships in other listed companies over the preceding five years (from 1 February 2018 to 31 January 2023):

- Nil

BOARD OF DIRECTORS

Mr Low Poh Kuan
Executive Director

Date of first appointment as a director

5 April 2004

Date of last re-election as a director

31 May 2022

Length of service as a director (as at 31 January 2023)

18 years 10 months

Low Keng Huat (Singapore) Limited Board Committee Membership:

- Nil

Academic & Professional Qualification:

- Bachelor of Science in Marketing and Economics from the University of Indiana, Bloomington, USA

Present Directorships in other listed companies (as at 31 January 2023):

- Nil

Major Appointments / Principal Commitments:

- Nil

Past Directorships in other listed companies over the preceding five years (from 1 February 2018 to 31 January 2023):

- Nil

Alvin Teo Poh Kheng
Executive Director

Date of first appointment as a director

5 April 2021

Date of last re-election as a director

31 May 2021

Length of service as a director (as at 31 January 2023)

1 year 10 months

Low Keng Huat (Singapore) Limited Board Committee Membership:

- Nil

Academic & Professional Qualification:

- Bachelor of Science in Estate Management (Hons) from The National University of Singapore
- Diploma in Marketing Management from Singapore Institute of Management
- Postgraduate Diploma in Marketing from The Chartered Institute of Marketing
- Member of The Chartered Institute of Marketing
- Member of Singapore Institute of Surveyors and Valuers

Present Directorships in other listed companies (as at 31 January 2023):

- Nil

Major Appointments / Principal Commitments:

- Chairman of MCST 4311, Paya Lebar Square
- Member of School Management Committee, Assumption English School

Past Directorships in other listed companies over the preceding five years (from 1 February 2018 to 31 January 2023):

- Nil

Mr Jimmy Yim Wing Kuen
Non-Executive Lead Independent Director

Date of first appointment as a director

1 March 2009

Date of last re-election as a director

31 May 2021

Length of service as a director (as at 31 January 2023)

13 years 11 months

Low Keng Huat (Singapore) Limited Board Committee Membership:

- Audit Committee (Chairman)
- Remuneration Committee (Member)
- Nominating Committee (Member)

Academic & Professional Qualification:

- LL.B. (Hons), National University of Singapore
- LL.M., National University of Singapore
- Advocate & Solicitor, Singapore
- Solicitor, England & Wales
- Appointed Senior Counsel
- Appointed Regional Arbitrator by the Singapore International Arbitration Centre

Present Directorships in other listed companies (as at 31 January 2023):

- Nil

Major Appointments / Principal Commitments:

- Drew & Napier LLC (Chairman)

Past Directorships in other listed companies over the preceding five years (from 1 February 2018 to 31 January 2023):

- ARA-CWT Trust Management (CACHE) Limited
- CWT Limited
- Celestial Life Limited
- Singapore Medical Group Limited

Mr Chris Chia Woon Liat
Non-Executive Independent Director

Date of first appointment as a director

12 September 2018

Date of last re-election as a director

31 May 2022

Length of service as a director (as at 31 January 2023)

4 years 5 months

Low Keng Huat (Singapore) Limited Board Committee Membership:

- Audit Committee (Member)
- Nominating Committee (Member)
- Remuneration Committee (Member)

Academic & Professional Qualification:

- Bachelor of Commerce from University of Western Australia (Major in Accounting and Finance)
- Bachelor of Commerce (Honours) from University of Western Australia (Major in Accounting)
- Master of Accounting from University of Western Australia
- Master of Business Administration from MIT Sloan School of Management
- Master of Liberal Arts from Harvard University

Present Directorships in other listed companies (as at 31 January 2023):

- Nil

Major Appointments / Principal Commitments:

- Druk Holding & Investments Limited (Advisor)

Past Directorships in other listed companies over the preceding five years (from 1 February 2018 to 31 January 2023):

- Nil

BOARD OF DIRECTORS

Mr Michael Leong Choon Fai
Non-Executive Independent Director

Date of first appointment as a director
7 December 2018

Date of last re-election as a director
31 May 2021

Length of service as a director (as at 31 January 2023)
4 years 2 months

Low Keng Huat (Singapore) Limited Board Committee Membership:
- Remuneration Committee (Chairman)

Academic & Professional Qualification:
- GCERT Property, University of Newcastle, Australia

Present Directorships in other listed companies (as at 31 January 2023):
- Nil

Major Appointments / Principal Commitments:
- Nil

Past Directorships in other listed companies over the preceding five years (from 1 February 2018 to 31 January 2023):
- Nil

Mr Cheo Chai Hong
Non-Executive Independent Director

Date of first appointment as a director
7 December 2018

Date of last re-election as a director
31 May 2022

Length of service as a director (as at 31 January 2023)
4 years 2 months

Low Keng Huat (Singapore) Limited Board Committee Membership:
- Nominating Committee (Chairman)
- Audit Committee (Member)

Academic & Professional Qualification:
- Bachelor of Business Administration (Hons) degree from University of Singapore

Present Directorships in other listed companies (as at 31 January 2023):
- Nil

Major Appointments / Principal Commitments:
- The Anglo-Chinese Schools Foundation Ltd (Director)
- ACS Old Boys Association (Member)
- The Anglo-Chinese School (International) Singapore (Board of Management)

Past Directorships in other listed companies over the preceding five years (from 1 February 2018 to 31 January 2023):
- Nil

Lee Yoon Moi

Chief Operating Officer

Mr Lee Yoon Moi is responsible for all construction and development activities undertaken by the Group. He is also appointed as the Management Representative overseeing the development, implementation and maintenance of the Company's ISO Quality Assurance Program. Prior to joining the Company in 1990, he was the General Manager of Construction Technology Pte Ltd (Contech), a wholly government owned construction company set up to spearhead modernisation and mechanisation in the construction industry.

Mr Lee has a Bachelor of Civil Engineering degree (First Class Honours) from the then University of Singapore and a Master of Engineering degree from McGill University, Montreal, Canada.

Alvin Tan Teck Loon

Chief Financial Officer

Mr Alvin Tan joined the Company in July 2022 as its Chief Financial Officer. He has over two decades of experience in financial services, credit risk and strategic financial analysis in banking institutions, corporate finance and rating agencies. Prior to joining the Company, he worked in several banks in Singapore, which include First Abu Dhabi Bank, Credit Suisse and Sumitomo Mitsui Banking Corporation. He was also an analyst for the property sector in Moody's.

Mr Tan is a member of the Institute of Singapore Chartered Accountants (ISCA). He graduated with a Bachelor of Accountancy from Nanyang Technological University of Singapore.

Low Chin Han

*Director – Hospitality &
Chief Sustainability Officer*

Mr Low Chin Han oversees the Property Investment division of the Group focusing on investments and hospitality assets. He is also the Chief Sustainability Officer and is responsible for the sustainability efforts of the Group. During his time, he successfully guided the Group's divestments out of Vietnam and its investment in Westgate Towers.

Mr Low graduated with a Bachelor of Business Management majoring in finance in 2003 from the Singapore Management University. Prior to joining the Company, he worked in several investment banks in Singapore and Hong Kong covering both debt and equity capital markets.

Low Poh Kok

*Business Development Director &
Chief Technology Officer*

Mr Low Poh Kok joined the Company in July 2004. Prior to that, he worked in the United States of America for 8 years as a project manager for an IT company. He was promoted to Business Development Director on 1 February 2021. With his additional role as Chief Technology Officer, he is also responsible for the Group's digital transformation to enhance productivity and efficiency, streamline processes and improve supply chain management. During his two decades with the Company, he has worked across the Company's various businesses that have enabled him to gain considerable experience and build up extensive networks, allowing him to perform multiple roles within the Group's business segments in hospitality, property development and property management. He brings to the Company his overseas experiences and project management skills.

Mr Low has a Diploma in Business Studies from Ngee Ann Polytechnic and a Bachelor of Science in Computer Information System from Indiana University at Bloomington, USA.

David Leong Soon Kuen

General Manager (Projects)

Mr David Leong has been with the Company since 2000. He is currently the General Manager in-charge of construction projects. He began his career in the Company as Project Manager in 2000 and was appointed to his current position in 2008. He has over 30 years of experience in the building industry and is an Accredited Construction Professional A-Star (ACP A-Star). His experience includes 7 years of working in the construction industry in Malaysia and 9 years working in a Singaporean A1 licensed builder prior to joining the Company.

Mr Leong graduated from The City University in the United Kingdom with a Bachelor of Science (Hons) in Civil Engineering.

CORPORATE GOVERNANCE

The Board of Directors (the "Board") of Low Keng Huat (Singapore) Limited (the "Company" and collectively with its subsidiaries, the "Group") is committed to complying with effective corporate governance to ensure transparency and protection of shareholders' value. It has adopted a framework of corporate governance policies and practices in line with the principles and guidelines set out in the 2018 Code of Corporate Governance (the "Code") issued on 6 August 2018 and accompanying Practice Guidance (updated on 11 January 2023).

STATEMENT OF COMPLIANCE

The Board of the Company confirms that for financial year ended 31 January 2023, the Company has complied in all material aspects with the principles and guidelines of the Code.

BOARD MATTERS

THE BOARD'S CONDUCT OF 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
Board's Role

The 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 primary role of the Board, apart from its statutory responsibilities, comprises: -

(a) providing entrepreneurial leadership, setting strategic objectives and ensuring that necessary resources are in place for the Company to meet its strategic objectives;

(b) establishing and maintaining a sound risk management framework to effectively monitor and manage risks, and to achieve an appropriate balance between risks and the Company's performance;

(c) reviewing and evaluating Management's performance;

(d) instilling an ethical corporate culture and ensuring that the Company's values, standards, policies and practices are consistent with the culture;

(e) ensuring transparency and accountability to key stakeholder groups; and

(f) assuming responsibility for corporate governance of the Group and considers sustainability issues in its strategies, policies and procedures.

Provision 1.2
Directors' Duties and Responsibilities

The Board exercises due diligence and independent judgment in dealing with the business affairs of the Group and works with Management to make objective decisions as fiduciaries in the interest of the Group.

Continuous Training and Development of Directors

New Directors will be briefed on the Group's business and the Company's governance policies, disclosure of interest in securities, disclosure of any conflict in transactions involving the Company, prohibitions on dealing in the Company's securities and restrictions on disclosure of price-sensitive information.

A first-time director of a listed company must undergo training in the roles and responsibilities of a director of a listed issuer as prescribed by the Singapore Exchange Securities Trading Limited ("SGX-ST"). Further training for a first-time director in areas such as accounting, legal and industry-specific knowledge are arranged and funded by the Company.

All Directors are encouraged to update themselves by attending training programs, seminars and workshops organised by various professional bodies and organisations, with funding from the Company as applicable.

All Directors attended the sustainability training as prescribed by the SGX-ST.

During the financial year, the Directors received updates on regulatory changes to the Listing Rules of the SGX-ST, the accounting standards and amendments to the Companies Act and the Code. The Chairman updated the Board at each Board meeting on business and strategic developments. The Management highlighted the salient issues, as well as risk management considerations for the industries the Group operates in.

Provision 1.3
Internal Guidelines on Matters Requiring Board's Approval

The Board has set out internal guidelines on the matters reserved for the Board's decision; and provided clear directions to Management on matters that must be approved by the Board.

Matters reserved for Board's Approval

Matters specifically reserved for the Board's approval are: -

(a) matters involving a conflict of interest for a substantial shareholder or a director;

(b) material acquisitions and disposal of assets;

(c) corporate or financial restructuring;

(d) share issuances, interim dividends and other returns to shareholders; and

(e) any material investments or expenditures not in the ordinary course of the Group's business.

Provision 1.4
Delegation of Authority to Board Committees

To assist in the execution of its responsibilities, the Board has established the following specialized Board Committees: -

- The Nominating Committee ("NC");
- The Remuneration Committee ("RC"); and
- The Audit Committee ("AC")

Each of the above committees has its respective written mandates and operating procedures, which will be reviewed on a regular basis. A Committee member is required to disclose his interest and recuse himself from discussions and decisions involving a conflict of interest. The Board also constantly reviews the effectiveness of each Committee. The segments of this report under Principles 4 to 10 detail the activities of the NC, RC and AC respectively.

The present Board members and Board Committee members are as follows: -

Name of Director	Board Committees			
	Board Membership	Nominating Committee	Remuneration Committee	Audit Committee
Low Keng Boon	Executive Chairman	Member	–	–
Dato' Marco Low Peng Kiat	Managing Director	Member	Member	–
Low Poh Kuan	Executive Director	–	–	–
Alvin Teo Poh Kheng	Executive Director	–	–	–
Jimmy Yim Wing Kuen	Lead Independent Director	Member	Member	Chairman
Chris Chia Woon Liat	Independent Director	Member	Member	Member
Michael Leong Choon Fai	Independent Director	–	Chairman	–
Cheo Chai Hong	Independent Director	Chairman	–	Member

Provision 1.5
Meetings of Board and Board Committees

The Board conducts regular scheduled meetings and as warranted by circumstances. In addition, all relevant information on material events and transactions are circulated to Directors as and when they arise. The Company's Constitution provides for the Board to convene meetings via teleconferencing and/or similar means, provided the requisite quorum of majority of the Directors is present. The NC takes into consideration other listed board representations held by the Directors and ensures that Directors give sufficient time and attention to the affairs of the Group.

All Directors are updated on a regular basis by way of Board meetings or by way of circulars on matters material to the Company.

The attendance of Directors at the meetings of the Board and Board Committees is set out in the table below: -

	No. of Meetings Attended in financial year ended 31 January 2023				
	Directors	**Board**	**Audit Committee**	**Nominating Committee**	**Remuneration Committee**
1	Low Keng Boon	4	–	1	–
2	Dato' Marco Low Peng Kiat	4	–	1	1
3	Low Poh Kuan	4	–	–	–
4	Alvin Teo Poh Kheng	4	–	–	–
5	Jimmy Yim Wing Kuen	4	4	1	1
6	Chris Chia Woon Liat	4	4	1	1
7	Michael Leong Choon Fai	4	–	–	1
8	Cheo Chai Hong	4	4	1	–
	No. of meetings held	4	4	1	1

Provision 1.6
Board's Access to information

The Board is furnished with Board papers prior to any Board meeting. These Board papers include management accounts, with explanations on the Group's financial performance and operations, and other relevant information meant to provide complete, adequate, timely and reliable information, to enable the Directors to make informed decisions in the discharge of their duties and responsibilities. Where necessary, Management or external consultants engaged on specific projects, are also available to brief the Directors or present formally at Board meetings.

Where appropriate, developments in legislation, government policies and regulations affecting the Group's business and operations are provided to all Directors on a timely basis.

Provision 1.7
Board's Access to Management, Company Secretary and External Advisers

The Board has separate and independent access to the Company Secretary and Management at all times. The Company Secretary attends or is represented at all Board meetings and Board Committees of the Company, as well as ensures that Board procedures are followed through, and applicable rules and regulations are complied with. The appointment and removal of the Company Secretary is subject to the approval of the Board.

The Board, collectively, and each Director, individually, has the right to seek independent professional advice, at the Company's expense, concerning any aspect of the Group's operations or undertakings, in order to fulfill their duties and responsibilities as Directors. Such expense will be borne by the Company.

BOARD COMPOSITION AND GUIDANCE

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
Strong and independent element on the Board, with independent directors making up at least one-third of the Board

The Board currently comprises eight Directors of whom four are independent and four are executive.

The criterion for independence is based on the definition given in the Code and in the Listing Rules of SGX-ST. The Code has defined an "independent" director as 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 judgment in the best interests of the Company. Under the Listing Rules of SGX-ST, an independent director is not one who is or has been employed by the Company or any of its related corporations for the current or any of the past three financial years, or not one who has an immediate family member who is, or has been in any of the past three financial years, employed by the Company or any of its related corporations and whose remuneration is determined by the RC.

All the Independent Directors of the Company have confirmed their independence and that they do not have any 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 their independent business judgement with a view to the best interests of the Company.

Pursuant to Rule 210(5)(d)(iii) of the SGX-ST Mainboard Listing Rules that came into effect on 1 January 2022, an independent director will not be considered independent if he has served on the Board for an aggregate period of more than nine years unless prior to 1 January 2022 he had obtained approval from shareholders to continue in office under a two-tier voting by (a) all shareholders; and (b) shareholders, excluding the directors and the managing director and their associates as defined in the SGX-ST Listing Manual. Mr Jimmy Yim Wing Kuen who has served as Director for more than nine years had sought and was approved by shareholders under the two-tiered voting at the Company's Annual General Meeting ("AGM") held on 31 May 2021 to continue in office as an Independent Director. However, Rule 210(5)(d)(iii) was deleted with effect from 11 January 2023.

Under Rule 210(5)(d)(iv) effective 11 January 2023, and Transitional Practice Note 4 of the Listing Rules, an independent director who has been a director for more than 9 years may continue to be considered independent until the conclusion of the next AGM for the financial year ending on or after 31 December 2023.

Under the new Rule 210(5)(d)(iv), Mr Yim will be considered independent until the AGM in 2024 for the financial year ending 31 January 2024. During the transition, the Board will undertake a Board renewal process to refresh the Board and to ensure the continuity of Board independence.

Provisions 2.2 and 2.3
Composition of Independent Directors and Non-Executive Directors on the Board

The number of Independent Directors represents half of the Board and complies with the Listing Rules of SGX-ST requiring Independent Directors to make up at least one-third of the Board.

The Code requires Independent Directors to make up majority of the Board where the Chairman is not independent and for the Non-Executive Directors to make up majority of the Board. Mr Low Keng Boon is a non-independent Executive Chairman since March 2019. Mr Low is also the co-founder of the Company and a significant shareholder. Given all the Non-Executive Directors are Independent Directors, who represent 50% Board composition, Provisions 2.2 and 2.3 are not satisfied.

The Board is of the view that the Independent Directors have demonstrated a strong level of independence and judgement over the years in performing their duties and responsibilities as Independent Directors of the Company with utmost commitment in upholding the interests of the shareholders. They have expressed individual and independent viewpoints, debated issues, and objectively scrutinized and challenged the Management. All major decisions made at the Board are unanimous and the Independent Directors have not been outvoted. The Board opined that the present Board composition has a strong independence element and is appropriate for effective decision making. Due to the nature and scope of the Company’s operations, the Board is not intending to bring on an additional Independent Director in the coming year to make up majority of the Board.

Provision 2.4
Composition and Size of the Board

The Board constantly reviews its size and composition to determine its appropriateness and effectiveness, considering the nature and scope of the operations of the Company, and the requirements of the business. The Board has reviewed its composition and size and is satisfied that such composition and size are appropriate.

The Company has a board diversity policy. The policy recognizes and embraces the importance and benefits of having a diverse Board, as required, based on the needs and demands of the Group’s business. The Company believes that diversity is an important attribute of a well-functioning and effective Board.

The current Board members bring with them invaluable experience and collective core competencies such as accounting, finance, law, business and management skills, as well as industry expertise. The Board views that it has achieved a good diversity of skills and experiences for the effective functioning of the Board.

The Board also considers gender as an important aspect of diversity, alongside factors such as age, ethnicity and educational background of its members, as it believes that a diverse Board can result in better quality in decisions. The Company will continue to consider the merits of each candidate in its Board renewal process, and will seek candidates, regardless of gender and ethnicity and will instead be based on merit, having also considered the overall balance and effectiveness of the Board.

The profiles of the Directors are set out on pages 17 to 20 of this Annual Report.

Provision 2.5
Role of Non-Executive Directors and/or Independent Directors

During the financial year, the Non-Executive Directors, who are also Independent Directors, constructively evaluated and helped develop both the Group's short-term and long-term business strategies. Management's progress in implementing such agreed business strategies was monitored by the Non-Executive Directors.

In addition, the Non-Executive Directors communicated among themselves without the presence of Management as and when the need arises. The Company also benefitted from Management's ready access to its Directors for guidance and exchange of views both within and outside the formal environment of the Board and Board Committee meetings.

The Non-Executive Directors, led by the Lead Independent Director, met among themselves without the presence of the other Directors when necessary, and the Lead Independent Director provided feedback to the Executive Chairman after such meetings.

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 and 3.2
Separate roles of Chairman and Managing Director

The clear division of responsibilities between the Executive Chairman and the Managing Director ensures proper balance of power and authority at the top management of the Group. The posts of Executive Chairman and Managing Director are kept separate and are held by Mr Low Keng Boon @ Lau Boon Sen and Dato' Marco Low Peng Kiat, respectively. Dato' Marco Low Peng Kiat, the Managing Director, is the nephew of the Executive Chairman.

The Chairman leads the Board, approves the agendas for the Board meetings and ensures sufficient allocation of time for thorough discussion of each agenda item. He ensures Directors receive complete, adequate and timely information and encourages constructive relations within the Board and between the Board and Management.

The Managing Director makes key decisions on the management and operations of the Group and is responsible for the conduct of the business and affairs of the Group.

Provision 3.3
Lead Independent Director

Under the Code, which recommends that where the Chairman is not independent, the Company may appoint an independent non-executive director to be the Lead Independent Director of the Company. Such appointment would further strengthen the independence of the Board and provide an additional channel of communication to shareholders.

Mr Jimmy Yim Wing Kuen is the Lead Independent Director. The key responsibilities of the Lead Independent Director are to: -

(a) provide an additional and independent channel of contact to shareholders;

(b) lead the Non-Executive/Independent Directors in providing and facilitating non-executive perspective and contribute a balance of viewpoints on the Board;

(c) co-ordinate the activities and meetings of Non-Executive/Independent Directors;

(d) advise the Executive Chairman for the Board and Board Committees meetings; and

(e) promote high standards of corporate governance.

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.

Provisions 4.1 and 4.2
Nominating Committee

The NC comprises five Directors, the majority of whom (including the Chairman) are Independent Directors: -

Mr Cheo Chai Hong	Chairman
Mr Jimmy Yim Wing Kuen	Member
Mr Chris Chia Woon Liat	Member
Mr Low Keng Boon @ Lau Boon Sen	Member
Dato' Marco Low Peng Kiat	Member

Mr Jimmy Yim Wing Kuen, the Lead Independent Director, is a member of the NC.

The NC functions under written terms of reference which sets out its responsibilities as follows: -

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

(b) Develop the process for evaluation of the performance of the Board, its Board Committees and Directors and conduct a formal assessment of the effectiveness of the Board, Board Committees and contribution by each Director;

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

(d) Determine the criteria for identifying candidates for directorship;

(e) Review of nominations and make recommendations to the Board on all Board appointments;

(f) Make recommendations to the Board on the re-nomination of retiring Directors standing for re-election at the Company's AGM;

(g) Determine annually whether a Director is independent;

(h) Determine whether a Director is able to and has been adequately carrying out his duties as a Director of the Company; and

(i) Ensure disclosure of key information of Directors in the Annual Report as required by the Code.

Provision 4.3
Process for the Selection and Appointment of New Directors

The NC will conduct an annual review of the composition of the Board in terms of the size and mix of skills and qualifications of Board members. It may, if it deems appropriate, recommend the appointment of additional directors to strengthen the composition of the Board or as part of ongoing Board renewal process. The NC will review and identify the desired competencies for a new appointment.

Where there is a resignation or retirement of an existing Director, the NC will re-evaluate the Board composition to assess the competencies for the replacement.

Once the NC has determined the desired competencies for an additional or replacement Director to complement the skills and competencies of the existing Directors, it will submit its recommendations to the Board for approval.

Candidates are first sourced through a network of contacts and identified based on the established criteria. Recommendations from Directors and Management are the usual source for potential candidates. Where applicable, search through external search consultants can be considered.

The NC will shortlist candidates and conduct formal interviews with each of them to assess their suitability and to verify that the candidates are aware of the expectations and the level of commitment required. Finally, the NC will make recommendations on the appointment(s) to the Board for approval.

Regulation 88 of the Constitution requires one-third of the Directors for the time being (or, if their number is not a multiple of three (3), the number nearest to one-third) shall retire from office by rotation and be eligible for re-election at the forthcoming AGM. Accordingly, Mr Low Keng Boon, Mr Michael Leong Choon Fai, and Mr Alvin Teo Poh Kheng will retire at the forthcoming AGM and have consented to re-election. Taking into account their attendance and participation at Board meetings, the NC is satisfied that Mr Low Keng Boon, Mr Michael Leong Choon Fai, and Mr Alvin Teo Poh Kheng have committed the time to effectively discharge their duties. The NC has recommended their re-election. The Board accepted the NC's recommendation. Mr Low Keng Boon has recused himself from the NC's deliberation and decision over his re-election. Mr Low Keng Boon, Mr Michael Leong Choon Fai, and Mr Alvin Teo Poh Kheng have recused themselves from the Board's decision on their respective re-elections.

In accordance with the Listing Rules of SGX-ST, the information as set out in Appendix 7.4.1 of the Listing Manual in respect of Mr Low Keng Boon, Mr Michael Leong Choon Fai, and Mr Alvin Teo Poh Kheng are provided on pages 193 to 197 of this Annual Report.

Provision 4.4
Determining Directors' Independence

The NC has conducted an annual review of the independence of the Independent Directors, using the criteria of independence in the Code, and the Listing Rules of SGX-ST and has ascertained that they are independent.

Provision 4.5
Multiple Board Representations

The NC ensures that new Directors are aware of their duties and obligations. Each Director signs the undertaking in the form set out in Appendix 7.7 of the Listing Rules of SGX-ST to undertake to use their best endeavors to comply with the Listing Rules and to procure that the Company shall so comply.

The NC has considered and took the view that it would not be appropriate to set a limit on the number of listed company directorships that a Director may hold because Directors have different capabilities, the nature of the organisations in which they hold appointments and the kind of committees on which they serve are of different complexities, and accordingly, each Director would personally determine the demands of his competing directorships and obligations and assess the number of directorships they could hold and serve effectively.

The NC will assess whether a Director is able to and has been adequately carrying out his duties as a Director of the Company, taking into account the number of directorships and principal commitments he has.

The NC expects sufficient commitment of time by a Director to discharge his duties. Appointment of Alternate Directors should be considered only if it is justified under exceptional circumstances. The Company does not have any Alternate Director.

Details of the Directors' principal commitments and outside directorships are set out on pages 17 to 20 of this Annual Report.

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.

Provisions 5.1 and 5.2
Conduct of Board Performance
Criteria for Board Evaluation of Individual Directors

The NC's evaluation of each Director and the Board's performance is conducted on an annual basis.

The general assessment parameters of a Director are experience in being a company director, competence and knowledge. The specific assessment parameters of a Director include level and quality of involvement during the course of the year, attendance record at meetings of the Board and Board Committees, intensity of participation at meetings, the quality of interventions and special contributions.

The NC also assesses the effectiveness of the Board in both quantitative and qualitative terms. Quantitative performance measurement is principally based on shareholder value creation such as share price performance and earnings per share. Qualitative performance indicators include compliance with the Code, transparency in terms of disclosure and feedback from authorities and investors.

The NC assesses the performance of the Board Committees based on the work they perform in accordance with their terms of reference and the objectivity and independence in their deliberations and recommendations they present to the Board.

The NC has reviewed the overall performance of the Board and Board Committees in terms of its role and responsibilities and the conduct of its affairs for financial year ended 31 January 2023, and is of the view that the performance of the Board and its Board Committees have been satisfactory and that individual Directors have performed to contribute to the Board's overall performance. No external facilitator was used in the evaluation process.

The Company does not use any external professional facilitator for the assessments of the Board, Board Committees and individual Directors, and will consider the use of such facilitator as and when appropriate.

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.

Provisions 6.1 and 6.2
Remuneration Committee

The Code recommends that the RC should comprise entirely non-executive directors, the majority of whom, including the Chairman, should be independent.

The RC comprises four Directors, the majority of whom are Non-Executive and Independent Directors: -

Mr Michael Leong Choon Fai	Chairman
Mr Jimmy Yim Wing Kuen	Member
Mr Chris Chia Woon Liat	Member
Dato' Marco Low Peng Kiat	Member

The Independent Directors believe that the RC benefits from having Dato' Marco Low Peng Kiat, an Executive Director, as a member of the RC. His understanding of the job duties of executives is valuable to ensure that the remuneration packages commensurate with the job scope and level of responsibilities of each of the executives. He will foster constructive discussions in proposing the executives' remuneration to the Board. Having an RC member who is an Executive Director will not impede the independence of the RC, as majority of the RC comprises Independent Directors. No Director or member of the RC is allowed to participate in the deliberation, and he must abstain from voting on any resolution, relating to his own remuneration or that of employees related to him.

The principal responsibilities of the RC are to: -

(a) approve the structure of the compensation program for Directors and key management personnel to ensure that the program is competitive and sufficient to attract, retain and motivate senior management of the required quality to run the Company successfully; and

(b) review Directors' and key management personnel specific remuneration packages annually and determine appropriate adjustments.

Provision 6.3
Review of remuneration

All aspects of remuneration, including but not limited to Directors' fees, salaries, allowances, bonuses and benefits in-kind, will be covered by the RC. Each RC member will abstain from voting on any resolution in respect of his remuneration package. The recommendations of the RC will be submitted to the Board for endorsement.

Each of the Executive Directors and key management personnel has an employment contract with the Company which can be terminated by either party giving notice of resignation/termination. No onerous removal clauses are contained in the employment contract.

Provision 6.4
Engagement of remuneration consultants

The RC will be provided with access to expert professional advice on remuneration matters as and when necessary. The expense of such services shall be borne by the Company. For financial year ended 31 January 2023, the RC did not engage expert professional advice.

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
Remuneration of Executive Directors and Key Management Personnel

The Company's remuneration policy is to provide compensation packages at market rates which will reward successful performance and attract, retain and motivate Directors and managers. The level and structure of remuneration are also aligned with the long-term interest and risk policies of the Company, and the RC is of the view that it is appropriate to attract, retain and motivate Directors to provide good stewardship, and key management personnel to provide effective management for the Company.

The Executive Directors' remuneration comprises salary, bonus, allowances and benefits which are governed by employment contracts entered into with the Company. The key management personnel are paid a fixed monthly salary and bonus based on their operating unit's and their individual performance. The performance conditions were met in financial year ended 31 January 2023.

The Company does not have any contractual provisions in the employment contracts for it to reclaim incentive components of remuneration from Executive Directors and key management personnel. The Board is of the view that given the Group pays performance bonuses based on the actual performance of the operating unit (excluding unrealised profits and fair value gains), as well as of the individual, "claw-back" provisions may not be relevant or appropriate.

Provision 7.2
Remuneration of Non-Executive Directors

Non-Executive Directors do not have service agreements with the Company and receive only Directors' fees. Directors' fees are set in accordance with a remuneration framework comprising basic fees and committee fees. The Company will submit the quantum of Directors' fees of each year to the shareholders for approval at each AGM and they are paid upon the conclusion of the AGM. The RC has reviewed the fee structure for Non-Executive Directors as being reflective of their responsibilities and work commitments and recommended the Directors' fees for financial year ended 31 January 2023.

Provision 7.3
Appropriate remuneration to attract, retain and motivate Directors and Key Management Personnel

The RC is satisfied that the remuneration structure of the Executive Directors and key management personnel as described under Provision 7.1 and that for the Non-Executive Directors as described under Provision 7.2 are appropriate to attract, retain and motivate Directors to provide good stewardship, and key management personnel to provide effective management and contribute to the performance of the Group.

The Remuneration Committee performed an annual review of compensation matters for Directors and key management personnel by comparing with market comparables in similar companies in the same industry. The review showed that there is no significant difference in the compensation of Directors and key management personnel compared to market.

DISCLOSURE ON REMUNERATION

PRINCIPLE 8
The company is transparent in 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
Remuneration Report

The breakdown of the level and mix of remuneration of each Director and the top five key executives for financial year ended 31 January 2023 are set out below. A significant portion of key executives' remuneration is linked to corporate and individual performance. Directors' remuneration is disclosed fully on a named basis in bands of $250,000 each.

	Directors' Fee [(1)]	Salary (annual)	Bonus (annual)	CPF/ Super-annuation	Allowances / Benefits (annual)	Total
Directors						
$750,001 to $1,000,000						
Dato' Marco Low Peng Kiat	–	720,000	90,000	8,280	144,821	963,101
Low Keng Boon @ Lau Boon Sen	–	720,000	90,000	7,650	88,132	905,782
$500,001 to $750,000						
Alvin Teo Poh Kheng	–	540,000	67,500	17,340	48,304	673,144
$250,001 to $500,000						
Low Poh Kuan	–	288,000	36,000	17,340	87,995	429,335
Below $250,001						
Jimmy Yim Wing Kuen	65,000	–	–	–	–	65,000
Chris Chia Woon Liat	50,000	–	–	–	–	50,000
Michael Leong Choon Fai	50,000	–	–	–	–	50,000
Cheo Chai Hong	50,000	–	–	–	–	50,000

Key Executives						
$250,001 to $500,000						
Lee Yoon Moi	–	84%	10%	2%	4%	100%
Chin Yeok Yuen [(2)]	–	22%	–	1%	77%	100%
Low Chin Han	–	66%	8%	–	26%	100%
Low Poh Kok	–	85%	11%	–	4%	100%
Below $250,001						
Alvin Tan Teck Loon [(3)]	–	83%	10%	5%	2%	100%
David Leong	–	80%	10%	5%	5%	100%

The Directors' fees are subject to shareholders' approval at the forthcoming AGM.

The aggregate total remuneration paid to the top 6 key management personnel (who are not Directors or the Managing Director) is $2,087,301.

Mr Low Chin Han is the son of Mr Low Keng Boon @ Lau Boon Sen.

Dato' Marco Low Peng Kiat, Mr Low Poh Kuan and Mr Low Poh Kok are the nephews of Mr Low Keng Boon @ Lau Boon Sen.

Notes:

(1) Directors' fee proposed for 2022/2023.
(2) Ms. Chin Yeok Yuen resigned as Chief Financial Officer on 15 July 2022.
(3) Mr. Alvin Tan Teck Loon was appointed as Chief Financial Officer on 15 July 2022.

Provision 8.2
Remuneration of employees who are substantial shareholders or are immediate family members of a Director, the Managing Director or a substantial shareholder

Remuneration of Immediate Family Members of Directors or Managing Director

The remuneration of other employees who are substantial shareholders of the Company, or are immediate family members of a Director or Managing Director or substantial shareholder are as follows:-

	Relationship to Director / Managing Director / substantial shareholder	**Designation in the Company**
$100,001 to $200,000		
Steven Low Chee Leong	Son of Mr Low Keng Boon Cousin of Dato' Marco Low Peng Kiat and Mr Low Poh Kuan	Head, Safety Department

Save as disclosed, no employee of the Group is a substantial shareholder or an immediate family member of a Director or Managing Director or substantial shareholder and whose remuneration is in excess of $100,000 in the year under review.

Provision 8.3
Employee Share Scheme

The Company does not have any share option or other share incentive schemes for its employees. The RC has reviewed and is satisfied that the existing remuneration structure for management personnel and executives paid out in cash would continue to be adequate in incentivising performance without being overly-excessive. For other staff, the general preference is for incentives to be paid out in cash.

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
Risk Governance

The Board is responsible for the governance of risk, and it recognises the importance of a sound system of risk management and internal controls as part of good corporate governance. It has delegated to the AC to assist the Board in the oversight of the risk management and internal control systems within the Group.

Having considered the Group's business operations, as well as its existing internal controls and risk management systems, the Board is of the view that a separate risk committee is not required for now.

The main risks arising from the Group's business and financial instruments are operational and financial risks. Operational risk is inherent in all business activities. To minimize such risks, the Group has put in place a QEHS (Quality, Environmental, Occupational Health and Safety) system for the construction business and an operating manual for the hotel business. Senior management adopts a proactive and "hands-on" approach in managing and supervising the Group's business. In addition, the Group has taken comprehensive insurance policies to cover unexpected events and losses. Where necessary, the Group engages external consultants and experts to assist in the operations.

The AC reviews and the Board endorses the Company's levels of risk tolerances and risk policies taking into account the Company's strategic and business objectives. The Board is responsible for ensuring that Management designs, implements and monitors the risk management and internal control systems to safeguard shareholders' investments and the assets of the Group.

Internal Controls

The Group has a system of internal controls designed to provide reasonable assurance that proper accounting records are maintained, the Group's assets are safeguarded and that financial information used for financial reporting is reliable.

The AC has reviewed the effectiveness of the Group's internal control system in the light of key business and financial risks affecting its business.

With the assistance of the Internal Audit function and through the AC, the Board reviews the adequacy and effectiveness of the key internal controls and risk management on an on-going basis, at least once a year, and provides its perspective on management control and ensures that the necessary corrective actions are taken on a timely basis.

Provision 9.2
Assurance from the Executive Chairman, Managing Director and Chief Financial Officer

For financial year ended 31 January 2023, the Board received assurance from the Executive Chairman, Managing Director and the Chief Financial Officer that the financial records have been properly maintained and the financial statements give a true and fair view of the Group's operations and finances, and on the effectiveness of the Group's risk management and internal controls system.

Board's Comment on Adequacy and Effectiveness of Internal Controls and Risk Management Systems

Based on the internal controls currently in place, the work undertaken by the internal and external auditors, the assurance from the Executive Chairman, Managing Director and Chief Financial Officer as well as reviews by the AC and the Board, the Board, is of the opinion that the Group's internal, financial, operational, information technology and compliance controls and its risk management systems were adequate and effective as of 31 January 2023. The AC concurred with the Board's opinion based on their reviews of audit findings on internal controls and risks with the internal and external auditors.

The Board is also of the opinion that the Group's risk management and internal control systems provided reasonable, but not absolute assurance, that the Group would not be adversely affected by the occurrence of material errors, poor judgment in decision-making, human error, losses, fraud or other irregularities or other events arising from the business environment which the Group operates in.

AUDIT COMMITTEE

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

Provisions 10.1 and 10.2
Audit Committee

The AC comprises three Directors, all of whom (including the Chairman) are independent:

Mr Jimmy Yim Wing Kuen	Chairman
Mr Chris Chia Woon Liat	Member
Mr Cheo Chai Hong	Member

These AC members have had many years of experience in senior management positions in the financial, accounting and legal sectors.

All the AC members are kept up to date with changes in accounting standards and issues through updates from the external auditors. The Board is of the view that the members of the AC have sufficient accounting and financial management expertise and experience to discharge the functions of AC.

Roles, Responsibilities and Authorities of AC

The AC assists the Board in fulfilling its responsibilities in financial reporting, management of financial and control risks, and monitoring of the internal control systems.

The AC meets periodically to perform the following functions: -

(a) Review 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) Review, at least annually, the adequacy and effectiveness of the Company's internal controls and risk management systems;

(c) Review the assurance from the Executive Chairman, Managing Director and the Chief Financial Officer on the financial records and financial statements;

(d) Review the adequacy, effectiveness, independence, scope and results of the external audit and the Company's internal audit function;

(e) Review, with the external and internal auditors, the audit plan, and their evaluation of the accounting, operational and compliance controls, risk management and audit report;

(f) Review the assistance given by Management and the staff of the Company to the external auditor;

(g) Review the independence of the external auditor;

(h) Nomination of the external auditor;

(i) Oversee internal audit;

(j) Review of interested person transactions between the Group and interested persons; and

(k) Review of the whistle-blowing policy

The AC has the power to conduct or to authorise investigations into any matters within its scope of responsibility. It has full access to the Management, internal auditor and external auditor. It also has discretion to invite any Director and executive officer to attend its meetings.

Interested Person Transactions

The Company records and reports interested person transactions which are subject to review by the AC to ensure that they are conducted on normal commercial terms. Details of interested person transactions during the year under review pursuant to the SGX-ST Listing Manual are as follows: -

Name of interested person	**Nature of relationship**	**Aggregate value of all interested person transactions during the financial year under review (excluding transactions less than $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 $100,000)**
Binakawa Sdn. Bhd.	Subsidiary of immediate and ultimate holding company, Consistent Record Sdn. Bhd.	Loan to Binakawa Sdn. Bhd. **S$728,385**	Nil
Bina Meganmas Sdn. Bhd.	Subsidiary of immediate and ultimate holding company, Consistent Record Sdn. Bhd.	Loan to Bina Meganmas Sdn. Bhd. **S$124,722**	Nil
Hawkeye Security Solutions Pte. Ltd.	Owned/managed by daughter and son-in-law of Executive Chairman, Low Keng Boon @Lau Boon Sen	Security services awarded to Hawkeye Security Solutions Pte. Ltd. **S$212,673**	Nil

Independence of External Auditors

For the year under review, the AC has considered the matters set out in the Directors' Report, including the scope of non-audit services provided by the external auditor and is satisfied that the nature and extent of such services will not prejudice the independence of the external auditor.

The AC noted that the aggregate amount of audit fees paid and payable by the Group to the external auditors for financial year ended 31 January 2023 was $185,845, of which audit fees amounted to $167,595 and non-audit fees amounted to approximately $18,250.

In appointing the audit firm for the Group, the AC is satisfied that the Company has complied with SGX Listing Rules 712 and 716.

Whistle-Blowing Policy

The Company has set up a Whistle Blowing Policy. The Board believes that effective whistle blowing arrangements will act as a deterrent to malpractice and wrongdoing, encourage openness, promote transparency, underpin the risk management systems of the Group and enhance its reputation. The policy was circulated to all employees for implementation. The policy was put in place to encourage and provide a channel for employees and any other persons to report, in good faith and in confidence, concerns regarding possible fraud, improprieties in financial reporting or other matters. The objective of such an arrangement is to ensure independent investigations of such matters and for appropriate follow-up actions.

The AC has the responsibility of overseeing this policy which is administered with the assistance of the Chief Financial Officer. The AC is able to act independently to take such actions, as may be necessary to address the concerns raised and has the authority to instruct any senior management staff to assist or co-operate in such actions.

All whistleblowing reports will be handled confidentially, except as necessary or appropriate to conduct investigation and to take remedial action, in accordance with the applicable law and regulations. In this regard, the identity of the whistleblower making the allegation will be kept confidential and confined to disclosures on a need-to-know basis to the AC, the investigating team, the Board of Directors of the Company; and any party to whom the identity of the whistleblower is required to be disclosed by law.

The Company will not tolerate the harassment or victimisation of anyone reporting a genuine concern. Furthermore, no person should suffer reprisal due to reporting a genuine concern, even if he/she turns out to be mistaken. While this Policy is meant to protect the Whistleblower from any unfair treatment, it strictly prohibits malicious, frivolous, and untrue complaints made in bad faith. Whistleblowers that report in bad faith may be subject to internal disciplinary actions and legal action, if deemed necessary.

Provision 10.3
Partners or Directors of the Company's existing Auditing Firm

No former partner or director of the Company's existing auditing firm is a member of the AC.

Provision 10.4
Internal Audit Function

For the financial year ended 31 January 2023, the Company has outsourced the Group's internal audit function to a qualified accounting and advisory firm, NLA Risk Consulting Pte Ltd, who is a member of The Institute of Internal Auditors Singapore, and staffed with professionals with relevant qualifications and experience. The internal audit team is headed by a Director, Mr Gary Ng, with over 20 years of relevant experience and is a Certified Internal Auditor. The Internal Auditor has adopted the International Standards for the Professional Practice of Internal Auditing set by The Institute of Internal Auditors. The AC is satisfied that the internal audit function is adequately resourced to carry out its function.

The Internal Auditor has unfettered access to all the Group's documents, records, properties and personnel, including unrestricted direct access to the AC, when carrying out the internal audit reviews. The Internal Auditor reports directly to the AC on internal audit matters, and has confirmed their independence to the AC.

Adequacy and Effectiveness of Internal Audit Function

To ensure the adequacy of the internal audit function, the AC annually reviews the scope, methodology and observations of the internal audit. The AC is satisfied that the Company's internal audit function is independent, effective and adequately resourced.

Provision 10.5
Meeting with external and internal auditors without the presence of Management

During the financial year, the Company's internal and external auditors were invited to attend the AC meetings and make presentations as appropriate. The AC has the discretion to meet separately with the external auditors and internal auditors without the presence of Management.

The auditors confirmed during the AC meeting that there were no significant disagreements with Management and non-compliance of accounting standards and internal controls during the audit.

SHAREHOLDER RIGHTS AND ENGAGEMENT

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
Providing Opportunity for Shareholders to Participate and Vote at General Meetings

Every shareholder has the right to receive notice of general meetings and to vote thereat.

The notices of the general meetings are dispatched to shareholders, together with explanatory notes at least 14 clear days before each meeting. The Board welcomes questions from shareholders who have an opportunity to raise issues either formally or informally during, before or after the general meetings.

Shareholders are encouraged to attend the AGM and other general meetings of the Company to ensure a high level of accountability and to stay informed of the Group's development. The general meetings are the principal forum for dialogue with shareholders. Shareholders can vote in person or by way of proxy at the general meetings. Shareholders will be briefed by the Company on the voting procedures at the general meetings.

All resolutions at the general meetings are put to vote by electronic poll. Voting and vote tabulation procedures are disclosed at the general meetings. A scrutineer is appointed to scrutinize the voting process. Votes cast for, or against, each resolution will be read out to shareholders immediately after vote tabulations. The total numbers of votes cast for or against the resolutions are also announced after the general meetings via SGXNET.

Pursuant to the COVID-19 (Temporary Measures) (Alternative Arrangements for Meetings) Orders 2020, the AGM on 31 May 2022 was held through electronic means, and in accordance with the Singapore Exchange Regulation's Guidance on the conduct of general meetings amid the ongoing COVID-19 situation.

In December 2022, the Ministry of Law announced its intention to revoke the COVID-19 (Temporary Measures) (Alternative Arrangements for Meetings) Orders from 1 July 2023. Consequent to this, general meetings that all listed issuers conduct from the date of the revocation of the Order will have to return to the physical mode.

With the option to continue with virtual meeting prior to 1 July 2023, the forthcoming annual general meeting will be conducted as a virtual only meeting which will include live voting and live communication with the shareholders for the questions and answers session in accordance with the guidance issued by SGX RegCo on 23 May 2022.

Provision 11.2
Separate Resolutions at General Meetings

The Board will set separate resolutions at general meetings on each distinct issue. Each item of special business included in the notice of the meeting is accompanied, where appropriate, by an explanation for the proposed separate resolution relating to the said item. For resolutions on the election or re-election of Directors, information on the Directors as set out in Appendix 7.4.1 of the Listing Manual are given on pages 193 to 197 of this Annual Report.

Provision 11.3
Attendance of Directors and Auditors at General Meetings

Barring unforeseen circumstances, all Directors and in particular, the chairpersons of the NC, RC, AC as well as senior management personnel will be available to address any relevant queries by shareholders at general meetings. The external auditors are also present to address shareholders' questions on the conduct of audit and the preparation of the Auditors' Report. The Company Secretary attends all general meetings to ensure that procedures under the Company's Constitution and the SGX-ST Listing Manual are complied with.

In 2022, the Company held one general meeting, namely the AGM, which was attended by all the Directors.

Provision 11.4
Absentia Voting

The Company's Constitution allows appointment of proxies by a shareholder who is absent from a general meeting to exercise his/her vote in absence through his/her proxy or proxies. The Company's Constitution allows all shareholders (who are not relevant intermediaries as set out under the Companies Act) to appoint up to two proxies to attend general meetings and vote on their behalf. The Companies Act allows relevant intermediaries such as the CPF agent bank nominees to appoint multiple proxies and empower CPF investors to attend and vote at general meetings of the Company as their CPF agent banks' proxies.

Under the COVID-19 (Temporary Measures) (Alternative Arrangements for Meetings) Orders 2020 and the guidance issued by SGX RegCo on 23 May 2022, shareholders can attend forthcoming virtual AGM and vote online or appoint proxies (other than the Chairman of the Meeting) to attend the meeting and vote in his stead. In the forthcoming AGM for financial year ended 31 January 2023, the Company will be adopting similar electronic voting means. Shareholders who wish to vote must submit a proxy form to appoint a proxy(ies) and/or representative(s) 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 proxy voting and submission of questions has been specified in the notice of AGM.

Provision 11.5
Minutes of General Meetings

The Company Secretary prepares minutes of general meetings detailing the proceedings and relevant comments or queries from shareholders relating to the agenda of the general meeting, and responses from the Board and Management. The minutes will be taken and published in the Company's corporate website at https://www.lkhs.com.sg. Results of the general meetings are released as an announcement in SGXNET.

Provision 11.6
Dividend

For financial year ended 31 January 2023, the Board has proposed a first and final tax exempt (one-tier) dividend of 1 cent at the forthcoming AGM for shareholders' approval. Details of the proposed dividend are stated in the notice of AGM attached to this Annual Report. The Company does not have a policy on payment of dividend. The Board will consider the Group's level of cash and bank balances, retained earnings, projected capital expenditure and investments before proposing a dividend.

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
Avenues for Communication between the Board and Shareholders

The Company communicates with its shareholders and the investment community through the timely release of announcements to the SGX-ST via SGXNET. Financial results and material information are communicated to shareholders on a timely basis.

In accordance with the Listing Rules of the SGX-ST, the Board's policy is that all shareholders be informed on a timely basis of all major developments that impact the Group. The Company does not practice selective disclosure and price sensitive information is publicly released on an immediate basis where required under the Listing Rules.

The Company's AGM is a forum for the shareholders to engage the Board to ask questions on the resolutions tabled at the AGM and to express their views.

The Company will consider the use of other forums such as analyst briefings as and when applicable.

Provisions 12.2 and 12.3
Investor Relations

The Company's Investor Relations Policy is to communicate with its shareholders and the investment community through the timely and equal dissemination of information and news via announcements to the SGX-ST via SGXNET.

The Company strives to reach out to shareholders and investors via its online investor relations site within its corporate website https://www.lkhs.com.sg where it updates shareholders and investors on the latest news and business developments of the Group. Shareholders and investors are also provided with an investor relations contact at https://www.lkhs.com.sg where they can send their queries and the Company will endeavour to respond thereafter.

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.

Provisions 13.1 and 13.2
Engagement with its Material Stakeholder Groups

The Group's material stakeholders are its shareholders, customers, employees, business partners and the community. With the aim of achieving our sustainable business goals, the Company engages with them through its sustainability initiatives and corporate social responsibility programs as set out in the Sustainability Report for financial year ended 31 January 2023 at its corporate website.

Please refer to the Sustainability Report for details. In compliance with new Listing Rules that took effect from 1 January 2022, we have appointed NLA Risk Consulting Pte Ltd to conduct an internal review of the Group's sustainability reporting process for the financial year.

Provision 13.3
Corporate Website to Communicate and Engage with Stakeholders

The Group maintains a corporate website at https://www.lkhs.com.sg which stakeholders can access information on the Group. The website provides, inter alia, corporate announcements, press releases and profiles of the Group. Shareholders and stakeholders are provided with an investor relations contact at https://www.lkhs.com.sg to contact the Company.

OTHER MATTERS

DEALINGS IN SECURITIES

The Company has adopted and implemented a policy on dealings in the securities that is in accordance with Rule 1207(19) of the Listing Manual. Under this policy, Directors, Management and accounting staff have been prohibited from dealing in the Company's shares one month before the releases of the half year and full year financial statements and at any time while in possession of any unpublished material price-sensitive information.

Directors and officers are required to comply with and observe the laws on insider trading even if they trade in the Company's securities outside the prohibited periods. They are discouraged from dealing in the Company's securities on short-term considerations and should be mindful of the laws on insider trading.

The Company has complied with the best practice pursuant to Listing Rule 1207(19)(c) in not dealing in its own securities during the restricted trading periods.

MATERIAL CONTRACTS

Save as those contracts disclosed, there were no material contracts entered into by the Company or any of its subsidiary companies involving the interests of the Executive Chairman, any Director, or the controlling shareholder of the Company.

DIRECTORS' STATEMENT

For the financial year ended 31 January 2023

The Directors present their statement to the members together with the audited financial statements of the Group for the financial year ended 31 January 2023 and the statement of financial position of the Company as at 31 January 2023.

In the opinion of the directors,

(a) the consolidated financial statements of the Group and the statement of financial position 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 January 2023 and the financial performance, changes in equity and cash flows of the Group for the financial year ended on that date in accordance with the provisions of the Singapore Companies Act 1967 and Singapore Financial Reporting Standards (International); and

(b) at the date of this statement, having regard to information as disclosed in Note 2(a) to the financial statements there are reasonable grounds to believe that the Company will be able to pay its debts as and when they fall due.

The Board of Directors has, on the date of this statement, authorised these financial statements for issue.

Names of Directors

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

Low Keng Boon
Dato' Marco Low Peng Kiat
Low Poh Kuan
Alvin Teo Poh Kheng
Jimmy Yim Wing Kuen
Chris Chia Woon Liat
Michael Leong Choon Fai
Cheo Chai Hong

Mr. Jimmy Yim Wing Kuen, Mr. Chris Chia Woon Liat, Mr. Michael Leong Choon Fai and Mr. Cheo Chai Hong are independent and non-executive directors.

Arrangements to enable directors to acquire shares and debentures

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

Directors' interest in shares or debentures

According to the Register of Directors' Shareholdings kept by the Company under Section 164 of the Singapore Companies Act 1967, none of the Directors who held office at the end of the financial year had any interest in the shares or debentures of the Company or its related corporations, except as follows:

	Holdings registered in the name of director or nominee		Holdings in which a director is deemed to have an interest	
Name of director	As at 1.2.2022	**As at 31.1.2023**	As at 1.2.2022	**As at 31.1.2023**
	Number of ordinary shares			
The Company -				
Low Keng Huat (Singapore) Limited				
Low Keng Boon	52,773,806	**52,773,806**	23,000,000	**23,000,000**
Dato' Marco Low Peng Kiat	300,000	**300,000**	399,945,345	**399,945,345**
Low Poh Kuan	1,998,000	**1,998,000**	–	**–**
Alvin Teo Poh Kheng	–	**–**	3,988,000	**3,988,000**
Jimmy Yim Wing Kuen	–	**–**	320,000	**320,000**
Michael Leong Choon Fai	100,000	**100,000**	–	**–**
	Number of ordinary shares of RM1.00 each			
Ultimate holding company -				
Consistent Record Sdn. Bhd.				
Dato' Marco Low Peng Kiat	16	**16**	16	**16**

Dato' Marco Low Peng Kiat, by virtue of the provisions of Section 7 of the Singapore Companies Act 1967, is deemed to have an interest in the issued share capital of all the subsidiaries of the Company and all the joint ventures and associate companies in which the Company has 20% or more equity interest.

There was no change in any of the above-mentioned interests in the Company between the end of the financial year and 21 February 2023.

Share option scheme

There were no options granted during the financial year to subscribe for unissued shares of the Company or of its subsidiaries.

There were no shares issued during the financial year to which this statement relates by virtue of the exercise of the options to take up unissued shares of the Company or any subsidiary.

There were no unissued shares of the Company or any subsidiary under option at the end of the financial year.

Audit Committee

The Audit Committee at the end of the financial year comprises the following members:

Jimmy Yim Wing Kuen (Chairman)
Chris Chia Woon Liat
Cheo Chai Hong

The Audit Committee performs the functions set out in Section 201B(5) of the Singapore Companies Act 1967, the SGX Listing Manual and the Code of Corporate Governance. In performing these functions, the Audit Committee has met four times since the last Annual General Meeting and reviewed the following, where relevant, with the executive directors and external and internal auditors of the Company:

(i) overall scope of both the internal and external audits and the assistance given by the Company's officers to the auditors. It met with the Company's internal and external auditors to discuss the results of their respective examinations and their evaluation of the Company's system of internal accounting controls;

(ii) the audit plan of the Company's independent auditor and any recommendations on internal accounting controls arising from the statutory audit;

(iii) the quarterly financial information and the statement of financial position of the Company and the consolidated financial statements of the Group for the financial year ended 31 January 2023 as well as the auditor's report thereon;

(iv) effectiveness of the Company's internal controls, including financial, operational and compliance controls and information technology controls and risk management systems via reviews carried out by the internal auditors;

(v) the auditors confirmed during the Audit Committee meeting that there was no significant disagreement with management and non-compliance with accounting standards and internal controls during the audit;

(vi) 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;

(vii) the cost effectiveness and the independence and objectivity of the external auditor;

(viii) the nature and extent of non-audit services provided by the external auditor;

(ix) recommended to the Board of Directors the external auditor and internal auditors to be nominated, approved the compensation of the external auditor and internal auditors, and reviewed the scope and results of the audits;

(x) reported actions and minutes of the Audit Committee to the Board of Directors with such recommendations as the Audit Committee considered appropriate; and

(xi) interested person transactions (as defined in Chapter 9 of the Listing Manual of the Singapore Exchange).

DIRECTORS' STATEMENT

For the financial year ended 31 January 2023

Audit Committee (Cont'd)

The Audit Committee has full access to management and is given the resources required for it to discharge its functions. It has full authority and the discretion to invite any director or executive officer to attend its meetings. The Audit Committee also recommends the appointment of the external auditor and reviews the level of audit and non-audit fees.

The Audit Committee is satisfied with the independence and objectivity of the external auditor and has recommended to the Board of Directors that the auditor, Foo Kon Tan LLP, be nominated for re-appointment as auditor at the forthcoming Annual General Meeting of the Company.

Full details regarding the Audit Committee are provided in the "Corporate Governance" section of the annual report.

In appointing our auditors for the Company, subsidiaries, associates and joint ventures, we have complied with Rules 712, 715 and 716 of the SGX Listing Manual.

Independent auditor

The independent auditor, Foo Kon Tan LLP, Public Accountants and Chartered Accountants, has expressed its willingness to accept re-appointment.

On behalf of the Directors

DATO' MARCO LOW PENG KIAT

LOW POH KUAN

Dated: 10 May 2023

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Low Keng Huat (Singapore) Limited ("the Company") and its subsidiaries ("the Group"), which comprise the consolidated statement of financial position of the Group and the statement of financial position of the Company as at 31 January 2023, and the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows of the Group for the financial 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 and the statement of financial position of the Company are properly drawn up in accordance with the provisions of the Singapore Companies Act 1967 ("the Act") and Singapore Financial Reporting Standards (International) ("SFRS(I)s") so as to give a true and fair view of the consolidated financial position of the Group and the financial position of the Company as at 31 January 2023 and the consolidated financial performance, consolidated changes in equity and consolidated cash flows of the Group for the financial 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.

Key audit matter	Risk	Our responses and work performed
Impairment of investment properties and property, plant and equipment [Notes 2(d), 2(e), 15 and 16]	As at 31 January 2023, the Group's investment properties and property, plant and equipment amounted to $292.7 million and $298.3 million, respectively, (2022 - $293.7 million and $308.1 million, respectively) representing 22.4% and 22.8% respectively (2022 - 20.3% and 21.3% respectively) of the Group's total assets.	Our review of the impairment assessment included the following: ● we reviewed the Group's and the Company's investment properties and property, plant and equipment and discussed with management to determine where impairment indicators existed;

Key Audit Matters (Cont'd)

Key audit matter	Risk	Our responses and work performed
Impairment of investment properties and property, plant and equipment [Notes 2(d), 2(e), 15 and 16] (Cont'd)	The Group's investment properties are mainly held by Paya Lebar Square Pte. Ltd., Balestier Tower Pte. Ltd. and Perumal Development Pte. Ltd. The Group's property, plant and equipment are mainly held by the Company, Carnivore Brazilian Churrascaria Pte. Ltd., Amuret Pty Ltd, Paya Lebar Square Pte Ltd, Balestier Tower Pte. Ltd. and Perumal Development Pte. Ltd. Due to indicators of impairment by certain subsidiaries, the Group has tested for the impairment of non-financial assets. The Group engaged independent professional valuers (management's expert) to carry out valuations on the investment properties and property, plant and equipment based on the properties' highest-and-best use. These were performed on the basis of open market values to determine the fair value. The impairment testing performed on the Group's and the Company's non-financial assets is considered to be a key audit matter due to the significant judgement required in determining the assumptions to be used to estimate the recoverable amount of the cash-generating unit which the assets are allocated to, which is based on the higher of the value-in-use and fair value less costs of disposal.	Our review of the impairment assessment included the following (Cont'd): ● we read the terms of engagement of the management's expert with the Group to determine whether there were any matters that might have affected their objectivity or limited the scope of their work; ● we have assessed the appropriateness of the useful lives of the investment properties and property, plant and equipment; ● we evaluated whether the management's expert had the necessary competence, capability and objectivity for the required purposes. The evaluation of objectivity included inquiry regarding interests and relationships that may create a threat to that expert's objectivity; ● we engaged an auditor's expert in assessing the appropriateness of the valuation methodologies, assumptions and reasonableness of estimates used by the management's expert; ● we performed sensitivity analysis over the assumptions, estimates and its measurement against source data and appropriate external sources, where appropriate; ● we assessed the competency, capability and objectivity of the auditor's expert; and ● we also considered the adequacy of the Group's and the Company's disclosures in relation to impairment of the investment properties and property, plant and equipment.

Key Audit Matters (Cont'd)

Key audit matter	Risk	Our responses and work performed
Net realisable value of development properties [Notes 2(d), 2(e) and 10]	The Group has significant mixed development (comprises residential and commercial retail units) and residential development properties that are for sale in its core market - Singapore. As at 31 January 2023, the Group's development properties amounted to \$543.8 million (2022 - \$546.5 million), representing 41.6% (2022 - 37.8%) of the Group's total assets. The Group's development properties are mainly held by Glopeak Development Pte. Ltd. Development properties for sale are stated at the lower of their cost and their net realisable values. The determination of the estimated net realisable value of these development properties is critically dependent upon the Group's expectations of future selling prices. There is an inherent risk that the estimate of net realisable values exceed future selling prices, resulting in a loss when these properties are sold. The Group engaged independent professional valuers to estimate the net realisable value of development properties in accordance with SFRS(I) 1-2 *Inventories* There is a possible risk of understatement of project costs where work has been completed up to certain stage but liabilities owing to contractors or suppliers have not been recorded up to that stage. In addition, project costs may not be accurately or appropriately recorded.	Our review of the net realisable value of development properties included the following: ● we evaluated whether the management's expert has the necessary competence, capability and objectivity for the required purposes. The evaluation of objectivity included inquiry regarding interests and relationships that may create a threat to that expert's objectivity; ● we engaged an auditor's expert in assessing the appropriateness of the valuation methodologies, assumptions and reasonableness of the key inputs used by the management's expert based on the residual approach considering key factors such as the land cost, gross development value, construction costs and estimated developer's profit and compared against externally available industry, economic and financial data, as appropriate; ● we compared the management's expert underlying assumptions on estimated selling prices to market comparables and to recent prices for properties sold by the Group subsequent to the end of reporting period; ● we performed sensitivity analysis over the assumptions, estimates and its measurement against source data and appropriate external sources, where appropriate; ● we evaluated the competency, capability, and objectivity of the auditor expert;

Key Audit Matters (Cont'd)

Key audit matter	Risk	Our responses and work performed
Net realisable value of development properties [Notes 2(d), 2(e) and 10] (Cont'd)		Our review of the net realisable value of development properties included the following (Cont'd): ● we assessed the reasonableness of the estimated cost and additional cost accrued against relevant supporting documentation and, where the works were contracted to third parties, agreed to the contracts. We tested samples of items of the cost components to source documents to ascertain the existence and accuracy of the cost of the development properties; ● we checked to sales contracts entered into external customers after reporting date; ● we evaluated management's conclusion to recognise impairment loss, if any; ● we assessed management intent of the mixed development properties, as appropriate, and ascertained that all components of the mixed-development properties are correctly classified; ● we reviewed the appropriateness of the basis of costs allocation between the various components and management's determination for the capitalisation of borrowing costs for the mixed development properties where revenue is recognised over time; ● we considered the adequacy of the Group's disclosure about the uncertainties of the carrying values of the development properties.

Other Information

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

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

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

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

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

Responsibilities of Management and Directors for the Financial Statements

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

In preparing the financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or 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.

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

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

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

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

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

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

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

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities 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, actions taken to eliminate threats or safeguards applied.

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 Ong Soo Ann.

Foo Kon Tan LLP
Public Accountants and
Chartered Accountants

Singapore, 10 May 2023

STATEMENT OF FINANCIAL POSITION

As at 31 January 2023

The Group	Note	**31 January 2023 $'000**	31 January 2022 $'000
ASSETS			
Current Assets			
Cash and cash equivalents	3	**42,894**	119,929
Fixed deposits	4	**7,493**	7,473
Trade and other receivables	6	**32,109**	9,650
Amount owing by non-controlling shareholders of subsidiaries (non-trade)	20(a)	**–**	1,618
Contract assets	8(a)	**8,376**	24,829
Contract costs	8(b)	**1,652**	1,018
Inventories	9	**339**	406
Development properties	10	**543,840**	546,501
		636,703	711,424
Non-Current Assets			
Financial assets at FVOCI	11	**5,214**	13,458
Trade and other receivables	6	**1,262**	1,262
Financial assets at FVPL	5	**36,320**	15,708
Joint ventures	12	**10,256**	10,812
Associate companies	13	**27,082**	92,288
Investment properties	15	**292,714**	293,716
Property, plant and equipment	16	**298,289**	308,074
Deferred tax assets	17	**882**	201
		672,019	735,519
Total assets		**1,308,722**	1,446,943
LIABILITIES			
Current Liabilities			
Trade and other payables	18	**41,251**	29,859
Amount owing to joint ventures (non-trade)	19	**–**	253
Amount owing to non-controlling shareholders of subsidiaries (non-trade)	20(b)	**1,256**	1,350
Contract liabilities	8(c)	**–**	1,554
Provision for directors' fee		**215**	215
Current tax payable		**5,274**	5,711
Borrowings	22	**373,595**	63,431
		421,591	102,373

The annexed notes form an integral part of and should be read in conjunction with these financial statements.

The Group	Note	**31 January 2023 $'000**	31 January 2022 $'000
Non-Current Liabilities			
Trade and other payables	18	**–**	3,106
Provision	21	**29**	28
Borrowings	22	**250,724**	654,745
Deferred tax liabilities	17	**3,022**	3,082
		253,775	660,961
Total liabilities		**675,366**	763,334
NET ASSETS		**633,356**	683,609
EQUITY			
Capital and Reserves			
Share capital	23	**161,863**	161,863
Capital reserve	24(a)	**(30,214)**	(30,214)
Fair value reserve	25	**1,514**	1,860
Retained profits	24(b)	**493,285**	540,127
Currency translation reserve	26	**(4,034)**	(2,563)
		622,414	671,073
Non-controlling interests		**10,942**	12,536
Total equity		**633,356**	683,609

The annexed notes form an integral part of and should be read in conjunction with these financial statements.

STATEMENT OF FINANCIAL POSITION

As at 31 January 2023

The Company	Note	**31 January 2023 $'000**	31 January 2022 $'000
ASSETS			
Current Assets			
Cash and cash equivalents	3	**3,662**	25,607
Trade and other receivables	6	**4,610**	3,072
Amount owing by subsidiaries (non-trade)	7(a)	**2,708**	2,230
Contract assets	8(a)	**4,964**	2,167
		15,944	33,076
Non-Current Assets			
Financial assets at FVOCI	11	**–**	1,267
Trade and other receivables	6	**4,943**	2,990
Joint ventures	12	**10,450**	10,797
Subsidiaries	14	**700,339**	675,433
Property, plant and equipment	16	**4,212**	4,788
		719,944	695,275
Total assets		**735,888**	728,351
LIABILITIES			
Current Liabilities			
Trade and other payables	18	**17,626**	13,580
Amount owing to subsidiaries (non-trade)	7(b)	**10,012**	12,944
Provision for directors' fee		**215**	215
Current tax payable		**95**	95
Borrowings	22	**18,247**	26,223
		46,195	53,057
Non-Current Liabilities			
Borrowings	22	**2,354**	3,602
Total liabilities		**48,549**	56,659
NET ASSETS		**687,339**	671,692
EQUITY			
Capital and Reserves			
Share capital	23	**161,863**	161,863
Fair value reserve	25	**–**	516
Retained profits	24(b)	**525,476**	509,313
Total equity		**687,339**	671,692

The annexed notes form an integral part of and should be read in conjunction with these financial statements.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the financial year ended 31 January 2023

The Group	Note	**Year ended 31 January 2023 $'000**	Year ended 31 January 2022 $'000
Revenue	27, 38	**97,267**	161,638
Cost of sales	32	**(72,524)**	(140,355)
Gross profit		**24,743**	21,283
Other operating income	28(a)	**10,216**	35,324
Interest income	28(b),38	**464**	3,607
Distribution costs		**(2,969)**	(11,516)
Administrative costs	29	**(13,566)**	(9,427)
Other operating expenses	30	**(28,825)**	(8,433)
Finance costs	31, 38	**(18,118)**	(7,811)
Share of results of joint ventures and associates	12,13,38	**(2,200)**	(40)
(Loss)/profit before taxation	32	**(30,255)**	22,987
Taxation	33, 38	**(1,641)**	(2,580)
Total (loss)/profit for the year		**(31,896)**	20,407
Other comprehensive (loss)/income after tax:			
Items that may be reclassified subsequently to profit or loss			
Exchange differences on translation of the financial statements of foreign entities (net of tax at Nil%)	26	**(1,471)**	(1,978)
		(1,471)	(1,978)
Items that will not be reclassified subsequently to profit or loss			
Fair value (loss)/gain on financial assets at FVOCI (net of tax at Nil%)	11, 25	**(86)**	3,376
Exchange differences on translation of the financial statements of foreign entities (net of tax at Nil%)		**(199)**	(55)
Other comprehensive (loss)/income for the year, net of tax		**(1,756)**	1,343
Total comprehensive (loss)/income for the year		**(33,652)**	21,750
(Loss)/profit attributable to:			
Owners of the parent		**(32,326)**	20,815
Non-controlling interests	38	**430**	(408)
		(31,896)	20,407
Total comprehensive (loss)/income attributable to:			
Owners of the parent		**(33,883)**	22,213
Non-controlling interests		**231**	(463)
		(33,652)	21,750
(Loss)/earnings per share (cents)			
- Basic	34	**(4.38)**	2.82
- Diluted	34	**(4.38)**	2.82

The annexed notes form an integral part of and should be read in conjunction with these financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the financial year ended 31 January 2023

The Group	Share capital $'000	Capital reserve $'000	Fair value reserve $'000	Retained profits $'000	Currency translation reserve $'000	Total attributable to owners of the parent $'000	Non-controlling interests $'000	Total $'000
	← Attributable to equity holders of the Company →							
Balance at 1 February 2021	161,863	(2,005)	(1,513)	537,779	(585)	695,539	32,172	727,711
Profit/(loss) for the year	–	–	–	20,815	–	20,815	(408)	20,407
Other comprehensive income/(loss) for the year	–	–	3,376	–	(1,978)	1,398	(55)	1,343
Total comprehensive income/(loss) for the year	–	–	3,376	20,815	(1,978)	22,213	(463)	21,750
Dividends paid to owners of the parent [Notes 24(b) and 36]	–	–	–	(18,470)	–	(18,470)	(943)	(19,413)
Acquisition of non-controlling interest in a subsidiary	–	(28,209)	–	–	–	(28,209)	(18,230)	(46,439)
Total transaction with owners, recognised directly in equity	–	(28,209)	–	(18,470)	–	(46,679)	(19,173)	(65,852)
Transfer upon disposal of financial assets at FVOCI	–	–	(3)	3	–	–	–	–
Balance at 31 January 2022	161,863	(30,214)	1,860	540,127	(2,563)	671,073	12,536	683,609
Balance at 1 February 2022	**161,863**	**(30,214)**	**1,860**	**540,127**	**(2,563)**	**671,073**	**12,536**	**683,609**
(Loss)/profit for the year	**–**	**–**	**–**	**(32,326)**	**–**	**(32,326)**	**430**	**(31,896)**
Other comprehensive loss for the year	**–**	**–**	**(86)**	**–**	**(1,471)**	**(1,557)**	**(199)**	**(1,756)**
Total comprehensive (loss)/income for the year	**–**	**–**	**(86)**	**(32,326)**	**(1,471)**	**(33,883)**	**231**	**(33,652)**
Liquidation of subsidiaries with non-controlling interests	**–**	**–**	**–**	**–**	**–**	**–**	**(1,825)**	**(1,825)**
Dividends paid to owners of the parent [Notes 24(b) and 36]	**–**	**–**	**–**	**(14,776)**	**–**	**(14,776)**	**–**	**(14,776)**
Total transaction with owners, recognised directly in equity	**–**	**–**	**–**	**(14,776)**	**–**	**(14,776)**	**(1,825)**	**(16,601)**
Transfer upon disposal of financial assets at FVOCI	**–**	**–**	**(260)**	**260**	**–**	**–**	**–**	**–**
Balance at 31 January 2023	**161,863**	**(30,214)**	**1,514**	**493,285**	**(4,034)**	**622,414**	**10,942**	**633,356**

The annexed notes form an integral part of and should be read in conjunction with these financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

For the financial year ended 31 January 2023

The Group	Note	**Year ended 31 January 2023 $'000**	Year ended 31 January 2022 $'000
Cash Flows from Operating Activities			
(Loss)/profit before taxation		**(30,255)**	22,987
Adjustments for:			
Share of results of joint ventures and associate companies		**2,200**	40
Depreciation of:			
- Investment properties	15, 32	**3,874**	4,149
- Property, plant and equipment	16, 32	**8,129**	5,407
Loss on disposal of property, plant and equipment	30, 32	**156**	55
Gain on disposal of investment properties	28(a), 32	**–**	(8,630)
Gain on disposal of joint ventures	28(a), 32	**–**	(19,685)
Loss on disposal of associates	13, 30, Note B	**23,303**	–
Gain on early repayment of shareholder loan owing by associate company	13, 28(a), Note B	**(4,783)**	–
Gain on lease termination		**–**	(3)
Government grant income	28(a), 32	**(260)**	(1,568)
Impairment loss on:			
- Property, plant and equipment	16, 30, 32	**34**	48
- Investment properties	15, 30, 32	**–**	1,902
Write-back of impairment loss on:			
- Property, plant and equipment	16, 28(a), 32	**(2,418)**	(3,391)
- Receivables	6, 28(a), 32	**(358)**	(353)
Amortisation of contract costs	8(b)	**542**	4,844
Bad debts written off	30, 32	**–**	115
Fair value loss on financial assets at FVPL	5, 30, 32	**1,156**	3,480
Property, plant and equipment written off	30, 32	**199**	335
Investment properties written off	30, 32	**51**	–
Dividend income from quoted equity investments	28(a), 32	**(112)**	(356)
Long outstanding payables written off	28(a), 32	**(253)**	–
Finance costs	31	**18,118**	7,811
Interest income	28(b)	**(464)**	(3,607)
Operating profit before working capital changes		**18,859**	13,580
Decrease/(increase) in inventories		**67**	(4)
Decrease in development properties		**2,661**	75,479
Decrease/(increase) in contract assets and contract costs		**15,277**	(4,470)
(Decrease)/increase in contract liabilities		**(1,554)**	1,554
Increase in operating receivables		**(19,672)**	(1,176)
Increase in operating payables		**10,271**	1,725
Cash generated from operations		**25,909**	86,688
Income tax (paid)/refunded		**(2,749)**	674
Net cash generated from operating activities		**23,160**	87,362
Balance carried forward		**23,160**	87,362

The annexed notes form an integral part of and should be read in conjunction with these financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

For the financial year ended 31 January 2023

The Group	Note	**Year ended 31 January 2023 $'000**	Year ended 31 January 2022 $'000
Balance brought forward		**23,160**	87,362
Cash Flows from Investing Activities			
Acquisition of property, plant and equipment	Note A	**(2,200)**	(10,682)
Acquisition of investment properties	15	**–**	(30)
Interest received		**151**	251
Dividend from quoted equity investments		**112**	356
Proceeds from disposal of financial assets at FVOCI		**8,153**	6
Advances and loans made to joint ventures and associate companies		**(1,061)**	(1,178)
Advances to non-controlling interests		**–**	(661)
Investment in financial assets at FVPL	5	**(23,625)**	(19,043)
Proceeds from disposal of :			
- Joint ventures	Note C	**–**	18,626
- Associate companies	Note B	**1,389**	–
Loan repayment from:			
- Joint ventures	Note C	**–**	80,548
- Associate companies	Note B	**43,761**	–
Proceeds from disposal of investment properties		**–**	22,776
Proceeds from disposal of property, plant and equipment		**–**	255
Net cash generated from investing activities		**26,680**	91,224
Cash Flows from Financing Activities			
Dividends paid to shareholders of the Company	36	**(14,776)**	(18,470)
Repayment of loans from non-controlling shareholders of subsidiaries	Note C	**–**	(47,566)
Government grant received		**260**	1,568
Bank borrowings:			
- Proceeds		**178,610**	30,000
- Principal paid		**(272,037)**	(48,490)
- Interest paid		**(17,723)**	(6,900)
Acquisition of non-controlling interests	14	**–**	(44,625)
Lease liabilities:			
- Principal paid		**(312)**	(289)
- Interest paid		**(50)**	(63)
Fixed deposit pledged		**(20)**	(17)
Net cash used in financing activities		**(126,048)**	(134,852)
Net (decrease)/increase in cash and cash equivalents		**(76,208)**	43,734
Cash and cash equivalents at beginning of year		**119,929**	76,427
Exchange differences on translations of cash and cash equivalents at beginning of year		**(827)**	(232)
Cash and cash equivalents at end of year	3	**42,894**	119,929

The annexed notes form an integral part of and should be read in conjunction with these financial statements.

A. Acquisition of property, plant and equipment

During the financial year, the Group acquired property, plant and equipment with an aggregate cost of $2,209,000 (2022 - $10,705,000). All additions were paid to suppliers of property, plant and equipment at the end of the financial year, except for leased assets. Cash payment of $2,200,000 (2022 - $10,682,000) were made to purchase property, plant and equipment.

B. Disposal of investments in associates and shareholder loan owing by associate company

Disposal of investments in associates

Huatland Development Pte. Ltd., a wholly owned-subsidiary of the Company, previously held a 20% equity interest in each of Perennial Shenton Investors Pte. Ltd. ("PSI") and PRE 13 Pte. Ltd. ("PRE13").

PSI was a strategic partner in the properties leasing business for office units, up until the sale of its 100% subsidiary, Perennial Shenton Holding Pte. Ltd. ("PSH"), on 30 June 2020. Subsequently, PSI became dormant and its role as the Group's strategic partner in the property leasing business was undertaken by PRE13. PRE13 holds a 50% stake in PSH, who in turn owns a 100% equity stake in Perennial Shenton Properties Pte. Ltd. ("PSP"). PSP is the owner of AXA Tower, a 50-storey landmark Grade A office development with a retail podium, strategically sited within Singapore's Central Business District.

The Group disposed its entire equity interests in PRE13 and PSI in April 2022 and May 2022, respectively. These transactions resulted in a loss on disposal as set out below:

	PRE13 $'000	PSI $'000	2023 $'000
Cash consideration for disposal of investment in associates	**994**[(1)]	**395**	**1,389**
Less: Carrying amount of investment at date of disposal	**(24,290)**[(2)]	**(402)**	**(24,692)**
Loss on disposal of investment	**(23,296)**	**(7)**	**(23,303)**

Shareholder loan owing by associate company

The disposal also resulted in an early repayment of the shareholder loan due from PRE13. This transaction resulted in a gain on early repayment of shareholder loan as set out below:

	2023 $'000
Cash consideration for early repayment of shareholder loan	**43,761**
Less: Carrying amount of shareholder loan at date of repayment	
Principal amount of shareholder loan	**(59,761)**
Discount implicit in shareholder loan to associate[(3)]	**23,083**
Notional interest on shareholder loan	**(2,300)**
Carrying amount of shareholder loan at date of repayment	**(38,978)**
Gain on early repayment of shareholder loan	**4,783**

The annexed notes form an integral part of and should be read in conjunction with these financial statements.

B. Disposal of investments in associates and shareholder loan owing by associate company (Cont'd)

(1) Consideration for PRE13 is presented net of post-completion adjustments.

(2) Carrying amount of PRE13 includes discount implicit in shareholder loans to associate, amounting to $23,083,000. Huatland's 20% share of PRE13's net assets as at date of disposal, adjusted by Group for equity accounting purposes, is $1,207,000.

(3) A discount rate of 5% per annum has been applied to calculate the financial asset to its fair value at initial recognition and notional interest, up till the original repayment date, 31 December 2030. The amount is non-trade, unsecured, interest-free and denominated in Singapore dollar.

C. Acquisition of non-controlling interests and disposal of investments in joint ventures

On 30 June 2021, the Company acquired the non-controlling interests of an existing subsidiary, Paya Lebar Square Pte. Ltd., from Sun Venture Realty Pte. Ltd. and disposed of its investments in joint ventures, Westgate Tower Pte. Ltd. and Westgate Commercial Pte. Ltd., to Sun Venture Homes Pte. Ltd. The below-mentioned considerations were used to repay the shareholders' loans owing by the Group's existing subsidiary and former joint ventures. The details of these transactions are as follows:

	2022 $'000
Non-interest bearing loans owing by former joint ventures to the Group	80,548
Considerations receivable from disposal of investment in joint ventures (Note 12)	18,626
Amount receivable by the Group	99,174
Non-interest bearing loans owing to non-controlling shareholders of subsidiaries	(47,566)
Considerations payable for the acquisition of non-controlling interests (Note 14)	(46,439)
Amount payable by the Group	(94,005)

Upon completion of the acquisition, Paya Lebar Square Pte. Ltd. is a wholly owned subsidiary of the Company.

The annexed notes form an integral part of and should be read in conjunction with these financial statements.

Reconciliation of liabilities arising from financing activities

The following is the disclosures of the reconciliation of items for which cash flows have been, or would be, classified as financing activities, excluding equity items:

			Cash flows				Non-cash changes							
		1 February 2022	**Proceeds**	**Principal paid**	**Interest paid**	**Increase in fixed deposit pledged**	**Leases written off**	**New leases**	**Transfer to capital reserve**	**Interest expense**	**Notional interest charged**	**Foreign exchange movement**	**Accrued interest**	**31 January 2023**
	Note	$'000	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**
Amount owing to non-controlling shareholders of subsidiaries:														
- Advances	20(b)	390	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**(11)**	**–**	**379**
- Dividend payable	20(b)	960	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**(83)**	**–**	**877**
Bank borrowings	22	716,396	**178,610**	**(272,037)**	**(17,723)**	**–**	**–**	**–**	**–**	**18,069**	**–**	**–**	**(346)**	**622,969**
Lease liabilities	37(a)	1,780	**–**	**(312)**	**(50)**	**–**	**(1)**	**9**	**–**	**49**	**–**	**(125)**	**–**	**1,350**
Fixed deposits pledged	4	(7,473)	**–**	**–**	**–**	**(20)**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**(7,493)**

			Cash flows				Non-cash changes							
		1 February 2021	Proceeds	Principal paid	Interest paid	Increase In fixed deposit pledged	Dividend payable	New leases	Transfer to capital reserve	Interest expense	Notional interest charged	Foreign exchange movement	Accrued interest	31 January 2022
	Note	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Amount owing to non-controlling shareholders of subsidiaries:														
- Loans	20(b)	44,876	–	(47,566)	–	–	–	–	1,814	–	876	–	–	–
- Advances	20(b)	417	–	–	–	–	–	–	–	–	–	(27)	–	390
- Dividend payable	20(b)	–	–	–	–	–	943	–	–	–	–	17	–	960
Bank borrowings	22	734,886	30,000	(48,490)	(6,900)	–	–	–	–	6,872	–	–	28	716,396
Lease liabilities	37(a)	2,236	–	(289)	(63)	–	–	20	–	63	–	(187)	–	1,780
Fixed deposits pledged	4	(7,456)	–	–	–	(17)	–	–	–	–	–	–	–	(7,473)

The annexed notes form an integral part of and should be read in conjunction with these financial statements.

1 General information

Low Keng Huat (Singapore) Limited ("Company") is listed on the Singapore Exchange and incorporated and domiciled in Singapore. The address of its registered office is 80 Marine Parade Road #18-05/09, Parkway Parade, Singapore 449269.

The principal activities of the Group are those of property development, ownership and operation of service apartments, a hotel and a restaurant as well as investment holding. The principal activities of the subsidiaries are disclosed in Note 14 to the financial statements.

The Company's immediate and ultimate holding company is Consistent Record Sdn. Bhd., a company incorporated in Malaysia.

The consolidated financial statements of the Group and statement of financial position of the Company for the financial year ended 31 January 2023 were authorised for issue by the Board of Directors on the date of the directors' statement.

2(a) Basis of preparation

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

As at 31 January 2023, the Company's current liabilities exceeded its current assets by $30,251,000 (2022 - $19,981,000), which included advances from its subsidiaries (Note 7(b)) of $10,012,000 (2022 - $12,944,000) and other payables to its subsidiaries (Note 18) of $4,200,000 (2022 - $4,200,000). In addition, the Company had banking facilities amounting to $46,083,000 out of which $25,500,000 were unutilised. The financial statements have been prepared on a going concern basis as the directors are of the view that the Company is able to meet its liabilities as and when they fall due in the next 12 months after the reporting date.

These financial statements are presented in Singapore dollar which is the Company's functional currency. All financial information has been presented in Singapore dollar and rounded to the nearest thousand ($'000), unless otherwise stated.

The preparation of financial statements in conformity with SFRS(I) requires management to exercise its judgement in the process of applying the Group's accounting policies. It also requires the use of certain critical accounting estimates and assumptions. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in Note 2(d).

The accounting policies used by the Group have been applied consistently to all periods presented in these financial statements.

2(b) Adoption of new and revised SFRS(I) effective for the current financial year

On 1 February 2022, the Group and the Company have adopted all the new and revised SFRS(I), SFRS(I) interpretations ("SFRS(I) INT") and amendments to SFRS(I), effective for the current financial year that are relevant to them. The adoption of these new and revised SFRS(I) pronouncements did not result in significant changes to the Group's and the Company's accounting policies and has no material effect on the amounts or the disclosures reported for the current or prior reporting periods.

2(c) New and revised SFRS(I) issued but not yet effective

At the date of authorisation of these financial statements, the Group and the Company have not adopted the new and revised SFRS(I), SFRS(I) INT and amendments to SFRS(I) that have been issued but are not yet effective to them. Management anticipates that the adoption of these new and revised SFRS(I) pronouncements in future periods will not have a material impact on the Group's and the Company's accounting policies in the period of their initial application.

Reference	Description	Effective date (Annual periods beginning on or after)
SFRS(I) 17	*Insurance Contracts*	1 January 2023
Amendments to SFRS(I) 1-1	*Classification of Liabilities as Current or Non-current*	1 January 2024
Amendments to SFRS(I) 17	*Insurance Contracts*	1 January 2023
Amendments to SFRS(I) 4	*Extension of the Temporary Exemption from Applying SFRS(I) 9*	1 January 2023
Amendments to SFRS(I) 1-1 and SFRS(I) Practice Statement 2	*Disclosure of Accounting Policies*	1 January 2023
Amendments to SFRS(I) 1-8	*Definition of Accounting Estimates*	1 January 2023
Amendments to SFRS(I) 1-12	*Deferred Tax related to Assets and Liabilities arising from a Single Transaction*	1 January 2023
Amendment to SFRS(I) 17	*Initial Application of SFRS(I) 17 and SFRS(I) 9 – Comparative Information*	1 January 2023
SFRS(I) 16	*Amendments to SFRS(I) 16: Lease Liability in a Sale and Leaseback*	1 January 2024
Various	*Amendments to SFRS(I) 1-1: Non-current Liabilities with Covenants*	1 January 2024
Amendments to SFRS(I) 10 and SFRS(I) 1-28	*Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*	Yet to be determined

2(d) Critical accounting judgements and key sources of estimation uncertainty

The preparation of the financial statements in conformity with SFRS(I) requires the use of judgements, estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the financial year ("FY"). Although these estimates are based on management's best knowledge of current events and actions, actual results may differ from those estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the reporting period in which the estimate is revised and in any future reporting periods affected. The areas involving significant judgement and critical accounting estimates and assumptions used are described below.

(i) Significant judgements used in applying accounting policies

The following are the critical judgements, apart from those involving estimations (which are presented separately below), that have been made in the process of applying the Group's accounting policies and that have the most significant effect on the amounts recognised in financial statements.

<u>Classification of properties (Notes 10, 15 and 16)</u>

The Group determines whether a property is classified as development property, investment property, or owner-occupied property as follows:

- Development properties comprise completed properties for sale, properties for development and properties in the course of development in the ordinary course of business. Principally, these are residential, offices and retail properties that the Group develops and intends to sell before or on completion of construction.

- Investment properties comprise offices and retail units which are not occupied substantially for use by, or in the operations of, the Group, nor for sale in the ordinary course of business, but are held primarily to earn rental income and capital appreciation.

- Owner-occupied properties comprise properties that are used by the Group in the production or supply of goods and services or for administrative services.

<u>Joint ventures (Note 12)</u>

The Group holds 25% to 49% ownership interest of its joint ventures recognised in the consolidated accounts using the equity method in accordance with the percentage owned. Management has assessed that the holdings are joint arrangements as there are contractual arrangement with the parties resulting in the Group having 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. As the joint arrangements provide the Group with rights to the net assets of the arrangements, the arrangements are joint ventures to the Group. Further details are disclosed in Note 12 to the financial statements.

2(d) Critical accounting judgements and key sources of estimation uncertainty (Cont'd)

(i) Significant judgements used in applying accounting policies (Cont'd)

Income tax (Notes 17 and 33)

The Group has exposures to income taxes in several jurisdictions. Significant judgement is involved in determining the group-wide provision for income taxes. There are certain transactions and computations for which the ultimate tax determination is uncertain during the ordinary course of business. The Group recognises liabilities for expected tax issues based on estimates of whether additional taxes will be due.

Where the final tax outcome of these matters is different from the amounts that were initially recognised, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made.

Determination of the lease term

In determining the lease term, management considers all facts and circumstances that create an economic incentive to exercise an extension option, or not exercise a termination option. Extension options (or periods after termination options) are only included in the lease term if the lease is reasonably certain to be extended (or not terminated). The lease term is re-assessed if an option is actually exercised (or not exercised) or the Group becomes obliged to exercise (or not exercise) it. The assessment of reasonable certainty is only revised if a significant event or a significant change in circumstances occurs, which affects the assessment, and that is within the control of the lessee. For leases of leasehold properties and plant and equipment, the following factors are normally the most relevant:

- If there are significant penalties to terminate (or not extend), the Group is typically reasonably certain to extend (or not terminate).

- If any leasehold improvements are expected to have a significant remaining value, the Group is typically reasonably certain to extend (or not terminate).

- Otherwise, the Group considers other factors including historical lease durations and the costs and business disruption required to replace the leased asset.

Accounting for government assistance [Notes 28(a)]

SFRS(I) 1-20 *Accounting for Government Grants and Disclosures of Government Assistance* shall be applied when there is a transfer of resources from the government to an entity in return for meeting the stipulated conditions related to the operating activities of the entity and there is no service or goods provided back to the government by the entity. Government grant is recognised when there is reasonable assurance that it will comply with the conditions attached to them and the grants will be received. Government grant shall be 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. Significant judgement is required in determining the systematic basis, and timing of recognition of grant receivable and realisation to profit or loss.

2(d) Critical accounting judgements and key sources of estimation uncertainty (Cont'd)

(i) Significant judgements used in applying accounting policies (Cont'd)

Accounting for government assistance [Notes 28(a)] (Cont'd)

Included in the government grant income for the current year are $57,000 (2022 - $352,000) related to the Jobs Support Scheme ("JSS") announced by the Singapore Government to provide wage support to employers during the period of economic uncertainty caused by the COVID-19 pandemic.

In determining the timing of recognition of the JSS grant income, management has evaluated and assessed that the adverse impact of this economic uncertainty to the Group commenced in April 2020 when significant volume of retail sales and construction activities declined following the lockdown measures, travel restrictions and supply chain disruption in Singapore where the Group's operations are primarily situated in.

(ii) Key sources of estimation uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date that may have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial period, are discussed below.

Impairment of financial assets [Notes 3, 4, 6, 7(a) and 20(a)]

The Group assesses on a forward-looking basis the expected credit losses ("ECL") associated with its debt instrument assets carried at amortised cost. ECL 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 required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

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

The Group considers a financial asset in default when contractual payments are 90 days 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(d) Critical accounting judgements and key sources of estimation uncertainty (Cont'd)

(ii) Key sources of estimation uncertainty (Cont'd)

Impairment of financial assets [Notes 3, 4, 6, 7(a) and 20(a)] (Cont'd)

For non-trade receivables, the Group and the Company apply the general approach to determine ECL. ECL is measured as an allowance equal to 12-month ECL for stage-1 (low credit risk) assets, or lifetime ECL for stage-2 (deterioration in credit risk) or stage-3 (credit impaired) assets. An asset moves from stage-1 to stage-2 when its credit risk increases significantly and subsequently to stage-3 as it becomes credit-impaired. In assessing whether credit risk has significantly increased, the Group and the Company consider qualitative and quantitative, reasonable and supportable forward-looking information. Lifetime ECL represents ECL that will result from all possible default events over the expected life of a financial instrument whereas 12-month ECL represents the portion of lifetime ECL expected to result from default events possible within 12 months after the reporting date.

The ECL assessment involves estimation uncertainty heightened such as a slowdown in payment collections from the customers.

If the expected credit losses increase/decrease by 10% from management estimates, the carrying amounts of the financial assets of the Group and the Company will decrease/increase by approximately $22,000 and $1,092,000 (2022 - $91,000 and $1,134,000) respectively.

The carrying amount of the Group's and the Company's financial assets at the end of the reporting period is disclosed in Notes 3, 4, 6, 7(a), and 20(a) to the consolidated financial statements.

Impairment of non-financial assets [Notes 8(a), 8(b), 12, 13, 14, 15 and 16]

An impairment exists when the carrying value of an asset or cash-generating unit exceeds its recoverable amount, which is the higher of its fair value less costs of disposal ("FVLCD") and its value-in-use ("VIU"). The FVLCD calculation is based on available data from binding sales transactions in an arm's length transaction of similar assets or observable market prices less incremental costs for disposing the asset. The VIU calculation is based on a discounted cash flow ("DCF") model. The cash flows are derived from the budget for the next three or five years and do not include restructuring activities that the Group is not yet committed to or significant future investments that will enhance the asset's performance of the cash-generating unit being tested. The key assumptions in deriving the recoverable amount include discount rate used for the DCF model as well as the expected future cash inflows and the growth rate used for extrapolation purposes.

The FVLCD estimation is affected by the uncertainty caused by more volatile asset prices and currency exchange rates in countries in which the Group operates in. The VIU estimation is based on forecasted cash flows of the underlying business.

The carrying amounts of the Group's and the Company's non-financial assets are disclosed in Notes 8(a), 8(b), 12, 13, 14, 15 and 16 to the consolidated financial statements. In 2023 and 2022, a decrease of 5% in each of the Group's and the Company's non-financial assets' recoverable amounts will not increase any impairment losses that had been provided on the Group's and the Company's non-financial assets.

2(d) Critical accounting judgements and key sources of estimation uncertainty (Cont'd)

(ii) Key sources of estimation uncertainty (Cont'd)

<u>Net realisable value of development properties (Note 10)</u>

Development properties in the course of development and completed properties are stated at lower of cost and estimated net realisable value. When it is probable that the total development costs will exceed the total projected revenue, the amount in excess of net realisable value is recognised as an expense immediately. The process of evaluating the net realisable value of each property is subject to management judgement and the effect of assumptions in respect of development plans, timing of sale and the prevailing market conditions. Management performs cost studies for each development property, taking into account the costs incurred to date, the development status and costs to complete. Any future variation in plans, assumptions and estimates can potentially impact the carrying amounts of the respective properties.

There is uncertainty inherent in estimating net realisable value of the development properties due to increased volatility in their selling prices because there is still significant uncertainty in the recovery trajectory of the economy in the near future.

The carrying amount of the Group's development properties, including any write down to net realisable value, is disclosed in Note 10. In 2023 and 2022, an increase of 5% in total projected development costs will not lead to any allowance for diminution in value required for the Group's development properties.

<u>Valuation of financial assets at FVOCI (Note 11)</u>

In the current environment, the volatility of prices in the Singapore and Malaysia markets has also increased which affects the financial assets at FVOCI directly as the fair value is determined based on market prices in case of shares traded on an active market.

The carrying amount of the Group's and the Company's financial assets at FVOCI are disclosed in Note 11. If the fair value of the financial assets increases/decreases by 5%, the carrying amount of financial assets at FVOCI would increase/decrease by $261,000 (2022 - $673,000) at the Group and no significant impact at the Company level.

<u>Valuation of financial assets at FVPL (Note 5)</u>

The Group's investment in the limited partnership is subject to the terms and conditions of the limited partnership agreement as disclosed in Note 5. The investment in the limited partnership is primarily valued based on the latest available financial information of the limited partnership. The General Partner reviews the details of the reported information obtained from the Master Fund (HThree City Australia ACF3 MSPV Pte Ltd), the Manager to the Master Fund and the Partnership and considers:

- The valuation of the limited partnership's underlying investments;
- The value date of the net asset value ("NAV") provided; and
- Cash flows (calls/distributions) since the latest value date.

If the fair value of the financial assets increases/decreases by 5%, the carrying amount of financial assets at FVPL would increase/decrease by $1,816,000 (2022 - $785,000) at the Group level.

2(d) Critical accounting judgements and key sources of estimation uncertainty (Cont'd)

(ii) Key sources of estimation uncertainty (Cont'd)

Estimation of the incremental borrowing rate ("IBR") [Note 37]

For the purpose of calculating the right-of-use asset and lease liability, an entity applies the interest rate implicit in the lease ("IRIIL") and, if the IRIIL is not readily determinable, the entity uses its IBR applicable to the lease asset. The IBR is the rate of interest that the entity would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment. For most of the leases whereby the Group and the Company are the lessee, the IRIIL is not readily determinable. Therefore, the Group and the Company estimate the IBR relevant to each lease asset by using observable inputs (such as market interest rate and asset yield) when available, and then making certain lessee specific adjustments (such as a group entity's credit rating). The carrying amount of the Group's and the Company's right-of-use assets and lease liabilities are disclosed in Notes 37(b) and 37(a) respectively. An increase/decrease of 50 basis points in the estimated IBR will decrease/increase the right-of-use assets and lease liabilities by approximately $50,000 and $43,000 respectively (2022 - $49,000 and $50,000) at the Group level and no significant change at the Company level.

Revenue recognition for development properties (Note 27)

The Group recognises contract revenue based on the stage of completion for the sale of development properties where the Group has enforceable rights to payment for performance completed to date. The stage of completion is measured by reference to certifications of the value of work performed to date as compared to the estimated total construction costs of the development projects. The Group is required to estimate the total construction costs which include estimation for variation works and any other claims from contractors. In making these estimates, the Group relies on past experience and the work of specialists. The amount of revenue recognised from development properties by the Group is therefore subject to uncertainty in respect of variation works and estimation of future costs.

The Group's revenue recognised from development properties for the year is disclosed in Note 27. If the estimated costs for variation works increase/decrease by 10%, there are no material impact to the Group's revenue for the year as the unexpected variation works remain minimum and immaterial.

Depreciation of investment properties (Note 15)

Investment properties of the Group and the Company are depreciated on a straight-line basis over their estimated useful lives.

The carrying amounts of the Group's investment properties as at 31 January 2023 are $292,714,000 (2022 - $293,716,000).

If the actual useful lives of investment properties differ by 10% from management's estimates, the carrying amounts of the investment properties of the Group will be approximately $352,000 (2022 - $378,000) higher or $430,000 (2022 - $461,000) lower, respectively.

2(d) Critical accounting judgements and key sources of estimation uncertainty (Cont'd)

(ii) Key sources of estimation uncertainty (Cont'd)

Depreciation of property, plant and equipment (Note 16)

Property, plant and equipment are depreciated on a straight-line basis over their estimated useful lives. The carrying amounts of the Group's and the Company's property, plant and equipment as at 31 January 2023 are $298,289,000 (2022 - $308,074,000) and $4,212,000 (2022 - $4,788,000) respectively. Changes in the expected level of usage and technological developments could impact the economic useful lives and the residual values of these assets, therefore future depreciation charges could be revised.

If the actual useful lives of property, plant and equipment differ by 10% from management's estimates, the carrying amounts of the property, plant and equipment of the Group and the Company will be approximately $639,000 (2022 - $492,000) higher or $781,000 (2022 - $601,000) lower and approximately $35,000 (2022 - $40,000) higher or $43,000 (2022 - $48,000) lower respectively.

Deferred tax assets (Note 17)

The Group reviews the carrying amount of deferred tax assets at the end of each reporting period. Deferred tax assets are recognised to the extent that it is probable that future taxable income will be available against which the temporary differences can be utilised. This involves judgement regarding future financial performance of the particular legal entity or tax group in which the deferred tax asset has been recognised. Management has assessed that it is reasonable to recognise deferred tax assets based on probable future taxable income. The carrying amount of the Group's deferred tax assets is disclosed in Note 17.

In the financial year ended 31 January 2023, a decrease of 10% in the probable future taxable income will not affect the amount of deferred tax assets recognised.

2(e) Summary of significant accounting policies

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. Information on its subsidiaries is given in Note 14 to the financial statements.

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.

2(e) Summary of significant accounting policies (Cont'd)

Consolidation (Cont'd)

Profit or loss and each component of other comprehensive income are attributed to the owners of the Company and to the non-controlling interests. Total comprehensive income of subsidiaries and investees are attributed to the owners of the Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

When necessary, adjustments are made to the financial statements of subsidiaries or investees to bring their accounting policies in line with the Group's accounting policies.

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, if any) and liabilities of the subsidiary at their carrying amounts as at that 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
- reclassifies the Group's share of components previously recognised in other comprehensive income to profit or loss or retained earnings, as appropriate.

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.

Thus, the Group controls an investee if and only if the Group has all of the following:

- power over the investee;
- exposure, or rights or variable returns from its involvement with the investee; and
- the ability to use its power over the investee to affect its returns.

The Group re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

2(e) Summary of significant accounting policies (Cont'd)

Consolidation (Cont'd)

When the Group has less than a majority of the voting rights of an investee, it has power over the investee when the voting rights are sufficient to give it the practical ability to direct the relevant activities of the investee unilaterally. The Group considers all relevant facts and circumstances in assessing whether or not the Group's voting rights in an investee are sufficient to give it power, including:

- the size of the Group's holding of voting rights relative to the size and dispersion of holdings of the other vote holders;

- potential voting rights held by the Group, other vote holders or other parties;

- rights arising from other contractual arrangements; and

- any additional facts and circumstances that indicate the Group has, or does not have, the current ability to direct the relevant activities at the time that decisions need to be made, including voting patterns at previous shareholders' meetings.

A change in the ownership interest

Changes in the Group's ownership interests in subsidiaries that do not result in the Group losing control over the subsidiaries are accounted for as equity transactions. The carrying amounts of the Group's interests and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to owners of the Group.

When the Group loses control of a subsidiary, a gain or loss is recognised in profit or loss and is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the previous carrying amount of the assets (including goodwill if any), and liabilities of the subsidiary and any non-controlling interest. All amounts previously recognised in other comprehensive income in relation to that subsidiary are accounted for as if the Group had directly disposed of the related assets or liabilities of the subsidiary (i.e. reclassified to profit or loss or transferred to another category of equity as specified/permitted by applicable SFRS(I)s). The fair value of any investment retained in the former subsidiary at the date when the control is lost is regarded as the fair value on the initial recognition for subsequent accounting under SFRS(I) 9, when applicable, the cost on initial recognition of an investment in an associate or a joint venture.

Acquisitions

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

In determining whether a particular set of activities and assets is a business, the Group assesses whether it includes, at a minimum, an input and substantive process, and whether it has the ability to produce outputs. The Group has an option to apply a 'concentration test' that permits a simplified assessment of whether an acquired set of activities and assets is not a business. The optional concentration test is met if substantially all of the fair value of the gross assets acquired is concentrated in a single identifiable asset or group of similar identifiable assets.

2(e) Summary of significant accounting policies (Cont'd)

Consolidation (Cont'd)

Acquisitions (Cont'd)

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

Acquisition-related costs are expensed as incurred.

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

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

The excess of (a) the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over the (b) fair value of the identifiable net assets acquired is recorded as goodwill.

Transactions with non-controlling interests

Non-controlling interests represent the equity in subsidiaries not attributable, directly or indirectly, to owners of the Company, and are presented separately in the consolidated statement of comprehensive income and within equity in the consolidated statement of financial position, separately from equity attributable to owners of the Company.

Net investment in a foreign operation

When the settlement of a monetary item receivable from or payable to a foreign operation is neither planned nor likely to occur in the foreseeable future, foreign exchange gains and losses arising from such a monetary item are considered to form part of a net investment in a foreign operation. These are recognised in other comprehensive income and are presented in the "currency translation reserve" in equity.

2(e) Summary of significant accounting policies (Cont'd)

Investment properties

Investment properties include commercial buildings and those portions of office buildings that are held for long-term rental yields and/or for capital appreciation and land under operating leases that are held for long-term capital appreciation or for a currently indeterminate use, and where an insignificant portion is held for the Group's own occupation.

Investment properties are initially recognised at cost and subsequently carried at cost less accumulated depreciation and accumulated impairment losses, if any. Depreciation is computed using the straight-line method over its remaining lease period. Freehold land held as an investment property is not subject to depreciation. Freehold property is depreciated over 50 years.

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

Investment properties are de-recognised when either they have been disposed of or when the investment property is permanently withdrawn from use and no future economic benefit is expected from its disposal. On disposal or retirement of an investment property, the difference between any disposal proceeds and the carrying amount is recognised in profit or loss.

Transfers to or from investment properties are made when there is a change in use evidenced by:

- Commencement of owner's occupation, for a transfer from investment properties to property, plant and equipment;

- Commencement of development with a view to sell, for a transfer of investment properties to development properties;

- End of owner occupation, for a transfer from property, plant and equipment to investment properties; or

- Inception of an operating lease to another party, for a transfer from development properties to investment properties.

For transfer to investment properties from development properties for sale, the deemed cost for subsequent accounting is the fair value at the date of change in use. For a transfer from owner occupied property to investment property, the property is measured at revalued amount and accounted for in accordance with the accounting policy for property, plant and equipment up to the date of change in use.

For transfer from development properties to investment properties, any difference between the fair value of the property at that date and its previous carrying amount shall be recognised in profit or loss.

2(e) Summary of significant accounting policies (Cont'd)

Property, plant and equipment and depreciation

All items of property, plant and equipment are initially recorded at cost.

Subsequently to initial recognition, property, plant and equipment are stated at cost less accumulated depreciation and accumulated impairment losses, if any. Depreciation on other items of property, plant and equipment is calculated using the straight-line method to allocate their depreciable amount over their estimated useful lives as follows:

Leasehold land	99 years
Leasehold buildings	3 to 50 years
Freehold properties (hotel)	50 years
Plant, machinery and surveying equipment	5 to 40 years
Motor vehicles	8 to 10 years
Furniture, fittings and equipment	3 to 15 years
Renovation	10 years

No depreciation is provided on assets under construction.

The cost of property, plant and equipment includes expenditure that is directly attributable to the acquisition of the items. Dismantlement, removal or restoration costs are included as part of the cost of property, plant and equipment if the obligation for dismantlement, removal or restoration is incurred as a consequence of acquiring or using the asset. Cost may also include transfers from equity of any gains/losses on qualifying cash flow hedges of foreign currency purchases of property, plant and equipment, if any.

Subsequent expenditure relating to property, plant and equipment that have been recognised is added to the carrying amount of the asset when it is probable that future economic benefits in excess of the standard of performance of the asset before the expenditure was made will flow to the Group and the cost can be reliably measured. Other subsequent expenditure is recognised as an expense during the financial year in which it is incurred.

For acquisitions and disposals during the financial year, depreciation is provided from the month of acquisition and to the month before disposal respectively. Fully depreciated property, plant and equipment are retained in the books of accounts until they are no longer in use.

Depreciation methods, useful lives and residual values are reviewed, and adjusted as appropriate, at each reporting date as a change in estimates.

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

Investments in subsidiaries

In the Company's separate financial statements, investments in subsidiaries are stated at cost less accumulated impairment losses in the Company's statement of financial position. On disposal of such investments, the difference between disposal proceeds and the carrying amounts of the investments are recognised in profit or loss.

2(e) Summary of significant accounting policies (Cont'd)

Investments in 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 is not control or joint control of those policies.

In the Company's separate financial statements, investments in associates are stated at cost less accumulated impairment losses in the Company's statement of financial position. On disposal of such investments, the difference between disposal proceeds and the carrying amounts of the investments are recognised in profit or loss.

The Group accounts for its investments in associates using the equity method from the date on which it becomes an associate.

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 is accounted as 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's profit or loss in the period in which the investment is acquired.

Under the equity method, the investments in associates 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. The profit or loss reflects the share of results of operations of the associates. Distributions received from associates reduce the carrying amount of the investment. Where there has been a change recognised in other comprehensive income by the associates, the Group recognises its share of such changes in other comprehensive income. Unrealised gains and losses resulting from transactions between the Group and the associates are eliminated to the extent of the interest in the associates.

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

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

The financial statements of the associates are prepared as of the same reporting date as the Group unless it is impracticable to do so. When the financial statements of an associate used in applying the equity method are prepared as of a different reporting date from that of the Group (not more than three months apart), adjustments are made for the effects of significant transactions or events that occur between that date and the reporting date of the Group.

Upon loss of significant influence over the associate, the Group measures the retained interest at fair value. Any difference between the fair value of the aggregate of the retained interest and proceeds from disposal and the carrying amount of the investment at the date the equity method was discontinued is recognised in profit or loss.

2(e) Summary of significant accounting policies (Cont'd)

Investments in associates (Cont'd)

The Group accounts for all amounts previously recognised in other comprehensive income in relation to that associate on the same basis as would have been required if that associate or joint venture had directly disposed of the related assets or liabilities.

When an investment in an associate becomes an investment in a joint venture, the Group continues to apply the equity method and does not re-measure the retained interest.

If the Group's ownership interest in an associate is reduced, but the Group continues to apply the equity method, the Group reclassifies to profit or loss the proportion of the gain or loss that had previously been recognised in other comprehensive income relating to that reduction in ownership interest if that gain or loss would be required to be reclassified to profit or loss on the disposal of the related assets or liabilities.

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.

The Group re-assesses whether the type of joint arrangement in which it is involved has changed when facts and circumstances change. The Group does not have any joint arrangement classified as joint operation.

Joint ventures

In the Company's separate financial statements, investments in joint ventures are stated at cost less accumulated impairment losses in the Company's statement of financial position. On disposal of such investments, the difference between disposal proceeds and the carrying amounts of the investments are recognised in profit or loss.

The Group recognises its interest in a joint venture as an investment and accounts for the investment using the equity method from the date on which it becomes a 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.

2(e) Summary of significant accounting policies (Cont'd)

Joint arrangements (Cont'd)

Joint ventures (Cont'd)

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

When the Group's share of losses in a joint venture equals or exceeds its interest in the joint venture, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the 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 investments in joint ventures. The Group determines at the end of each reporting period whether there is any objective evidence that the investment in the 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 joint venture and its carrying value and recognises the amount in profit or loss.

The financial statements of the joint ventures are prepared as of the same reporting date as the Group unless it is impracticable to do so. When the financial statements of a joint venture used in applying the equity method are prepared as of a different reporting date from that of the Group (not more than three months apart), adjustments are made for the effects of significant transactions or events that occur between that date and the reporting date of the Group.

Upon loss of joint control over the joint venture, the Group measures the retained interest at fair value. Any difference between the fair value of the aggregate of the retained interest and proceeds from disposal and the carrying amount of the investments at the date the equity method was discontinued is recognised in profit or loss.

Leases

(i) The Group as lessee

The Group assesses whether a contract is or contains a lease, at inception of the contract. The Group recognises a right-of-use asset and a corresponding lease liability with respect to all lease arrangements in which it is the lessee, except for short-term leases (defined as leases with a lease term of twelve months or less) and leases of low value assets. For these leases, the Group recognises the lease payments as an operating expense on a straight-line basis over the term of the lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased assets are consumed.

2(e) Summary of significant accounting policies (Cont'd)

Leases (Cont'd)

(i) <u>The Group as lessee (Cont'd)</u>

(a) Lease liability

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted by using the rate implicit in the lease. If this rate cannot be readily determined, the Group uses the incremental borrowing rate specific to the lessee. The incremental borrowing rate is defined as the rate of interest that the lessee would have to pay to borrow over a similar term and with a similar security the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment.

Lease payments included in the measurement of the lease liability comprise:

- fixed lease payments (including in-substance fixed payments), less any lease incentives;
- variable lease payments that depend on an index or rate, initially measured using the index or rate at the commencement date;
- the amount expected to be payable by the lessee under residual value guarantee;
- exercise price of purchase options, if the lessee is reasonably certain to exercise the options; and
- payments of penalties for terminating the lease, if the lease term reflects the exercise of an option to terminate the lease.

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

For all contracts that contain both lease and non-lease components, the Group has elected to not separate lease and non-lease components and account these as one single lease component.

The lease liabilities are presented within "Borrowings" in the statements of financial position.

The lease liability is subsequently measured at amortised cost, by increasing the carrying amount to reflect interest on the lease liability (using the effective interest method) and by reducing the carrying amount to reflect the lease payments made.

2(e) Summary of significant accounting policies (Cont'd)

Leases (Cont'd)

(i) The Group as lessee (Cont'd)

(a) Lease liability (Cont'd)

The Group re-measures the lease liability (with a corresponding adjustment to the related right-of-use asset or to profit or loss if the carrying amount of the right-of-use asset has already been reduced to nil) whenever:

- the lease term has changed or there is a significant event or change in circumstances resulting in a change in the assessment of exercise of a purchase option, in which case the lease liability is re-measured by discounting the revised lease payments using a revised discount rate;

- the lease payments change due to changes in an index or rate or a change in expected payment under a guaranteed residual value, in which cases the lease liability is re-measured by discounting the revised lease payments using the initial discount rate (unless the lease payments change is due to a change in a floating interest rate, in which case a revised discount rate is used); or

- a lease contract is modified and the lease modification is not accounted for as a separate lease, in which case the lease liability is re-measured by discounting the revised lease payments using a revised discount rate at the effective date of the modification.

(b) Right-of-use asset

The right-of-use asset comprises the initial measurement of the corresponding lease liability, lease payments made at or before the commencement date, less any lease incentives received and any initial direct costs. They are subsequently measured at cost less accumulated depreciation and accumulated impairment losses, if any.

Whenever the Group incurs an obligation for costs to dismantle and remove a leased asset, restore the site on which it is located or restore the underlying asset to the condition required by the terms and conditions of the lease, a provision is recognised and measured under SFRS(I) 1-37. To the extent that the costs relate to a right-of-use asset, the costs are included in the related right-of-use asset, unless those costs are incurred to produce inventories.

Depreciation on right-of-use assets is calculated using the straight-line method to allocate their depreciable amounts over the shorter period of lease term and useful life of the underlying asset.

If a lease transfer ownership of the underlying asset or the cost of the right-of-use asset reflects that the Group expects to exercise a purchase option, the related right-of-use asset is depreciated over the useful life of the underlying asset. The depreciation starts at the commencement date of the lease.

2(e) Summary of significant accounting policies (Cont'd)

Leases (Cont'd)

(i) The Group as lessee (Cont'd)

(b) Right-of-use asset (Cont'd)

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

Right-of-use assets which meet the definition of an investment property are presented within "Investment properties" and accounted for in accordance with Note 2(e).

The Group applies SFRS(I) 1-36 to determine whether a right-of-use asset is impaired and accounts for any identified impairment loss.

(ii) The Group as lessor

When the Group acts as a lessor, it determines at lease inception whether each lease is a finance lease or an operating lease.

To classify each lease, the Group makes an overall assessment of whether the lease transfers substantially all of the risks and rewards incidental to ownership of the underlying asset. If this is the case, then the lease is a finance lease; if not, then it is an operating lease. As part of this assessment, the Group considers certain indicators such as whether the lease is for the major part of the economic life of the asset.

At inception or on modification of a contract that contains a lease component, the Group allocates the consideration in the contract to each lease component on the basis of their relative stand-alone prices. If an arrangement contains lease and non-lease components, then the Group applies SFRS(I) 15 to allocate the consideration in the contract.

The Group recognises lease payments received from investment property under operating leases as income on a straight-line basis over the lease term within "revenue" in profit or loss. Lease incentives if any, are recognised as an integral part of the net consideration agreed for the use of the leased asset. Penalty payments on early termination, if any, are recognised in profit or loss when incurred.

Financial assets

Classification and measurement

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

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

2(e) Summary of significant accounting policies (Cont'd)

Financial assets (Cont'd)

Classification and measurement (Cont'd)

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

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

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

At initial recognition

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

At subsequent measurement

Debt instruments

Debt instruments mainly comprise of cash and cash equivalents, bank deposits pledged, trade and other receivables, amount owing by non-controlling shareholders of subsidiaries and amount owing by subsidiaries.

The Group's business model for these financial assets is by collecting the contractual cash flow where those cash flows represent solely payments of principal and interest, measured at amortised cost. A gain or loss on a debt instrument that is subsequently measured at amortised cost and is not part of a hedging relationship is recognised in profit or loss when the asset is de-recognised or impaired. Interest income from these financial assets is included in interest income using the effective interest rate method.

Equity investments

The Group subsequently measures all its equity investments at their fair values. Equity investments are classified as FVPL with movements in their fair values recognised in profit or loss in the period in which the changes arise and presented in "other gains and losses", except for those equity securities which are not held for trading. The Group has elected to recognise changes in fair value of equity securities not held for trading in other comprehensive income as these are strategic investments and the Group considers this to be more relevant. Movements in fair values of investments classified as FVOCI are presented as "fair value gains/losses" in other comprehensive income. Dividends from equity investments are recognised in profit or loss as "dividend income".

2(e) Summary of significant accounting policies (Cont'd)

Financial assets (Cont'd)

Impairment

The Group assesses on a forward-looking basis the expected credit losses associated with its debt financial assets carried at amortised cost. The impairment methodology applied depends on whether there has been a significant increase in credit risk. Note 40.5 details how the Group determines whether there has been a significant increase in credit risk.

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

For other receivables and cash and bank deposits, the general 3-stage approach is applied. Credit loss allowance is based on 12-month expected credit loss if there is no significant increase in credit risk since initial recognition of the assets. If there is a significant increase in credit risk since initial recognition, lifetime expected credit loss will be calculated and recognised.

Write-off policy

The Group writes off a financial asset when there is information indicating that the counterparty is in severe financial difficulty and there is no realistic prospect of recovery (e.g., when the counterparty has been placed under liquidation or has entered into bankruptcy proceedings), or in the case of trade receivables, when the amounts are over two years past due, whichever occurs sooner. Financial assets written off may still be subject to enforcement activities under the Group's recovery procedures, taking into account legal advice where appropriate. Any recoveries made are recognised in profit or loss.

Recognition and de-recognition

Regular purchases and sales of financial assets are recognised on trade date – the date on which the Group commits to purchase or sell the asset. Financial assets are de-recognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Group has transferred substantially all risks and rewards of ownership.

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

Trade receivables

A receivable represents the Group's right to an amount of consideration that is unconditional (i.e. only the passage of time is required before payment of the consideration is due).

Contract assets

A contract asset is the right to consideration in exchange for goods or services transferred to the customer. If the Group performs by transferring goods or services to a customer before the customer pays consideration or before payment is due, a contract asset is recognised for the earned consideration that is conditional.

2(e) Summary of significant accounting policies (Cont'd)

Contract costs

The Group pays sales commission to its intermediaries for each contract that they obtain for sale of development properties. The Group capitalises such commission as incremental costs to obtain a contract with the customer if these costs are recoverable. The capitalised costs are amortised to profit or loss as the Group recognises the related revenue.

Contract liabilities

Contract liabilities relate primarily to the progress billing issued in excess of the Group's right to the consideration in respect of its property development business.

Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined on a weighted average cost method, and includes all costs in bringing the inventories to their present location and condition.

Provision is made for obsolete, slow-moving and defective inventories in arriving at the net realisable value.

Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs necessary to make the sale.

Development properties

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

Capitalisation of borrowing costs ceases at the earlier of Temporary Occupation Permit obtained or when the properties can be sold. The capitalisation rate is determined by reference to the actual rate payable on borrowings for development property, weighted as applicable.

Each property under development is accounted for as a separate project. Where a project comprises more than one component or phase with a separate Temporary Occupation Permit, each component or phase is treated as a separate project, and interest and other net costs are apportioned accordingly.

Upon completion of construction, development properties are transferred to completed development properties for sale.

<u>Unsold development properties</u>

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

2(e) Summary of significant accounting policies (Cont'd)

Development properties (Cont'd)

Sold development properties

Revenue and cost on development properties that have been sold are recognised using the percentage of completion method. The stage of completion is measured by reference to certifications of the value of work performed to date as compared to the estimated total construction costs of the development projects. When it is probable that the total development costs will exceed the total revenue, the expected loss is recognised as an expense immediately.

Development properties are stated at the lower of cost and net realisable value. Net realisable value represents, the estimated selling price in the ordinary course of business, less estimated total costs of completion and selling expenses.

Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and in bank, short term deposits and other short-term investments with maturities of three months or less at the time of placement or purchase that are subject to insignificant risk of changes in their fair value and are used by the Group in the management of its short-term commitment.

Share capital

Ordinary shares are classified as equity.

Financial liabilities

Initial recognition and measurement

Financial liabilities are recognised initially at fair value less directly attributable transaction costs. These financial liabilities comprise amount owing to joint ventures, amount owing to non-controlling shareholders of subsidiaries, borrowings, lease liabilities and trade and other payables.

Trade and other payables

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

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

2(e) Summary of significant accounting policies (Cont'd)

Financial liabilities (Cont'd)

Initial recognition and measurement (Cont'd)

Financial guarantees

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

Financial guarantee contracts are initially measured at fair value plus transaction costs and subsequently measured at the higher of:

(a) premium received on initial recognition less the cumulative amount of income recognised in accordance with the principles of SFRS(I) 15; and

(b) the amount of expected loss computed using the impairment methodology under SFRS(I) 9.

De-recognition of financial liabilities

The Group de-recognises financial liabilities when, and only when, the Group's obligations are discharged, cancelled or they expire. The difference between the carrying amount of the financial liability de-recognised and the consideration paid and payable, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss.

Borrowings

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

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

Borrowings are de-recognised when the obligation is discharged, cancelled or expired. The difference between the carrying amount and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss.

2(e) Summary of significant accounting policies (Cont'd)

Borrowings (Cont'd)

Changes in basis for determining the contractual cash flows as a result of interest rate benchmark reform

When the basis for determining the contractual cash flows of a financial asset or financial liability measured at amortised cost changes as a result of interest rate benchmark reform, the Group updates the effective interest rate of the financial asset or financial liability to reflect the change that is required by the reform. No immediate gain or loss is recognised. A change in the basis for determining the contractual cash flows is required by interest rate benchmark reform if the following conditions are met:

- the change is necessary as a direct consequence of the reform; and
- the new basis for determining the contractual cash flows is economically equivalent to the previous basis i.e. the basis immediately before the change.

When changes are made to a financial asset or financial liability in addition to changes to the basis for determining the contractual cash flows required by interest rate benchmark reform, the Group first updates the effective interest rate of the financial asset or financial liability to reflect the change that is required by the reform. After that, the Group applies the policies on accounting for modifications to the additional changes.

Borrowing costs

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

The actual borrowing costs incurred during the period up to earlier of the readiness of sale of the development properties or issuance of the Temporary Occupation Permit, are capitalised in the cost of the property under development. Borrowing costs on general borrowings are capitalised by applying a capitalisation rate to construction or development expenditures that are financed by general borrowings.

Employee benefits

(i) Defined contribution plans

The Company and the Group participate in the defined contribution national pension schemes as provided by the laws of the countries in which they have operations. In particular, the Singapore incorporated companies in the Group contribute to the Central Provident Fund ("CPF"), a defined contribution plan regulated and managed by the Government of Singapore, which applies to the majority of the employees. The contributions to CPF or other defined contribution plans are charged to the profit or loss in the period to which the contributions relate.

2(e) Summary of significant accounting policies (Cont'd)

Employee benefits (Cont'd)

(ii) Employee leave entitlements

Employee entitlements to annual leave are recognised when they accrue to employees. Accrual is made for the estimated liability of the unconsumed leave as a result of services rendered by employees up to the end of reporting period.

Key management personnel

Key management personnel are those persons having the authority and responsibility for planning, directing and controlling the activities of the entity. Directors and certain managerial personnel are considered key management personnel.

Finance costs

Finance costs comprise (i) interest expense on borrowings and lease liabilities, and (ii) bank charges. Borrowing costs that are not directly attributable to the acquisition, construction or production of a qualifying asset are recognised in profit or loss using the effective interest method.

Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the consolidated statement of financial position if the Group currently has a legally enforceable right to offset the recognised amounts and it intends to either settle them on a net basis or to realise the assets and settle the liabilities simultaneously.

Provisions

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 a reliable estimate can be made of the amount of the obligation. Present obligations arising from onerous contracts are recognised as provisions.

The Group recognises the estimated costs of dismantlement, removal or restoration of items of property, plant and equipment arising from the acquisition or use of assets. This provision is estimated based on the best estimate of the expenditure required to settle the obligation, taking into consideration of time value of money.

Changes in the estimated timing or amount of the expenditure or discount rate for asset dismantlement, removal and restoration costs are adjusted against the cost of the related property, plant and equipment, unless the decrease in the liability exceeds the carrying amount of the asset or the asset has reached the end of its useful life. In such cases, the excess of the decrease over the carrying amount of the asset or the changes in the liability is recognised in profit or loss immediately.

The Group reviews the provisions annually and where in their opinion, the provision is inadequate or excessive, due adjustment is made.

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. Where discounting is used, the increase in the provision due to the passage of the time is recognised as finance costs.

2(e) Summary of significant accounting policies (Cont'd)

Government grants

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

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

Government grants relating to assets are deducted against the carrying amount of the assets.

Income taxes

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

Deferred income tax is recognised for all temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements except when the deferred income tax arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and affects neither accounting or taxable profit or loss at the time of the transaction.

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

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

Deferred income tax is measured:

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

(ii) based on the tax consequence that will follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amounts of its assets and liabilities.

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

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current income tax assets against current income tax liabilities and when the deferred income taxes relate to the same fiscal authority.

2(e) Summary of significant accounting policies (Cont'd)

Impairment of non-financial assets

As at each reporting date, the Group reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs. Where a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified. If any such indication exists, the asset's recoverable amount is estimated.

Recoverable amount is the higher of fair value less costs to sell and value-in-use. In assessing value-in-use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

Where an impairment loss subsequently reverses, the carrying amount of the asset (cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

Revenue recognition

Revenue is recognised when the Group satisfies a performance obligation by transferring a promised good or extending a service to the customer, which is when the customer obtains control of the good or derived benefits from the usage of the service. A performance obligation may be satisfied at a point in time or over time. If a performance obligation is satisfied over time, the revenue is recognised based on the percentage of completion reflecting the progress towards complete satisfaction of that performance obligation. The amount of revenue recognised is the amount allocated to the satisfied performance obligation. Revenue is measured based on the consideration specified in a contract with a customer and excludes amounts collected on behalf of third parties.

Hotel management services

Fees from hotel management services are recognised over the period when services are rendered.

2(e) Summary of significant accounting policies (Cont'd)

Revenue recognition (Cont'd)

Revenue from service apartments, hotel and restaurant operations

Revenue from service apartments, hotel and restaurant operations is recognised over the period in which the accommodation and related services are provided, except for revenue from the sale of food and beverages, which is recognised at a point in time when the food and beverages are delivered.

Revenue from property development - sale of development properties

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

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

For development properties where the Group is restricted contractually from directing the properties for another use as they are being developed and has an enforceable right to payment for performance completed to date, revenue is recognised over time, based on the Group's efforts or inputs to the satisfaction of the performance obligation, by reference to the stage of completion of the properties. The stage of completion is measured by reference to the proportion of the total construction cost incurred to date, as per certification by quantity surveyors, to the estimated total construction costs. Costs incurred that are not related to the contract or that do not contribute towards satisfying a performance obligation are excluded from the measure of progress and instead are expensed as incurred.

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

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

2(e) Summary of significant accounting policies (Cont'd)

Revenue recognition (Cont'd)

Revenue from construction contracts

The Group constructs properties for customers as general building contractors through fixed-price contracts. Contract revenue is recognised when the Group's performance creates or enhance an asset that the customer controls as the asset is created or enhanced.

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

In some circumstances such as in the early stages of a contract where the Group may not be able to reasonably measure its progress but expects to recover the contract costs incurred, contract revenue is recognised only to the extent of the contract costs incurred until such time when the Group can reasonably measure its progress.

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

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

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

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

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

2(e) Summary of significant accounting policies (Cont'd)

Revenue recognition (Cont'd)

Revenue from construction contracts (Cont'd)

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

Interest income

Interest income is recognised on a time-apportioned basis using the effective interest rate method.

Dividend income

Dividend income is recognised when the right to receive payment is established, it is probable that the economic benefits associated with the dividend will flow to the Group, and the amount of the dividend can be reliably measured.

Revenue from property investments – rental income

Rental income from operating leases (net of any incentives given to the lessees) is recognised on a straight-line basis over the lease term.

Foreign currency transactions and translation

The individual financial statements of each group entity are measured and presented in the currency of the primary economic environment in which the entity operates (the functional currency). The consolidated financial statements of the Group and the statement of financial position of the Company are presented in Singapore dollar, which is the functional currency of the Company and the presentation currency for the consolidated financial statements.

In preparing the financial statements of the individual entities, transactions in currencies other than the entity's functional currency are recorded at the rate of exchange prevailing on the date of the transaction. As at each reporting date, monetary items denominated in foreign currencies are retranslated at the rates prevailing at the end of the reporting period. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing on the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences arising on the settlement of monetary items and on retranslation of monetary items are included in profit or loss for the period. Exchange differences arising on the retranslation of non-monetary items carried at fair value are included in profit or loss for the period except for differences arising on the retranslation of non-monetary items in respect of which gains and losses are recognised in other comprehensive income. For such non-monetary items, any exchange component of that gain or loss is also recognised in other comprehensive income.

2(e) Summary of significant accounting policies (Cont'd)

Foreign currency transactions and translation (Cont'd)

For the purpose of presenting consolidated financial statements, the assets and liabilities of the Group's foreign operations (including comparatives) are expressed in Singapore dollar using exchange rates prevailing at the end of the reporting period. Income and expense items (including comparatives) are translated at the average exchange rates for the period, unless exchange rates fluctuate significantly during that period, in which case the exchange rates at the dates of the transactions are used. Exchange differences arising, if any, are recognised in other comprehensive income and accumulated in a separate component of equity under the header of currency translation reserve.

On the disposal of a foreign operation (i.e. disposal of the Group's entire interest in a foreign operation, or disposal involving loss of control over a subsidiary that includes a foreign operation, loss of significant influence over an associate that includes a foreign operation, or loss of joint control over a jointly controlled entity that includes a foreign operation), all of the accumulated exchange differences in respect of that operation attributable to the Group are reclassified to profit or loss. Any exchange differences that have previously been attributed to non-controlling interests are de-recognised, but they are not reclassified to profit or loss.

In the case of a partial disposal (i.e. no loss of control) of a subsidiary that includes a foreign operation, the proportionate share of accumulated exchange differences are re-attributed to non-controlling interests and are not recognised in profit or loss. For all other partial disposals (i.e. of associates or jointly controlled entities that do not result in the Group losing significant influence or joint control), the proportionate share of the accumulated exchange differences is reclassified to profit or loss.

On consolidation, exchange differences arising from the translation of the net investment in foreign entities (including monetary items that, in substance, form part of the net investment in foreign entities), and of borrowings and other currency instruments designated as hedges of such investments, are recognised in other comprehensive income and accumulated in a separate component of equity under the header of currency translation reserve.

Dividends

Final dividends proposed by the directors are not accounted for in shareholders' equity as an appropriation of retained profits, until they have been approved by the shareholders in a general meeting. When these dividends have been approved by the shareholders and declared, they are recognised as a liability.

Interim dividends, if any, are simultaneously proposed and declared, because the articles of association of the Company grant the directors the authority to declare interim dividends. Consequently, interim dividends are recognised directly as a liability when they are proposed and declared.

2(e) Summary of significant accounting policies (Cont'd)

Related parties

A related party is defined as follows:

(a) A person or a close member of that person's family is related to the Group and Company if that person:

(i) has control or joint control over the Company;

(ii) has significant influence over the Company; or

(iii) is a member of the key management personnel of the Group or Company or of a parent of the Company.

(b) An entity is related to the Group and the Company if any of the following conditions applies:

(i) the entity and the Company are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others);

(ii) one entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member);

(iii) both entities are joint ventures of the same third party;

(iv) one entity is a joint venture of a third entity and the other entity is an associate of the third entity;

(v) the entity is a post-employment benefit plan for the benefit of employees of either the Company or an entity related to the Company. If the Company is itself such a plan, the sponsoring employers are also related to the Company;

(vi) the entity is controlled or jointly controlled by a person identified in (a);

(vii) a person identified in (a) (i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity); or

(viii) the entity, or any member of a group which is a part, provides key management personnel services to the reporting entity or to the parent of the reporting entity.

Current and non-current classification

The Group presents assets and liabilities in the statements of financial position based on current or non-current classification. An asset is current when it is:

- expected to be realised or intended to be sold or consumed in the normal operating cycle;
- held primarily for the purpose of trading;
- expected to be realised within twelve months after the reporting period; or
- cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

All other assets are classified as non-current.

2(e) Summary of significant accounting policies (Cont'd)

Current and non-current classification (Cont'd)

A liability is current when:

- it is expected to be settled in the normal operating cycle;
- it is held primarily for the purpose of trading;
- it is due to be settled within twelve months after the reporting period; or
- there is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.

The terms of the liability that could, at the option of the counterparty, result in its settlement by the issue of equity instruments do not affect its classification. The Group classifies all other liabilities as non-current.

Deferred tax assets and liabilities are classified as non-current assets and liabilities.

Fair value measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either in the principal market for the asset or liability, or in the absence of a principal market, in the most advantageous market for the asset or liability. The principal or the most advantageous market must be accessible by the Group.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest. A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its 'highest-and-best use' or by selling it to another market participant that would use the asset in its 'highest-and-best use'.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

Fair value for measurement and/or disclosure purposes in these financial statements is determined on such a basis, except for leasing transactions that are within the scope of SFRS(I) 16 Leases, and measurements that have some similarities to fair value but are not fair value, such as net realisable value in SFRS(I) 1-2 Inventories or value-in-use in SFRS(I) 1-36 Impairment of Assets.

2(e) Summary of significant accounting policies (Cont'd)

Fair value measurement (Cont'd)

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 - Quoted (unadjusted) market prices in active markets for identical assets or liabilities;
- Level 2 - Valuation techniques for which the lowest level inputs that are significant to the fair value measurement are directly or indirectly observable; and
- Level 3 - Valuation techniques for which the lowest level inputs that are significant to the fair value measurement are unobservable.

Operating segments

For management purposes, operating segments are organised 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 are directly accountable to the Executive Chairman and the Managing Director who regularly review the segment results in order to allocate resources to the segments and to assess segment performance.

Earnings per share

The Group presents basic and diluted earnings per share data for its ordinary shares. Basic earnings per share is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the financial year.

Diluted earnings per share is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding, for the effect of all dilutive potential ordinary shares.

Financial instruments

Financial instruments carried on the statements of financial position include cash and cash equivalents, financial assets and financial liabilities. The particular recognition methods adopted are disclosed in the individual policy statements associated with each item. These instruments are recognised when contracted for.

Disclosures on financial risk management objectives and policies are provided in Note 40.

3 Cash and cash equivalents

	The Group		The Company	
	2023	2022	**2023**	2022
	$'000	$'000	**$'000**	$'000
Cash on hand	**13**	21	**6**	6
Cash at banks	**42,624**	102,634	**3,399**	10,398
	42,637	102,655	**3,405**	10,404
Fixed deposits with maturity of less than three months	**257**	17,274	**257**	15,203
	42,894	119,929	**3,662**	25,607

Cash and cash equivalents are denominated in the following currencies:

	The Group		The Company	
	2023	2022	**2023**	2022
	$'000	$'000	**$'000**	$'000
Singapore dollar	**32,838**	108,368	**2,766**	25,117
Australian dollar	**1,599**	1,891	**119**	86
Malaysian Ringgit	**749**	1,278	**560**	178
Chinese Renminbi	**7,491**	8,166	**–**	–
United States dollar	**217**	226	**217**	226
	42,894	119,929	**3,662**	25,607

The Group

Chinese Renminbi is not freely convertible into foreign currencies. However, under People's Republic of China's ("PRC") Foreign Exchange Control Regulations and Administration of Settlement, Sale and Payment of Foreign Exchange Regulations, the Group is permitted to exchange Chinese Renminbi for other currencies through banks that are authorised to conduct foreign exchange business. The remittance of these funds maintained with banks in the PRC by the Group out of the PRC is subject to currency exchange restrictions.

The fixed deposits carry an effective interest rate of 3.98% (2022 - 0.45%) per annum which mature on varying dates between the earliest, 2 February 2023 (2022 - 3 February 2022) and the latest, 6 February 2023 (2022 - 30 March 2022).

Fixed deposits that are not pledged and mature less than 3 months from the date of acquisition are classified as part of cash and cash equivalents. Further information about the financial risk management is disclosed in Note 40.

3 Cash and cash equivalents (Cont'd)

The Company

The fixed deposits carry an effective interest rate of 3.98% (2022 - 0.40%) per annum which mature on varying dates between the earliest, 2 February 2023 (2022 - 3 February 2022) and the latest, 6 February 2023 (2022 - 30 March 2022).

Fixed deposits that are not pledged and mature less than 3 months from the date of acquisition are classified as part of cash and cash equivalents. Further information about the financial risk management is disclosed in Note 40.

4 Fixed deposits

The Group

Included in fixed deposits of $7,493,000 (2022 - $7,473,000) is a fixed deposit of $3,600,000 (2022 - $3,600,000) of a subsidiary pledged as security for bank borrowings of $150,060,000 (2022 - $157,260,000) granted to the said subsidiary (Note 22) and a fixed deposit of $3,893,000 (2022 - $3,873,000) pledged as cash collateral for Qualifying Certificate Bond for a development project.

The fixed deposits carry interest at an effective interest rate of 2.71% (2022 - 0.26%) per annum and mature on 27 February 2023 (2022 - 25 February 2022), being the earliest date and 3 January 2024 (2022 - 30 December 2022), being the latest date. Fixed deposits are denominated in the Singapore dollar.

Further information about the financial risk management is disclosed in Note 40.

5 Financial assets at FVPL

The Group	Note	**2023** **$'000**	2022 $'000
Investment in limited partnership			
Balance at beginning of year		**15,708**	763
Additions		**23,625**	19,043
Fair value loss	30, 32	**(1,156)**	(3,480)
Exchange difference		**(1,857)**	(618)
Balance at end of year		**36,320**	15,708

These instruments are all mandatorily measured at fair value through profit or loss.

5 Financial assets at FVPL (Cont'd)

Investment in limited partnership

During the financial year ended 31 January 2023, the Group through its wholly-owned subsidiary, Glocity Capital Pte. Ltd. ("Glocity"), made capital contributions of $23,625,000 (2022 - $19,043,000) in cash to HThree City Australian Commercial Fund 3 LP (the "Partnership"). During the financial year, the Partnership acquired 50% interest in an investment property located 330 Collins Street, Melbourne at a consideration of AUD 125,000,000. In the previous financial year, the Partnership acquired an investment property located at 446 Collins Street, Melbourne at a consideration of AUD72,600,000.

As at 31 January 2023, Glocity has undrawn capital commitment of $5,438,000 (2022 - $28,540,000) to the Partnership (Note 43.1), which will be paid as capital contributions to the Partnership as and when the Partnership issues capital calls to its limited partners. The objective of the Partnership is to invest in commercial real estate assets located in Australia.

The Group's joint venture entity, HThree City Australia Pte. Ltd. ("HThree City"), acts as investment manager to the Partnership and HThree City ACF3 GP Pte. Ltd., a wholly-owned subsidiary of HThree City, acts as general partner of the Partnership. Details on these entities can be found in Note 12 to the financial statements.

The fair value measurement was categorised as Level 3 fair value based on the inputs in the valuation technique used. Further information about the fair value measurement is disclosed in Note 41.

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6 Trade and other receivables

The Group	Note	**2023 $'000**	2022 $'000
Current			
Trade receivables			
Trade receivables			
- Third parties		**25,172**	5,161
- Associate		**2,373**	1,476
		27,545	6,637
Accrued rental income		**122**	216
Accrued billings		**272**	66
		27,939	6,919
Loss allowance of trade receivables			
Balance at beginning of year		**(647)**	(1,207)
Allowance written back	28(a), 32	**358**	353
Allowance written off		**112**	207
Balance at end of year		**(177)**	(647)
Net trade receivables	(i)	**27,762**	6,272
Other receivables			
GST receivable		**60**	7
Interest receivable - banks		**15**	9
Amount owing by joint ventures		**1,237**	815
Deposits		**354**	179
Prepayments		**1,336**	874
Recoverable expenses		**1,256**	1,397
Sundry debtors		**133**	154
		4,391	3,435
Loss allowance of other receivables			
Balance at beginning and end of year		**(57)**	(57)
Allowance written off		**13**	–
Balance at end of year		**(44)**	(57)
Net other receivables	(ii)	**4,347**	3,378
Total	(i) + (ii)	**32,109**	9,650
Non-current			
Trade receivables			
Accrued rental income		**162**	415
Retention money - Associate		**1,100**	847
	(iii)	**1,262**	1,262
Grand total	(i) + (ii) + (iii)	**33,371**	10,912

6 Trade and other receivables (Cont'd)

The Company	Note	2023 $'000	2022 $'000
Current			
Trade receivables			
Trade receivables			
- Third parties		**2**	427
- Associate of the Group		**2,373**	1,476
		2,375	1,903
Loss allowance of trade receivables			
Balance at beginning of year		**(420)**	(420)
Allowance written off		**420**	–
Balance at end of year		**–**	(420)
Net trade receivables	(i)	**2,375**	1,483
Other receivables			
GST receivable		**60**	–
Interest receivable - banks		**2**	5
Deposits		**148**	52
Prepayments		**778**	285
Recoverable expenses		**1,185**	1,186
Sundry debtors		**106**	105
		2,279	1,633
Loss allowance of other receivables			
Balance at beginning and end of year		**(44)**	(44)
Net other receivables	(ii)	**2,235**	1,589
Total	(i) + (ii)	**4,610**	3,072
Non-current			
Retention money			
- Associate of the Group		**1,100**	847
- Subsidiary		**3,843**	2,143
	(iii)	**4,943**	2,990
Grand total	(i) + (ii) + (iii)	**9,553**	6,062

6 Trade and other receivables (Cont'd)

Trade and other receivables are denominated in the following currencies:

	The Group		The Company	
	2023	2022	**2023**	2022
	$'000	$'000	**$'000**	$'000
Singapore dollar	**32,484**	10,451	**9,553**	6,062
Australian dollar	**886**	450	**–**	–
Malaysian Ringgit	**–**	3	**–**	–
Chinese Renminbi	**1**	8	**–**	–
	33,371	10,912	**9,553**	6,062

As at 1 February 2022, the Group's and the Company's gross trade receivables from contracts with customers amounted to $6,919,000 and $1,903,000 respectively (2021 - $3,969,000 and $1,438,000 respectively).

All receivables are subject to credit risk exposure where the credit terms are generally between 30 days and 90 days (2022 - 30 days and 90 days), excluding the retention money withheld. Retention money from construction works withheld will be paid upon the issuance of final payment certificates from architects. The Group does not identify specific concentrations of credit risk with regards to trade and other receivables, as the amounts recognised resemble a large number of receivables from various customers.

The trade receivables ageing are generally between 30 days and 90 days (2022 - 30 days and 90 days).

Accrued rental income is the rental for the free fit out period and rental waiver given to certain tenants to be amortised over the lease term.

Accrued billings relate to additional rental income that has yet to be billed as at the end of the reporting period.

The non-trade amounts owing by joint ventures represent advances, which are unsecured and interest-free and repayable on demand.

The information regarding the credit risk exposures is disclosed in Note 40.5.

7(a) Amount owing by subsidiaries (non-trade)

The Company	2023 $'000	2022 $'000
Amounts owing by subsidiaries (non-trade)	**13,582**	13,104
Loss allowance on amounts owing by subsidiaries (non-trade)		
Balance at beginning of year	**(10,874)**	(10,474)
Allowance during the year	**–**	(400)
Balance at end of year	**(10,874)**	(10,874)
	2,708	2,230

The non-trade amounts owing by subsidiaries represent advances, which are unsecured and interest-free. They are repayable on demand.

In the previous financial year, an impairment of $400,000 had been provided for amounts owing by subsidiaries due to significant increase in credit risk as certain subsidiaries had been suffering financial losses for the current and previous financial years. These receivables are not secured by any collateral or credit enhancements. The information regarding the credit risk exposures is disclosed in Note 40.5.

The non-trade amounts owing by subsidiaries are denominated in the following currencies:

The Company	2023 $'000	2022 $'000
Singapore dollar	**2,614**	2,181
Australian dollar	**94**	49
	2,708	2,230

7(b) Amount owing to subsidiaries (non-trade)

The non-trade amounts of $10,012,000 (2022 - $12,944,000) owing to subsidiaries represent advances, which are unsecured and interest-free. They are repayable on demand.

The non-trade amounts owing to subsidiaries are denominated in Singapore dollar.

8(a) Contract assets

	The Group		The Company	
	2023	2022	**2023**	2022
	$'000	$'000	**$'000**	$'000
Contract assets	**8,376**	24,829	**4,964**	2,167

The contract assets relate primarily to the Group's and the Company's right to recognise revenue for percentage of work completed but not yet billed at the reporting date on the sold development properties and property construction contracts. Upon fulfilling certain agreed performance milestones with customers or commissioning and handing over of projects to customers, the amounts recognised as contract assets are reclassified to trade receivables when the rights become unconditional. The information regarding the credit risk exposures is disclosed in Note 40.5.

Significant decrease in the contract assets at Group level during the reporting period as the Group transferred less goods ahead of the agreed payment schedule.

Significant increase in the contract assets at Company level during the reporting period due to increase in completion of work that has yet to be invoiced to the customer.

Significant changes in the contract assets during the period are as follows:

	The Group		The Company	
	2023	2022	**2023**	2022
	$'000	$'000	**$'000**	$'000
Contract asset reclassified to trade receivables	**(24,829)**	(25,889)	**(2,167)**	(4,117)
Changes in measurement of progress	**8,376**	24,829	**4,964**	2,167

Unsatisfied performance obligations

The Group	**2023 $'000**	2022 $'000
Aggregate amount of the transaction price allocated to contracts that are partially or fully unsatisfied as at end of financial year:		
- Construction contracts of residential properties and development properties under construction	**8,192**	12,586
Transaction price allocated to unsatisfied performance obligations as at end of financial year may be recognised as revenue in the next reporting periods as follows:		
- FY 2023	**–**	12,586
- FY 2024	**8,192**	–
	8,192	12,586

8(b) Contract costs

The Group	**2023** **$'000**	2022 $'000
Costs to obtain sales contracts for development properties:		
Balance at beginning of year	**1,018**	332
Addition	**1,176**	5,530
Amortisation	**(542)**	(4,844)
Balance at end of year	**1,652**	1,018

Costs to obtain sale contracts for development properties relate to incremental commission fees paid to intermediaries as a result of obtaining residential property sales contracts. These costs are amortised on a straight-line basis over the period of construction as this reflects the period over which the residential property is transferred to the customer.

Amortisation of contract costs amounting to $542,000 (2022 - $4,844,000) are recognised within "Distribution costs" in the consolidated profit or loss. There has been no impairment loss recognised on the contract costs for the financial years ended 31 January 2023 and 2022.

8(c) Contract liabilities

The Group	**2023** **$'000**	2022 $'000
Consideration billed in advance to purchasers of development properties	**–**	1,554
Revenue recognised in the current period that were included in contract liabilities at beginning of year	**1,554**	–

A contract liability is recognised when the Group bills in advance to customers for their purchase of development properties under construction in advance of the percentage of completion of construction, and then subsequently released to revenue recognised when the corresponding stage of completion is achieved.

8(c) Contract liabilities (Cont'd)

Significant decrease in the contract liabilities during the reporting period due to no advanced sales consideration received for development properties under construction.

The Group	**2023 $'000**	2022 $'000
Aggregate amount of transaction price allocated to contracts that are partially or fully unsatisfied as at end of financial year:		
- Development properties under construction	**51,100**	37,713
Transaction price allocated to unsatisfied performance obligations as at end of financial year may be recognised as revenue in the next reporting periods as follows:		
- FY2023	**–**	15,040
- FY2024	**36,220**	11,691
- FY2025	**4,599**	3,394
- FY2026	**10,281**	7,588

9 Inventories

The Group	**2023 $'000**	2022 $'000
At cost:		
Hotel supplies	**176**	267
Restaurant supplies	**163**	139
	339	406
Cost of inventories included in cost of sales	**2,466**	2,064

Inventories of $339,000 (2022 - $406,000) are expected to be realised within 12 months from the reporting date.

10 Development properties

The Group	Note	**2023 $'000**	2022 $'000
Properties in the course of development	10(a)	**543,840**	534,506
Completed development properties for sale	10(b)	**–**	11,995
		543,840	546,501

10(a) Properties in the course of development

The Group	**2023** **$'000**	2022 $'000
Properties in the course of development:		
- Land and other related costs	**501,829**	512,204
- Development costs	**42,011**	22,302
	543,840	534,506
Cost of development properties included in cost of sales	**13,447**	4,332

10(b) Completed development properties for sale

The Group	**2023** **$'000**	2022 $'000
Completed development properties for sale	**11,995**	154,264
Sales during the year	**(11,995)**	(142,269)
Balance at end of year	**–**	11,995
Cost of development properties included in cost of sales	**9,308**	98,586

Development properties of the Group have operating cycles longer than one year. Development properties are classified as current assets as they are intended for sale in the Group's normal operating cycle. Development properties amounting to $543,840,000 (2022 - $534,506,000) are expected to be recovered after more than 12 months from the reporting date.

In the previous financial year, interest costs of $2,605,000 have been capitalised up to the point of revenue recognition at effective interest rates ranging from 1.25% to 1.50% per annum based on actual borrowing costs. The interest costs capitalised consist of $456,000 and $2,149,000 allocated to property, plant and equipment and development properties respectively.

10(b) Completed development properties for sale (Cont'd)

Details of development properties as at the end of reporting period are as follows:

	Name/Location	Description of development	Tenure/ Group's interest in property	Site area (sq. metres)	Estimated gross floor area (sq. metres)	Stage of completion/ Expected date of TOP
	2 Perumal Road, Uptown @ Farrer, Singapore	Mixed commercial and residential development - 1-block of 21-storey residential flats (116 units) and a 3-storey carpark podium	99 years Leasehold commencing 17 April 2017/ 100%	3,848	9,693	TOP obtained 7 September 2021
(1)	71 Cairnhill Road, Klimt Cairnhill, Singapore	A 36-storey residential development (138 units) with carpark, pool and communal facilities	Freehold land/ 100%	5,844	21,890	31% Q1 FY 2026

As at the end of reporting period, the development properties have been pledged to financial institutions to secure bank borrowings (Note 22).

Notes:

(1) The Group had amalgamated 67 and 69 Cairnhill Road into 71 Cairnhill Road and is redeveloping the combined site into a high-end residential condominium. During the financial year, a firm of independent professional valuer, Savills Valuation & Professional Services (S) Pte Ltd valued the property under development to be $632,930,000 (2022 - $610,440,000) as at 31 January 2023 using the Direct Comparison Method and Residual Value Method. Construction for Klimt Cairnhill was 31% completed as at 31 January 2023 (2022 - 16% completed).

11 Financial assets at FVOCI

	The Group		The Company	
	2023	2022	**2023**	2022
	$'000	$'000	**$'000**	$'000
Quoted equity investments				
Balance at beginning of year	**13,458**	10,089	**1,267**	969
Exchange differences	**(5)**	(1)	**–**	–
Disposals	**(7,893)**	(3)	**(751)**	(4)
Fair value gain transfer to retained earnings on disposal (Note 24(b), 25)	**(260)**	(3)	**(546)**	(3)
Fair value (loss)/gain recognised in other comprehensive (loss)/income (Note 25)	**(86)**	3,376	**30**	305
Balance at end of year, at fair value	**5,214**	13,458	**–**	1,267

The quoted equity instruments are held for medium to long term purposes, and capital appreciation, and are accounted as FVOCI. The fair value of quoted equity investments is determined by reference to stock exchange quoted bid closing prices.

11 Financial assets at FVOCI (Cont'd)

The Group disposed certain listed equity securities as these investments were no longer aligned with the Group's long-term investment strategy. These investments had a fair value of $8,153,000 (2022 - $6,000) at the date of disposal, and the cumulative gain on disposal amounted to $260,000 (2022 - $3,000) net of tax. The cumulative gain on disposal was reclassified from fair value reserve to retained profits [Notes 24(b) and 25].

Further information about the financial risk management and the fair value measurement is disclosed in Notes 40 and 41 respectively.

12 Joint ventures

		The Group		The Company	
		2023	2022	**2023**	2022
		$'000	$'000	**$'000**	$'000
Contributions made towards joint ventures:					
- Joint ventures		**654**	654	**540**	540
- Exchange fluctuation difference		**(149)**	(124)	**–**	–
Amounts owing by joint ventures [(a)] (non-trade):					
- Interest-free		**10,381**	10,402	**10,381**	10,402
- Exchange fluctuation difference		**(471)**	(145)	**(471)**	(145)
		10,415	10,787	**10,450**	10,797
Share of retained profits/ (accumulated losses) in joint ventures		**(28)**	155	**–**	–
Exchange fluctuation difference		**(131)**	(130)	**–**	–
Impairment loss on investments in joint ventures:					
Balance at beginning of year		**–**	–	**–**	(15,210)
Impairment loss no longer required		**–**	–	**–**	15,210
Balance at end of year		**–**	–	**–**	–
	(i)	**10,256**	10,812	**10,450**	10,797
Impairment loss of non-interesting bearing loans of joint ventures:					
Balance at beginning of year		**–**	–	**–**	(1,888)
Impairment loss no longer required		**–**	–	**–**	1,888
Balance at end of year		**–**	–	**–**	–
	(ii)	**–**	–	**–**	–
Total	(i) + (ii)	**10,256**	10,812	**10,450**	10,797
Share of results in joint ventures, net of tax		**(183)**	(524)	**–**	–

12 Joint ventures (Cont'd)

During the financial year ended 31 January 2023, the Company assessed the carrying amounts of its investments in joint ventures for indicators of impairment. Based on the assessment, no impairment is required. In the previous financial year, the reversal of impairment of $15,210,000 arose due to disposal of joint ventures.

(a) The non-trade amounts owing by joint ventures are regarded as an extension of the Group's and the Company's net investments in the joint ventures because they are neither planned nor likely to be settled in the foreseeable future. They represent net investment with indeterminable repayments. These non-trade amounts owing are unsecured, interest-free and denominated in Malaysian Ringgit.

All of the joint ventures are accounted for using the equity method in these consolidated financial statements.

There are no contingent liabilities relating to the Group's interest in the joint ventures.

Details of the joint ventures at the end of the reporting period are as follows:

	Name of joint venture	Country of incorporation/ principal place of business	Proportion of ownership interests and voting rights held by the Group		Principal activities
			2023	2022	
			%	%	
	Held by the Company				
(1)	Bina Meganmas Sdn. Bhd. ("Bina Meganmas")	Malaysia	**49**	49	To build bungalow lots at Bandar Seri Alam, Johor
(2),(3)	Promatik Emas Sdn. Bhd. ("Promatik Emas")	Malaysia	**25**	25	Developed Panaroma, a parcel of land at Persiaran Hampshire, Kuala Lumpur
	Held by Glocity Capital Pte. Ltd.				
(4),(5)	HThree City Australia Pte. Ltd. ("HThree City")	Singapore	**33**	33	Property fund management
	Held by HThree City Australia Pte Ltd				
(4),(5)	HThree City ACF3 GP Pte. Ltd.	Singapore	**33**	33	Act as general partner to the Partnership and as a trustee
(4),(5)	HThree City ACF3 Head Pty. Ltd.	Australia	**33**	33	Act as trustee

12 Joint ventures (Cont'd)

	Name of joint venture	Country of incorporation/ principal place of business	Proportion of ownership interests and voting rights held by the Group		Principal activities
			2023 **%**	2022 %	
	Held by HThree City ACF3 Head Pty. Ltd.				
(4),(5)	HThree ACF3 Sub Pty. Ltd.	Australia	**33**	33	Act as trustee
	Held by Paya Lebar Square Pte. Ltd.				
(6)	Paya Lebar Central Partnership Ltd.	Singapore	**33**	33	Management consultancy services

Notes:

(1) Audited by Crowe Malaysia PLT

(2) Audited by PricewaterhouseCoopers, Malaysia

(3) This joint venture is a subsidiary of UOL Group Limited, a public company listed on the Singapore Exchange. The results of this joint venture are based on audited results as of 31 December 2022, which is within three months of the Group's financial year-end. No adjustments were made to these joint ventures' financial results as in the opinion of the directors, there were no material transactions and events that had occurred in the intervening period.

(4) Audited by Ernst & Young LLP, Singapore

(5) These joint ventures are joint ventures of Glocity Capital Pte. Ltd., Holland Hill Holding Pte. Ltd. and Adelanto Investments Pte. Ltd. The results of these joint venture and its subsidiaries are based on unaudited results as of 31 December 2022 with adjustments made to 31 January 2023 for the Group consolidation purpose.

(6) Not audited as they are dormant and not required to be audited in the country of establishment.

In accordance with Rule 716 of the Singapore Exchange Securities Trading Limited - Listing Rules, the Audit Committee and Board of Directors of the Company confirmed that they are satisfied that the appointment of different auditors for its joint ventures would not compromise the standard and effectiveness of the audit of the Group and of the Company.

Disposal of joint ventures

Westgate Commercial Pte. Ltd. and Westgate Tower Pte. Ltd. were strategic ventures in the property leasing business for the Group, which were disposed in the previous year.

In June 2021, the Group disposed of Westgate Commercial Pte. Ltd. and Westgate Tower Pte. Ltd. to a non-related party for cash consideration of $18,626,000. These transactions has resulted in a gain in profit or loss as set out below:

	2022 $'000
Consideration received on disposal of investment	18,626
Add: Fair value of retained interest in investment	2,724
Less: Carrying amount of investment at date of loss of significant influence	(1,665)
Gain on disposal of investment	19,685

12 Joint ventures (Cont'd)

Details of material joint ventures

Bina Meganmas is a strategic partner for the Group's property development business in Johor, Malaysia.

Summarised financial information in respect of each of the Group's material joint ventures is set out below. The summarised financial information below represents amounts shown in the joint venture's financial statements prepared in accordance with SFRS(I), adjusted by Group for equity accounting purposes.

Summarised statement of financial position

	Bina Meganmas	
	2023	2022
	$'000	$'000
Current assets	**1,411**	1,591
Includes		
- Cash and cash equivalents	**7**	23
Non-current assets	**19,286**	20,201
Current liabilities	**(265)**	(278)
Includes		
- Financial liabilities (excluding trade and other payables and provisions)	**(262)**	(274)
Non-current liabilities	**(20,598)**	(21,558)
Includes		
- Financial liabilities (excluding trade and other payables and provisions)	**(20,598)**	(21,558)
Net liabilities	**(166)**	(44)

Summarised statement of comprehensive income

	Bina Meganmas	
	2023	2022
	$'000	$'000
Revenue	**–**	–
Net loss and total comprehensive loss for the year	**(126)**	(127)

12 Joint ventures (Cont'd)

Summarised statement of comprehensive income (Cont'd)

The above loss for the year includes the following:

	Bina Meganmas	
	2023	2022
	$'000	$'000
Interest expense	**51**	55

Reconciliation of the above summarised financial information to the carrying amount of the interest in the joint ventures recognised in the consolidated financial statements is as follows:

	Bina Meganmas	Immaterial joint ventures	Total
	$'000	$'000	$'000
2023			
Net (liabilities)/ assets of joint ventures	**(166)**	**1,253**	**1,087**
Proportion of the Group's ownership	**(87)**	**433**	**346**
Amounts owing by joint ventures	**9,910**	**–**	**9,910**
Carrying amount of joint ventures	**9,823**	**433**	**10,256**
2022			
Net (liabilities)/ assets of joint ventures	(44)	1,803	1,759
Proportion of the Group's ownership	–	555	555
Amounts owing by joint ventures	10,257	–	10,257
Carrying amount of joint ventures	10,257	555	10,812

There is no dividend received from joint venture during the current and previous financial years.

<u>Aggregate information of joint ventures that are not individually material</u>

The Group	**2023** **$'000**	2022 $'000
Share of loss after taxation and total comprehensive loss for the year	**–**	(483)

The unrecognised share of profit of joint venture for the year is $70,000 (2022 - $13,000) and the cumulative unrecognised share of loss of joint venture is $17,000 (2022 - $272,000).

13 Associate companies

The Group	Note	**2023 $'000**	2022 $'000
Unquoted equity investments		**5,710**	5,712
Discount implicit in non-current loans to associate		**–**	23,083
Amounts owing by associate companies (non-trade)		**22,991**	22,531
		28,701	51,326
Share of associate companies' post-acquisition profits		**88**	3,712
Exchange fluctuation difference		**(1,707)**	(1,423)
	(i)	**27,082**	53,615
Shareholder loan owing by associate company:			
- Shareholder loan		**–**	36,678
- Notional interest on shareholder loan		**–**	1,995
	(ii)	**–**	38,673
	(i) + (ii)	**27,082**	92,288
Share of associate companies' results, net of tax		**(2,017)**	484

During the financial year ended 31 January 2023 and 2022, the Company assessed the carrying amounts of its investments in associates for indicators of impairment. Based on the assessment, no impairment is required.

These associate companies are accounted for using the equity method in these consolidated financial statements of the Group.

The non-trade amounts owing by associate companies are regarded as an extension of the Group's net investments in the associate companies because they are neither planned nor likely to be settled in the foreseeable future. They represent net investment with indeterminable repayments. These non-trade amounts owing are unsecured and interest-free. It is denominated in the following currencies:

The Group	**2023 $'000**	2022 $'000
Singapore dollar	**12,408**	12,200
Malaysian Ringgit	**10,583**	10,331
	22,991	22,531

Shareholder loan owing by associate company

Interest is imputed on the shareholder loan owing by associate company. A discount rate of 5% (2022 - 5%) per annum has been applied to calculate the financial asset to its fair value at initial recognition and notional interest, up till the repayment date, 31 December 2030. The amount is non-trade, unsecured, interest-free and denominated in Singapore dollar. During the financial year, the shareholder loan was fully repaid.

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

13 Associate companies (Cont'd)

Shareholder loan owing by associate company (Cont'd)

Details of the associate companies at the end of the reporting period are as follows:

	Name of associate	Country of incorporation/ principal place of business	Proportion of ownership interests and voting rights held by the Group		Principal activities
			2023	2022	
			%	%	
	Held by Prodev Pte Ltd				
(1)	Binakawa Sdn. Bhd. ("Binakawa")	Malaysia	**49**	49	Property development and investment holding
	Held by Huatland Development Pte. Ltd. ("Huatland")				
(2), (3)	Perennial Shenton Investors Pte. Ltd. ("PSI")	Singapore	**–**	20	Investment holding
(2), (3)	PRE13 Pte. Ltd. ("PRE13")	Singapore	**–**	20	Investment holding
	Held by LKHS Development Pte. Ltd.				
(4), (5)	Dalvey Breeze Development Pte. Ltd. ("Dalvey")	Singapore	**40**	40	Property development

Notes:

(1) Audited by Crowe Malaysia PLT.

(2) Audited by KPMG LLP, Singapore, reporting period 31 December.

(3) The associate company is an associate company of Perennial Real Estate Holdings Limited, which was de-listed from the Singapore Exchange on 14 September 2020. The results of the company are based on audited results as of 31 December 2021 with adjustments made to 31 January 2022 for the Group consolidation purpose. These associates were disposed during the current financial year.

(4) Audited by UHY Lee Seng Chan & Co, Singapore, reporting period 31 March.

(5) The associate company is a subsidiary of KOP Limited, a public company listed on the Singapore Exchange. The results of the company are based on unaudited results as of 31 January 2023 and 31 January 2022 for the Group consolidation purpose.

In accordance with Rule 716 of the Singapore Exchange Securities Trading Limited - Listing Rules, the Audit Committee and Board of Directors of the Company confirmed that they are satisfied that the appointment of different auditors for its associate companies would not compromise the standard and effectiveness of the audit of the Group and of the Company.

Dalvey and Binakawa act as strategic partners of the Group in the property development business in Singapore and Malaysia respectively.

Huatland Development Pte. Ltd., a wholly owned-subsidiary of the Company, previously held a 20% equity interest in each of Perennial Shenton Investors Pte. Ltd. ("PSI") and PRE 13 Pte. Ltd. ("PRE13").

13 Associate companies (Cont'd)

Shareholder loan owing by associate company (Cont'd)

PSI was a strategic partner in the properties leasing business for office units, up until the sale of its 100% subsidiary, Perennial Shenton Holding Pte. Ltd. ("PSH"), on 30 June 2020. Subsequently, PSI became dormant and its role as the Group's strategic partner in the property leasing business was undertaken by PRE13. PRE13 holds a 50% stake in PSH, who in turn owns a 100% equity stake in Perennial Shenton Properties Pte. Ltd. ("PSP"). PSP is the owner of AXA Tower, a 50-storey landmark Grade A office development with a retail podium, strategically sited within Singapore's Central Business District.

PRE13 acted as strategic partner in the properties leasing business for office units and the redevelopment of AXA Tower.

Sale of PRE 13 and PSI

The Group disposed its entire equity interests in PRE13 and PSI in April 2022 and May 2022, respectively. These transactions resulted in a loss on disposal as set out below:

	PRE13 $'000	PSI $'000	Total $'000
Cash consideration for disposal of investment in associates	**994**[(1)]	**395**	**1,389**
Less: Carrying amount of investment at date of disposal	**(24,290)**[(2)]	**(402)**	**(24,692)**
Loss on disposal of investment	**(23,296)**	**(7)**	**(23,303)**

(1) Consideration for PRE13 is presented net of post-completion adjustments.

(2) Carrying amount of PRE13 includes discount implicit in shareholder loans to associate, amounting to $23,083,000. Huatland's 20% share of PRE13's net assets as at date of disposal, adjusted by Group for equity accounting purposes, is $1,207,000.

	PRE13 $'000
Net assets attributable to the Group	**1,207**
Net assets attributable to other shareholders	**4,828**
Net assets of PRE13 as at date of disposal	**6,035**

13 Associate companies (Cont'd)

The disposal also resulted in an early repayment of the shareholder loan due from PRE13. This transaction resulted in a gain on early repayment of shareholder loan as set out below:

	Total
	$'000
Cash consideration for early repayment of shareholder loan	**43,761**
Less: Carrying amount of shareholder loan at date of repayment	
Principal amount of shareholder loan	**(59,761)**
Discount implicit in shareholder loan to associate[3]	**23,083**
Notional interest on shareholder loan	**(2,300)**
Carrying amount of shareholder loan at date of repayment	**(38,978)**
Gain on early repayment of shareholder loan	**4,783**

(3) A discount rate of 5% per annum has been applied to calculate the financial asset to its fair value at initial recognition and notional interest, up till the original repayment date, 31 December 2030. The amount is non-trade, unsecured, interest-free and denominated in Singapore dollar.

Details of associate companies

Summarised financial information in respect of each of the Group's associate companies is set out below. The summarised financial information below represents amounts shown in the associate company's consolidated financial statements prepared in accordance with SFRS(I), adjusted by Group for equity accounting purposes.

Summarised statement of financial position

	PSI	PRE13	Dalvey		Binakawa	
	2022	2022	**2023**	2022	**2023**	2022
	$'000	$'000	**$'000**	$'000	**$'000**	$'000
Current assets	109,857	34	**113,238**	105,170	**839**	2,321
Current liabilities	(107,887)	(19)	**(3,971)**	(1,231)	**(24,972)**	(5,210)
Non-current assets	–	310,188	**500**	1,001	**38,272**	40,125
Non-current liabilities	–	(187,553)	**(113,555)**	(106,504)	**(2,682)**	(24,650)
Net assets/(liabilities)	1,970	122,650	**(3,788)**	(1,564)	**11,457**	12,586

13 Associate companies (Cont'd)

Summarised statement of comprehensive income

	PSI	PRE13	Dalvey		Binakawa	
	2022	2022	**2023**	2022	**2023**	2022
	$'000	$'000	**$'000**	$'000	**$'000**	$'000
Revenue	–	–	**13,139**	14,128	**491**	2,327
(Loss)/profit from continuing operations	38	2,419	**(2,602)**	76	**(557)**	(14)
Post-tax profit/(loss) from continuing operations, representing total comprehensive income/ (loss)	36	2,419	**(2,602)**	76	**(557)**	(5)

There is no dividend received from associates in current and previous financial years.

Reconciliation of the above summarised financial information to the carrying amount of the interest in the associate companies recognised in the consolidated financial statements is as follows:

	Dalvey	Binakawa	Total
	$'000	$'000	$'000
2023			
Net assets/(liabilities)	**(3,788)**	**11,457**	**7,669**
Group's share of net assets	**(1,516)**	**5,607**	**4,091**
Amount owing by associate companies	**12,408**	**10,583**	**22,991**
Carrying amount	**10,892**	**16,190**	**27,082**

	PSI	PRE13	Dalvey	Binakawa	Total
	$'000	$'000	$'000	$'000	$'000
2022					
Net assets/(liabilities)	1,970	122,650	(1,564)	12,586	135,642
Group's share of net assets	394	24,530	(626)	6,160	30,458
Amount owing by associate companies	–	38,673	12,200	10,331	61,204
Others	–	–	626	–	626
Carrying amount	394	63,203	12,200	16,491	92,288

13 Associate companies (Cont'd)

Commitments for expenditure

The Group's commitments, including its share of commitments made with associate companies, are as follows:

The Group	**2023 $'000**	2022 $'000
Capital expenditure	**–**	114,118

14 Subsidiaries

The Company	**2023 $'000**	2022 $'000
Unquoted equity investments		
Balance at beginning	**58,916**	14,291
(Disposal)/addition during the year	**(3,230)**	44,625
Balance at end of year	**55,686**	58,916
Discount implicit in non-current loan to subsidiaries	**90,063**	90,063
Amounts owing by subsidiaries (non-trade):		
- Interest-free	**584,273**	546,086
	730,022	695,065
Impairment loss on investments in subsidiaries		
Balance at beginning of year	**(19,632)**	(19,632)
Allowance for the year	**(10,223)**	–
Allowance no longer required	**172**	–
Balance at end of year	**(29,683)**	(19,632)
Total	**700,339**	675,433

The non-trade amounts owing by subsidiaries of $584,273,000 (2022 - $546,086,000) are regarded as an extension of the Company's net investments in the subsidiaries because they are neither planned nor likely to be settled in the foreseeable future. They represent net investment with indeterminable repayments. The non-trade amounts are unsecured and interest-free and is repayable at the discretion of borrower.

14 Subsidiaries (Cont'd)

During the financial year ended 31 January 2023, the Company assessed the carrying amounts of its investments in subsidiaries for indicators of impairment. Based on this assessment, the Company recognised an impairment loss totalling $10,223,000 (2022 - $Nil) mainly due to its subsidiary incurring loss from its business activities. The recoverable amount of the investment has been determined based on the revalued net assets of these subsidiary as at 31 January 2023 which is classified under Level 3 of the fair value hierarchy.

During the financial year ended 31 January 2023, impairment loss on investments in subsidiaries amounting to $172,000 was reversed upon liquidation of certain subsidiaries.

The Company has commitments to provide financial guarantees to banks for credit facilities granted to certain subsidiaries, as disclosed in Note 43.2.

All amounts owing by subsidiaries are denominated in Singapore dollar.

Details of the subsidiaries at the end of the reporting period are as follows:

	Name	Country of incorporation/ principal place of business	Cost of investments		Proportion of ownership interests and voting rights held by the Group		Principal activities
			2023	2022	**2023**	2022	
			$'000	$'000	**%**	%	
	Subsidiaries held by the Company						
(7)	Kwan Hwee Investment Pte. Ltd.	Singapore	**–**	3,230	**–**	100	Property development and investment holding
(1)	Low Keng Huat International Pte. Ltd.	Singapore	**3,000**	3,000	**100**	100	Investment holding
(1)	Quality Investments Pte. Ltd.	Singapore	**500**	500	**100**	100	Investment holding
(1)	Prodev Pte. Ltd.	Singapore	**10**	10	**100**	100	Investment holding
(1)	Bali Investment Pte. Ltd.	Singapore	*****	*	**100**	100	Investment holding
(1)	Duxton Hotel (Pte.) Ltd.	Singapore	*****	*	**100**	100	Hotel management services
(1)	Domitian Investment Pte. Ltd.	Singapore	*****	*	**100**	100	Investment holding
	Balance carried forward		**3,510**	6,740			

14 Subsidiaries (Cont'd)

Details of the subsidiaries at the end of the reporting period are as follows: (Cont'd)

	Name	Country of incorporation/ principal place of business	Cost of investments		Proportion of ownership interests and voting rights held by the Group		Principal activities
			2023	2022	**2023**	2022	
			$'000	$'000	**%**	%	
	Balance brought forward		**3,510**	6,740			
	Subsidiaries held by the Company						
(1)	Balestier Tower Pte. Ltd.	Singapore	**2,000**	2,000	**100**	100	Property investment
(1)	Starworth Pte. Ltd.	Singapore	*****	*	**100**	100	Investment holding
(1)	LKHS Property Investment Pte. Ltd.	Singapore	*****	*	**100**	100	Investment holding
(1)	Huatland Development Pte. Ltd.	Singapore	**1,000**	1,000	**100**	100	Investment holding
(1)	East Peak Development Pte. Ltd.	Singapore	*****	*	**100**	100	Investment holding
(1)	Kendall Pte. Ltd.	Singapore	**1**	1	**75**	75	Investment holding
(1),(9)	Paya Lebar Square Pte. Ltd.	Singapore	**45,175**	45,175	**100**	100	Property investment
(1)	Perumal Development Pte. Ltd.	Singapore	**2,000**	2,000	**100**	100	Property development and property investment
(1)	Glocity Capital Pte. Ltd.	Singapore	*****	*	**100**	100	Investment holding
(1)	Glopeak Development Pte. Ltd.	Singapore	**2,000**	2,000	**100**	100	Property development
	Balance carried forward		**55,686**	58,916			

14 Subsidiaries (Cont'd)

Details of the subsidiaries at the end of the reporting period are as follows (Cont'd):

	Name	Country of incorporation/ principal place of business	Cost of investments		Proportion of ownership interests and voting rights held by the Group		Principal activities
			2023	2022	**2023**	2022	
			$'000	$'000	**%**	%	
	Balance brought forward		**55,686**	58,916			
	Subsidiaries held by the Company						
(1)	LKHS Development Pte. Ltd.	Singapore	**–**	*	**100**	100	Investment holding
	Subsidiary held by Bali Investment Pte. Ltd.						
(2)	Vista Mutiara Sdn. Bhd.	Malaysia	**+**	+	**100**	100	Investment holding
	Subsidiary held by Starworth Pte. Ltd.						
(1)	Carnivore Brazilian Churrascaria Pte. Ltd.	Singapore	**+**	+	**100**	100	Restaurant
	Subsidiary held by Duxton Hotel (Pte.) Ltd.						
(3)	Duxton Hotels International Pty. Ltd.	Australia	**+**	+	**100**	100	Owner of trademark
	Subsidiary held by Kendall Pte. Ltd.						
(4)	Amuret Pty. Ltd.	Australia	**+**	+	**75**	75	Investment holding
	Subsidiaries held by Low Keng Huat International Pte. Ltd.						
(4)	Narymal Pty. Ltd.	Australia	**+**	+	**75**	75	Hotel and restaurant operations
(5),(8)	Shanghai Nova Realty Development Co., Ltd.	People's Republic of China	**+**	+	**63**	63	Investment holding
	Subsidiary held by Quality Investments Pte Ltd						
(1)	Herman Investments Pte. Ltd.	Singapore	**+**	+	**100**	100	Investment holding
	Subsidiary held by LKHS Property Investment Pte. Ltd.						
(7)	Paya Lebar Development Pte. Ltd.	Singapore	**–**	+	**–**	80	Property development
	Balance carried forward		**55,686**	58,916			

14 Subsidiaries (Cont'd)

Details of the subsidiaries at the end of the reporting period are as follows (Cont'd):

	Name	Country of incorporation/ principal place of business	Cost of investments		Proportion of ownership interests and voting rights held by the Group		Principal activities
			2023	2022	**2023**	2022	
			$'000	$'000	**%**	%	
	Balance brought forward		**55,686**	58,916			
	<u>Subsidiary held by East Peak Development Pte. Ltd.</u>						
(7)	Newfort Alliance (Kismis) Pte. Ltd.	Singapore	**–**	+	**–**	70	Property development
	<u>Subsidiary held by Glocity Capital Pte. Ltd.</u>						
(6)	HThree Capital Pte. Ltd.	Singapore	**+**	+	**51**	51	Property fund management
			55,686	58,916			

* Represents amount less than $500

\+ Interest held through subsidiaries

(1) Audited by Foo Kon Tan LLP

(2) Audited by Crowe Malaysia PLT

(3) Not required to be audited under the country of jurisdiction

(4) Audited by Crowe Perth, Australia

(5) Audited by BDO China, People's Republic of China

(6) Audited by Ernst & Young LLP, Singapore, reporting period 31 December. The results of the company is based on audited results as at 31 December 2022 with adjustments made to 31 January 2023 for the Group consolidation purpose.

(7) Liquidated during the financial year ended 31 January 2023

(8) Under liquidation

(9) In June 2021, the Company acquired 45% interest of an existing subsidiary, Paya Lebar Square Pte. Ltd. ("PLS") at a consideration of $44,625,000, increasing its ownership from 55% to 100%. The carrying amount of PLS's net assets in the Group's consolidated financial statements on the date of acquisition was $40,510,000.

	2022 $'000
Carrying amount of non-controlling interests acquired	18,230
Unamortised interest on non-interest bearing loans owing to non-controlling shareholders of subsidiaries	(1,814)
Consideration paid to non-controlling interests	(44,625)
	(46,439)
Decrease in equity attributable to owners of the Company	(28,209)

The decrease in equity attributable to owners of the Company comprised a decrease in capital reserve of $28,209,000.

14 Subsidiaries (Cont'd)

In accordance with Rule 716 of the Singapore Exchange Securities Trading Limited - Listing Rules, the Audit Committee and Board of Directors of the Company confirmed that they are satisfied that the appointment of different auditors for its subsidiaries would not compromise the standard and effectiveness of the audit of the Group and of the Company.

Details of non-wholly owned subsidiaries that have material non-controlling interests

The table below shows details of non-wholly owned subsidiaries of the Group that have material non-controlling interests.

Name of subsidiary	Country of incorporation/ principal place of business	Proportion of ownership interests and voting rights held by non-controlling interests	Profit/(loss) allocated to non-controlling interests	Accumulated non-controlling interests	Dividends paid to non-controlling interests
		%	$'000	$'000	$'000
2023					
Held by the Company					
Kendall Pte. Ltd.	Singapore	**25**	**10**	**9,857**	–
Held by a subsidiary					
Narymal Pty. Ltd.	Australia	**25**	**464**	**1,247**	–
2022					
Held by the Company					
Kendall Pte. Ltd.	Singapore	25	26	9,847	–
Held by a subsidiary					
Narymal Pty. Ltd.	Australia	25	(601)	783	–

Summarised financial information in respect of the Group's subsidiaries that have material non-controlling interests is set out below. The summarised financial information below represents amounts before intra-group eliminations.

14 Subsidiaries (Cont'd)

Summarised statement of financial position

	Kendall Pte. Ltd. $'000	Narymal Pty. Ltd. $'000
2023		
Non-current assets	**26,303**	**1,229**
Current assets	**4,601**	**6,905**
Current liabilities	**(1,457)**	**(2,559)**
2022		
Non-current assets	26,303	558
Current assets	4,603	5,739
Non-current liabilities	–	(49)
Current liabilities	(1,500)	(2,360)

Summarised statement of comprehensive income

	Kendall Pte. Ltd. $'000	Narymal Pty. Ltd. $'000
2023		
Revenue	**–**	**18,313**
Other income/(expenses)	**42**	**(16,455)**
Profit for the year, representing total comprehensive income for the year	**42**	**1,858**
Total comprehensive income attributable to non-controlling interests	**10**	**464**
2022		
Revenue	–	12,965
Other income/(expenses)	103	(15,368)
Profit/(loss) for the year, representing total comprehensive income/(loss) for the year	103	(2,403)
Total comprehensive income/(loss) attributable to non-controlling interests	26	(601)

14 Subsidiaries (Cont'd)

Other summarised information

	Kendall Pte. Ltd. $'000	Narymal Pty. Ltd. $'000
2023		
Net cash outflow from operating activities	**(1)**	**(281)**
2022		
Net cash (outflow)/inflow from operating activities	(3)	1,805
Net cash outflow from investing activities	(140)	(68)

15 Investment properties

		The Group		The Company	
	Note	**2023 $'000**	2022 $'000	**2023 $'000**	2022 $'000
Cost					
Balance at beginning of year		**318,885**	335,046	**–**	19,061
Additions		**–**	30	**–**	–
Written off		**(54)**	–	**–**	–
Disposal		**–**	(15,191)	**–**	(19,061)
Transfer from/(to) property plant and equipment	16	**2,936**	(1,000)	**–**	–
Balance at end of year		**321,767**	318,885	**–**	–
Accumulated depreciation					
Balance at beginning of year		**23,267**	20,571	**–**	1,244
Depreciation for the year	32	**3,874**	4,149	**–**	66
Written off		**(3)**	–	**–**	–
Disposal		**–**	(1,045)	**–**	(1,310)
Transfer from/(to) property plant and equipment	16	**13**	(408)	**–**	–
Balance at end of year		**27,151**	23,267	**–**	–
Impairment					
Balance at beginning of year		**1,902**	–	**–**	–
Additions	30, 32	**–**	1,902	**–**	–
Balance at end of year		**1,902**	1,902	**–**	–
Net book value		**292,714**	293,716	**–**	–
Fair value		**423,070**	418,400	**–**	–

15 Investment properties (Cont'd)

The Group	2023 $'000	2022 $'000
Depreciation expense charged to:		
Cost of sale	**3,874**	4,096
Administrative expenses	**–**	53
	3,874	4,149

(a) Investment properties are leased to third parties under operating leases [Note 37(b)(ii)].

(b) The following amounts are recognised in the consolidated profit or loss:

The Group	Note	2023 $'000	2022 $'000
<u>Income</u>			
Rental income included in:			
- Revenue	27	**17,978**	16,860
<u>Expenses</u>			
Direct operating expenses arising from:			
- Investment properties that generated rental income		**6,906**	7,084
- Investment properties that did not generate rental income		**7**	144

(c) The investment properties as at the end of reporting period held by the Group comprise:

	Location	Description	Tenure	Net book value 2023 $'000	Net book value 2022 $'000	The Group's effective equity interest
(1),(4)	60 Paya Lebar Road, Paya Lebar Square Retail Podium, Singapore	159 retail units	99 years lease commencing 25 July 2011	**246,688**	249,508	100%
(2),(4)	207 Balestier Road, BT Centre, Singapore	A total of 31 commercial units, (out of which 28 (2022 - 31) units are leased to external parties)	Freehold	**43,274**	44,208	100%
(3),(4)	2 Perumal Road, Lyf @ Farrer, Singapore	2 commercial retail units	99 years lease commencing 17 April 2017	**2,752**	–	100%
				292,714	293,716	

15 Investment properties (Cont'd)

(c) The investment properties as at the end of reporting period held by the Group comprise: (Cont'd)

Notes:

(1) During the financial year, a firm of independent professional valuers, Savills Valuation & Professional Services (S) Pte Ltd, valued the retail units to be $373,200,000 (2022 - $373,200,000) as at 31 January 2023 based on the property's highest-and-best use using the Direct Comparison Method and Income Capitalisation Method.

(2) During the financial year, a firm of independent professional valuers, Savills Valuation & Professional Services (S) Pte Ltd, valued the property at 207 Balestier Road to be $216,200,000 as at 31 January 2023 (2022 - $203,600,000) based on the property's highest-and-best use fair value of a mixed commercial cum serviced apartments development using the Direct Comparison Method and Income Capitalisation Method. The amount consists of $171,700,000 and $44,500,000 (2022 - $158,400,000 and $45,200,000) allocated to property, plant and equipment and investment property respectively.

During the previous financial year, an impairment of $1,902,000 has been made to investment properties as the carrying amount is lower than the recoverable amount. There is no impairment required in the financial year ended 31 January 2023.

During the current financial year, 3 commercial retail units at 207 Balestier Road were converted to gym facilities and office premises to support the operations of the service apartment. Arising from this conversion, 1 commercial retail unit was left vacant and was subsequently leased out to external parties. Arising from this change in use, the units were reclassified from investment properties to property, plant and equipment and vice versa as disclosed in Note 16.

(3) During the financial year, a firm of independent professional valuers, Savills Valuation & Professional Services (S) Pte Ltd valued the mixed commercial cum serviced apartments to be $238,300,000 (2022 - $232,040,000) based on the property's highest-and-best use using the Direct Comparison Method and Income Capitalisation Method. The amount consists of $232,930,000 and $5,370,000 (2022 - $232,040,000 and $Nil) allocated to property, plant and equipment and investment respectively.

During the current financial year, 2 commercial retail units located at 2 Perumal Road were leased to an external party. Arising from the change in use, these units were reclassified from property, plant and equipment to investment properties as disclosed in Note 16.

(4) At the end of reporting period, these properties had been pledged to a financial institution to secure bank borrowings (Note 22).

The Direct Comparison Method involves the analysis of comparable sales of similar properties and adjusting prices to those reflective of the investment properties. The Income Capitalisation Method capitalises an income stream into a present value using single-year capitalisation rate.

Further information regarding the fair value measurement of the Group's investment properties is provided in Note 41.

16 Property, plant and equipment

The Group	Freehold properties $'000	Leasehold land $'000	Leasehold buildings $'000	Plant, machinery and surveying equipment $'000	Motor vehicles $'000	Furniture, fittings and equipment $'000	Renovation $'000	Construction in-progress $'000	Total $'000
Cost									
At 1 February 2021	168,775	–	10,542	49,274	3,032	10,070	1,403	113,759	356,855
Additions	–	–	–	254	743	877	46	8,785	10,705
Written off	(302)	–	–	–	–	(19)	(30)	–	(351)
Disposals	–	–	–	–	(657)	(1)	–	–	(658)
Transfer from investment properties (Note 15)	–	–	1,000	–	–	–	–	–	1,000
Reclassification	–	88,120	27,496	1,517	–	5,411	–	(122,544)	–
Exchange translation difference	(1,416)	–	(91)	(2,886)	(2)	(74)	(25)	–	(4,494)
At 31 January 2022	**167,057**	**88,120**	**38,947**	**48,159**	**3,116**	**16,264**	**1,394**	**–**	**363,057**
Additions	**–**	**–**	**–**	**1,402**	**–**	**796**	**11**	**–**	**2,209**
Written off	**(163)**	**–**	**(2,161)**	**(23)**	**–**	**(22)**	**–**	**–**	**(2,369)**
Disposals	**–**	**–**	**–**	**–**	**(255)**	**(10)**	**–**	**–**	**(265)**
Transfer to investment properties (Note 15)	**(135)**	**(2,222)**	**(501)**	**(28)**	**–**	**(50)**	**–**	**–**	**(2,936)**
Reclassification	**–**	**–**	**–**	**(85)**	**–**	**85**	**–**	**–**	**–**
Exchange translation difference	**(601)**	**–**	**(33)**	**(1,264)**	**(1)**	**(45)**	**(11)**	**–**	**(1,955)**
At 31 January 2023	**166,158**	**85,898**	**36,252**	**48,161**	**2,860**	**17,018**	**1,394**	**–**	**357,741**

16 Property, plant and equipment (Cont'd)

The Group	Freehold properties $'000	Leasehold land $'000	Leasehold buildings $'000	Plant, machinery and surveying equipment $'000	Motor vehicles $'000	Furniture, fittings and equipment $'000	Renovation $'000	Construction in-progress $'000	Total $'000
Accumulated depreciation									
At 1 February 2021	4,949	–	2,791	34,498	1,217	4,239	477	–	48,171
Depreciation for the year (Note 32)	856	–	169	1,943	291	2,072	76	–	5,407
Written off	–	–	–	–	–	(16)	–	–	(16)
Disposals	–	–	–	–	(347)	(1)	–	–	(348)
Transfer from investment properties (Note 15)	–	–	408	–	–	–	–	–	408
Exchange translation difference	(248)	–	(12)	(2,246)	–	(61)	–	–	(2,567)
At 31 January 2022	**5,557**	**–**	**3,356**	**34,195**	**1,161**	**6,233**	**553**	**–**	**51,055**
Depreciation for the year (Note 32)	**852**	**918**	**672**	**2,256**	**292**	**3,063**	**76**	**–**	**8,129**
Written off	**(9)**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**(9)**
Disposals	**–**	**–**	**–**	**–**	**(100)**	**(9)**	**–**	**–**	**(109)**
Transfer from/(to) investment properties (Note 15)	**3**	**(8)**	**(3)**	**(2)**	**–**	**(3)**	**–**	**–**	**(13)**
Exchange translation difference	**(91)**	**–**	**(8)**	**(1,017)**	**–**	**(29)**	**–**	**–**	**(1,145)**
At 31 January 2023	**6,312**	**910**	**4,017**	**35,432**	**1,353**	**9,255**	**629**	**–**	**57,908**
Accumulated impairment loss									
At 1 February 2021	5,809	–	980	174	–	153	155	–	7,271
Additions (Notes 30, 32)	–	–	–	2	–	–	46	–	48
Impairment no longer required (Notes28(a), 32)	(3,391)	–	–	–	–	–	–	–	(3,391)
At 31 January 2022	**2,418**	**–**	**980**	**176**	**–**	**153**	**201**	**–**	**3,928**
Additions (Notes 30, 32)	**–**	**–**	**–**	**10**	**–**	**13**	**11**	**–**	**34**
Impairment no longer required (Notes 28(a), 32)	**(2,418)**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**(2,418)**
At 31 January 2023	**–**	**–**	**980**	**186**	**–**	**166**	**212**	**–**	**1,544**
Net book value									
At 31 January 2023	**159,846**	**84,988**	**31,255**	**12,543**	**1,507**	**7,597**	**553**	**–**	**298,289**
At 31 January 2022	159,082	88,120	34,611	13,788	1,955	9,878	640	–	308,074

16 Property, plant and equipment (Cont'd)

The Company	Plant, machinery and surveying equipment $'000	Motor vehicles $'000	Furniture, fittings and equipment $'000	Renovation $'000	Leasehold properties $'000	Total $'000
Cost						
At 1 February 2021	84	2,993	815	655	4,009	8,556
Additions	–	743	28	–	–	771
Disposals	–	(656)	(19)	–	–	(675)
At 31 January 2022	**84**	**3,080**	**824**	**655**	**4,009**	**8,652**
Additions	**–**	**–**	**17**	**–**	**–**	**17**
Disposals	**–**	**(255)**	**–**	**–**	**–**	**(255)**
At 31 January 2023	**84**	**2,825**	**841**	**655**	**4,009**	**8,414**
Accumulated depreciation						
At 1 February 2021	84	1,212	672	337	1,485	3,790
Depreciation for the year	–	287	40	65	44	436
Disposals	–	(346)	(16)	–	–	(362)
At 31 January 2022	**84**	**1,153**	**696**	**402**	**1,529**	**3,864**
Depreciation for the year	**–**	**288**	**41**	**65**	**44**	**438**
Disposals	**–**	**(100)**	**–**	**–**	**–**	**(100)**
At 31 January 2023	**84**	**1,341**	**737**	**467**	**1,573**	**4,202**
Net book value						
At 31 January 2023	–	**1,484**	**104**	**188**	**2,436**	**4,212**
At 31 January 2022	–	1,927	128	253	2,480	4,788

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 37(b).

In the financial year ended 31 January 2023, the Group had written back an impairment loss of $2,418,000 (2022 - $3,391,000) to its recoverable amount, as Citadines Balestier had improved profitability from its business activities and the recoverable amount is higher than carrying amount. The recoverable amount was computed based on property's highest-and-best use fair value using the Direct Comparison Method and Income Capitalisation Method. The write-back of the impairment loss was included within "other operating income" in profit or loss [Note 28(a)].

In the financial year ended 31 January 2023, the Group recognised an impairment loss in "other operating expenses" of $34,000 (2022 - $48,000) on plant and equipment held by a subsidiary of the Group (Note 30), as the recoverable amount was lower than the carrying amount and continued to incur losses from its restaurant operations in the previous financial years.

16 Property, plant and equipment (Cont'd)

The Group	**2023** **$'000**	2022 $'000
Depreciation expense charged to:		
Cost of sale	**7,586**	4,920
Administrative expenses	**543**	487
	8,129	5,407

(i) The freehold properties comprise:

	Location	Description	Tenure	The Group's effective equity interest	Net book value 2023 $'000	Net book value 2022 $'000
(1)	No.1 St. George's Terrace, Perth, Western Australia, Australia	306-room Duxton Hotel Perth	Freehold	75%	**17,559**	18,222
(2)	207 Balestier Road, Citadines Balestier, Singapore	27-storey serviced apartments 166 units and 3 commercial retail units	Freehold	100%	**142,287**	140,860
					159,846	159,082

Notes:

(1) The Directors of the Company estimated the fair value as at 31 January 2023 to be $85,640,000 (2022 - $85,640,000) for Duxton Hotel Perth based on the property's highest-and-best use using the current market trend and with reference to indicative prices for similar hotels in the area.

The fair value measurement was categorised as Level 3 fair value based on the inputs in the valuation technique used.

(2) During the financial year, a firm of independent professional valuers, Savills Valuation & Professional Services (S) Pte Ltd, valued the property at 207 Balestier Road to be $216,200,000 as at 31 January 2023 (2022 - $203,600,000) based on the property's highest-and-best use fair value of a mixed commercial cum serviced apartments development using the Direct Comparison Method and Income Capitalisation Method. The amount consists of $171,700,000 and $44,500,000 allocated to property, plant and equipment and investment property (2022 - $158,400,000 and $45,200,000) respectively.

The fair value measurement was categorised as Level 3 fair value based on the inputs in the valuation technique used.

During the current financial year, 3 commercial retail units at 207 Balestier Road were converted to gym facilities and office premises to support the operations of the service apartment. Arising from this conversion, 1 commercial retail unit was left vacant and was subsequently leased out to external parties. Arising from this change in use, the units were reclassified from investment properties to property, plant and equipment and vice versa as disclosed in Note 15.

At the end of the reporting period, this property has been pledged to a financial institution to secure bank borrowings (Note 22).

Further information regarding the fair value measurement of the Group's property, plant and equipment is provided in Note 41.

16 Property, plant and equipment (Cont'd)

(ii) The leasehold land and buildings comprise:

	Location	Description	Tenure	The Group's effective equity interest
(1)	No. 1 St George's Terrace, Perth, Western Australia, Australia	Hotel parking and entrance forecourt	21 years lease commencing 1 January 2018	75%
(2)	Block C, #01-32 30 Victoria Street, CHIJMES, Singapore	Restaurant premises	3 years lease commencing 1 September 2021	100%
(3)	80 Marine Parade Road, 18th Floor of Parkway Parade, Singapore	9 (2022 - 9) office units	99 years lease commencing 17 August 1979	100%
(4)	60 Paya Lebar Road, 4th Floor of Paya Lebar Square, Singapore	1 office unit	99 years lease commencing 25 July 2011	100%
(5)	2 Perumal Road Lyf @ Farrer, Singapore	16-storey serviced apartments 240 units and 5 commercial units	99 years lease commencing 17 April 2017	100%

Notes:

(1) Hotel parking and entrance forecourt

Duxton Hotel Perth have a long term lease contract in place with the State of Western Australia (Department of planning, land and heritage) in relation to the Forecourt (i.e. hotel parking and entrance).

(2) During the financial year, the Group recognised an impairment loss of $34,000 (2022 - $48,000) as the recoverable amount was lower than the carrying amount and the subsidiary concerned was incurring continuing losses from its restaurant operations in current and previous years. The recoverable amount was based on fair value less costs of disposal. The impairment loss was recognised within "other operating expenses" in profit or loss (Note 30).

(3) The Directors of the Company estimated the fair value as at 31 January 2023 to be $20,453,000 (2022 - $20,036,000) for these 9 office units located at 80 Marine Parade Road based on the properties' highest-and-best use using the current market trend and with reference to indicative prices for similar office units in the area.

The fair value measurement was categorised as Level 3 fair value based on the inputs in the valuation technique used.

(4) The Directors of the Company estimated the fair value as at 31 January 2023 to be $2,853,000 (2022 - $2,670,000) for the office unit located at 60 Paya Lebar Road based on the properties' highest-and-best use using the current market trend and with reference to indicative prices for similar office units in the area.

The fair value measurement was categorised as Level 3 fair value based on the inputs in the valuation technique used.

16 Property, plant and equipment (Cont'd)

(ii) The leasehold land and buildings comprise: (Cont'd)

(5) During the financial year, a firm of independent professional valuers, Savills Valuation & Professional Services (S) Pte Ltd valued the mixed commercial cum serviced apartments to be $238,300,000 (2022 - $232,040,000) based on the property's highest-and-best use using the Direct Comparison Method and Income Capitalisation Method. The amount consists of $232,930,000 and $5,370,000 (2022 - $232,040,000 and $Nil) allocated to property, plant and equipment and investment respectively.

The fair value measurement was categorised as Level 3 fair value based on the inputs in the valuation technique used.

During the current financial year, 2 commercial retail units located at 2 Perumal Road were leased to an external party. Arising from the change in use, these units were reclassified from property, plant and equipment to investment properties as disclosed in Note 15.

At the end of the reporting period, this property has been pledged to a financial institution to secure bank borrowings (Note 22).

Further information regarding the fair value measurement of the Group's property, plant and equipment is provided in Note 41.

17 Deferred taxation

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

The Group	**2023** **$'000**	2022 $'000
Deferred tax assets		
To be recovered - After one year	**882**	201
Deferred tax liabilities		
To be settled - After one year	**3,022**	3,082

17 Deferred taxation (Cont'd)

The deferred tax assets balance comprises tax on the following temporary differences:

The Group	Excess of tax written down value over net book value of property, plant and equipment $'000	Unabsorbed tax losses $'000	Total $'000
At 1 February 2021	375	665	1,040
Transfer to profit or loss	(157)	(665)	(822)
Exchange fluctuation difference	(17)	–	(17)
At 31 January 2022	**201**	**–**	**201**
Transfer to profit or loss	**18**	**691**	**709**
Exchange fluctuation difference	**(7)**	**(21)**	**(28)**
At 31 January 2023	**212**	**670**	**882**

The deferred tax liabilities balance comprises tax on the following temporary differences:

The Group	Excess of net book value over tax written down value of property, plant and equipment $'000
At 1 February 2021 and 31 January 2022	**3,082**
Transfer to profit or loss	**(60)**
At 31 January 2023	**3,022**

Deferred tax assets are recognised for tax losses carried forward to the extent that realisation of the related tax benefits through future taxable profits is probable. The Group is of the view that the related deferred tax asset is recoverable based on the estimated future taxable income. The related tax losses have no expiry date.

18 Trade and other payables

		The Group		The Company	
		2023	2022	**2023**	2022
		$'000	$'000	**$'000**	$'000
Current					
Trade payables					
- Third parties		**16,983**	17,152	**12,646**	8,204
- Related party		**5**	12	**5**	5
	(i)	**16,988**	17,164	**12,651**	8,209
Other payables					
Accruals		**5,402**	3,970	**497**	408
Deposits received from third parties		**5,086**	4,932	**–**	–
Advanced payments received from customers		**10,485**	479	**–**	–
Interest payable		**797**	452	**48**	10
GST payable		**341**	198	**–**	5
Amount owing to subsidiaries		**–**	–	**4,200**	4,200
Provision for unutilised staffs' leave		**664**	1,532	**204**	719
Deferred income		**47**	111	**–**	–
Sundry payables		**1,441**	1,021	**26**	29
	(ii)	**24,263**	12,695	**4,975**	5,371
Total	(i) + (ii)	**41,251**	29,859	**17,626**	13,580
Non-current					
Trade payables - Third parties	(iii)	**–**	3,106	**–**	–
Grand total	(i) + (ii) + (iii)	**41,251**	32,965	**17,626**	13,580

Related party refers to a company which is controlled by the Group's key management personnel and his close family members. Transactions with related party were made on normal commercial terms and conditions. Outstanding balances with related party are unsecured.

Non-trade amounts owing to subsidiaries, representing receipts on behalf are unsecured, interest-free and repayable on demand.

Deferred income of $47,373 (2022 - $110,529) pertains to renovation subsidy from a landlord.

18 Trade and other payables (Cont'd)

Trade and other payables are denominated in the following currencies:

	The Group		The Company	
	2023	2022	**2023**	2022
	$'000	$'000	**$'000**	$'000
Singapore dollar	**38,674**	30,541	**17,626**	13,580
Australian dollar	**2,572**	2,412	**–**	–
Malaysian Ringgit	**2**	5	**–**	–
Chinese Renminbi	**3**	7	**–**	–
	41,251	32,965	**17,626**	13,580

Further information about the financial risk management is disclosed in Note 40.

19 Amounts owing to joint ventures (non-trade)

	2023	2022
The Group	**$'000**	$'000
Balance at beginning of year	**253**	249
Written off	**(253)**	–
Exchange translation difference	**–**	4
Balance at end of year	**–**	253

The non-trade amounts owing to joint ventures represent advances which are unsecured, interest-free and repayable on demand. It is denominated in United States dollar. During the year, these advances have been written off as they were no longer required.

Further information about the financial risk management is disclosed in Note 40.

20(a) Amount owing by non-controlling shareholders of subsidiaries (non-trade)

	2023	2022
The Group	**$'000**	$'000
Non-trade amounts owing by non-controlling shareholders of subsidiaries		
- Advances	**–**	1,618
Amount repayable:		
Not later than one year	**–**	1,618

The advances owing by non-controlling shareholders of subsidiaries, are unsecured, interest-free and repayable on demand. They are denominated in Singapore dollar. During the year, these advances were fully paid.

Further information about the financial risk management is disclosed in Note 40.

20(b) Amounts owing to non-controlling shareholders of subsidiaries (non-trade)

The Group	2023 $'000	2022 $'000
Non-trade amounts owing to non-controlling shareholders of subsidiaries:		
- Advances	**379**	390
- Dividend payable	**877**	960
	1,256	1,350

Advances

The non-trade advances of $379,000 (2022 - $390,000) owing to non-controlling shareholders of subsidiaries, are unsecured, interest-free and repayable on demand.

The non-trade amounts owing to non-controlling shareholders of subsidiaries are denominated in the following currencies:

The Group	2023 $'000	2022 $'000
Australian dollar	**379**	390
Chinese Renminbi	**877**	960
	1,256	1,350

Further information about the financial risk management is disclosed in Note 40.

21 Provision

The Group	2023 $'000	2022 $'000
Reinstatement of premises - Non-current	**29**	28

Provision for reinstatement of premises is the estimated costs of dismantlement, removal or restoration of plant and equipment arising from the acquisition and use of restaurant assets, which are capitalised and included in the cost of plant and equipment. The provision is based on estimates made from historical data associated with reinstatement works on contracts of similar nature. The Group expects to incur the liability in the next two years (2022 - three years).

21 Provision (Cont'd)

Movement in provision for reinstatement of premises is as follows:

The Group	2023 $'000	2022 $'000
Balance at beginning of year	**28**	28
Provision during the year	**1**	–
Balance at end of year	**29**	28

22 Borrowings

The Group	2023 $'000	2022 $'000
Bank borrowings		
Revolving credit loan - unsecured	**17,000**	25,000
Temporary bridging loan - unsecured	**3,583**	4,800
Revolving credit loan/ money market loan - secured	**30,200**	29,610
Term loans - secured	**572,186**	656,986
	622,969	716,396
Lease liabilities [Note 37(a)]	**1,350**	1,780
	624,319	718,176
Amount repayable:		
Not later than one year	**373,595**	63,431
Later than one year and not later than five years	**250,724**	654,745
	624,319	718,176

The Company	2023 $'000	2022 $'000
Bank borrowings		
Revolving credit loan – unsecured	**17,000**	25,000
Temporary bridging loan – unsecured	**3,583**	4,800
	20,583	29,800
Lease liabilities [Note 37(a)]	**18**	25
	20,601	29,825
Amount repayable:		
Not later than one year	**18,247**	26,223
Later than one year and not later than five years	**2,354**	3,602
	20,601	29,825

22 Borrowings (Cont'd)

All bank borrowings are denominated in Singapore dollar.

Revolving credit loan (unsecured) totalling $17,000,000 (2022 - $25,000,000) at both the Group and the Company level carries an effective interest rate ranging from 1.12% to 2.59% (2022 - 1.22% to 1.60%) per annum.

Temporary bridging loan totalling $3,583,000 (2022 - $4,800,000) at both the Group and the Company level is unsecured and carries an effective interest rate of 2.00% (2022 - 2.00%) per annum.

The Group's money market loan totalling $30,200,000 (2022 - $29,610,000) is secured by mortgages over the investment property and property, plant and equipment located at 207 Balestier Road, Singapore [Notes 15(c)(4) and 16(i)(2)] and charges on all new assignments of tenancy, sales agreements or contracts with the operator of the serviced apartment. The effective interest rate per annum for the money market loan is 2.98% (2022 - 1.05%).

Term loans of the Group totalling $572,186,000 (2022 - $656,986,000) are secured by mortgages over the development properties (Note 10), certain investment properties [Notes 15(c)(2) and 15(c)(3)] and property, plant and equipment [Note 16(i)(2) and Note 16(ii)(4)] of certain subsidiaries and charges on all new assignments of tenancy, sales agreements and construction contracts and a fixed deposit of $3,600,000 (2022 - $3,600,000) of a subsidiary (Note 4). The effective interest rate per annum for the term loans ranges from 2.87% to 3.31% (2022 - 1.25% to 1.5%)

All the Group's and the Company's loan interest rates are repriced monthly. The carrying amounts of the Group's and the Company's borrowings approximate their fair values.

The maturity dates of bank borrowings are as follows:

	The Group		The Company	
	2023	2022	**2023**	2022
	$'000	$'000	**$'000**	$'000
<u>Repayable in/by</u>				
FY2023	**–**	63,027	**–**	26,217
FY2024	**373,268**	551,027	**18,241**	1,241
FY2025	**4,066**	1,266	**1,266**	1,266
FY2026	**3,875**	101,076	**1,076**	1,076
FY2027	**143,460**	–	**–**	–
FY2028	**98,300**	–	**–**	–
	622,969	716,396	**20,583**	29,800

The Group has financial covenants attached to all term loans granted to certain subsidiaries which relate to limits imposed on certain ratios to be adhered to. At the end of the reporting period, there was no breach of loan covenants under the terms of the borrowings taken up by the Group and its subsidiaries. The Group manages its liquidity risk by maintaining sufficient cash to enable them to meet its normal operating commitments and having an adequate amount of credit facilities available.

Further information about the financial risk management is disclosed in Note 40.

23 Share capital

The Group and The Company	Number of ordinary shares 2023	2022	Amount 2023 $'000	2022 $'000
Issued and fully paid with no par value:				
Balance at beginning and end of year	**738,816,000**	738,816,000	**161,863**	161,863

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company. All issued shares rank equally with regard to the Company's residual assets.

24(a) Capital reserve

The Group	Note	2023 $'000	2022 $'000
Balance at beginning of year		**(30,214)**	(2,005)
Acquisition of non-controlling interest in a subsidiary	14	**–**	(28,209)
Balance at end of year		**(30,214)**	(30,214)

Capital reserve represents excess of consideration paid in the acquisition of the non-controlling interest in subsidiaries.

24(b) Retained profits

	The Group 2023 $'000	The Group 2022 $'000	The Company 2023 $'000	The Company 2022 $'000
Balance at beginning of year	**540,127**	537,779	**509,313**	514,175
(Loss)/profit for the year	**(32,326)**	20,815	**30,393**	13,605
Transfer upon disposal of financial assets at FVOCI (Notes 11 and 25)	**260**	3	**546**	3
Dividends paid (Note 36)	**(14,776)**	(18,470)	**(14,776)**	(18,470)
	(46,842)	2,348	**16,163**	(4,862)
Balance at end of year	**493,285**	540,127	**525,476**	509,313

25 Fair value reserve

	The Group		The Company	
	2023	2022	**2023**	2022
	$'000	$'000	**$'000**	$'000
Balance at beginning of year	**1,860**	(1,513)	**516**	214
Fair value gain recycled to retained earnings on de-recognition [Notes 11 and 24(b)]	**(260)**	(3)	**(546)**	(3)
Net fair value (loss)/gain on financial assets at FVOCI (Note 11)	**(86)**	3,376	**30**	305
	(346)	3,373	**(516)**	302
Balance at end of year	**1,514**	1,860	**–**	516

Fair value reserve arises from fair value changes on revaluation of financial assets at FVOCI held as at the end of reporting period.

26 Currency translation reserve

	2023	2022
The Group	**$'000**	$'000
Balance at beginning of year	**(2,563)**	(585)
Exchange fluctuation difference during the year	**(1,471)**	(1,978)
Balance at end of year	**(4,034)**	(2,563)

The currency translation reserve is a non-distributable reserve and relates to the exchange difference arising from translation of the financial statements of foreign subsidiaries, associate companies and joint ventures.

27 Revenue

Revenue of the Group includes revenue from construction contracts, sale of development properties, hotel operations, food and beverage operations and rental income and excludes inter-company transactions, and applicable goods and services taxes or value-added taxes.

The Group derives revenue from contracts with customers based on transfer of goods and services over time and at a point in time as follows:

The Group	**2023** At a point in time $'000	**2023** Over time $'000	**2023** Total $'000	2022 At a point in time $'000	2022 Over time $'000	2022 Total $'000
Revenue from contracts with customers:						
Sales of development properties	**–**	**28,687**	**28,687**	–	116,597	116,597
Hotel and restaurant operations	**9,598**	**29,168**	**38,766**	7,527	12,838	20,365
Construction of buildings	**–**	**11,836**	**11,836**	–	7,816	7,816
	9,598	**69,691**	**79,289**	7,527	137,251	144,778
Rental income [Note 15(b)]			**17,978**			16,860
Total revenue of the Group			**97,267**			161,638

The segment analysis of the Group is disclosed in Note 38 to the financial statements.

28(a) Other operating income

The Group	Note	**2023** $'000	2022 $'000
Dividend income from quoted equity investments:			
- Relating to investments held at the end of reporting period	32	**112**	356
Gain on disposal of joint venture	32	**–**	19,685
Gain on disposal of investment properties	32	**–**	8,630
Gain on early repayment of shareholder loan	13	**4,783**	–
Loss allowance on receivables no longer required	6, 32	**358**	353
Long outstanding payables written off	32	**253**	–
Reversal of impairment loss on property, plant and equipment	16, 32	**2,418**	3,391
Management fee		**1,478**	1,057
Government grant income	32	**260**	1,568
Sundry income		**554**	284
		10,216	35,324

28(a) Other operating income (Cont'd)

Included in government grant income is Job Support Scheme ("JSS") grant of $57,000 (2022 - $352,000) from the Singapore Government to help employers to retain their local employees during the period of economic uncertainty as a result of COVID-19. JSS grant income is allocated over the period of economic uncertainty to match the related staff costs for which the grant is intended to compensate.

The Group as lessor

Included in government grant income are property tax rebate of $Nil (2022 - $845,000) from the Singapore Government as part of relief measures to help businesses deal with the impact from COVID-19.

28(b) Interest income

The Group	**2023 $'000**	2022 $'000
Interest income		
- Banks	**14**	43
- Fixed deposits	**143**	133
- Joint ventures and associate companies	**306**	3,370
- Others	**1**	61
	464	3,607

29 Administrative costs

The Group	Note	**2023 $'000**	2022 $'000
Audit fees		**273**	194
Consultation fees		**–**	165
Credit card commission expenses		**306**	203
Employee benefit costs		**7,305**	5,690
Depreciation of property, plant and equipment		**543**	487
Depreciation of investment properties		**–**	53
Directors' fee	32	**215**	215
Insurance		**347**	311
Maintenance fees		**185**	131
Professional fees		**1,621**	220
Property management fees		**1,300**	283
Property tax		**38**	70
Repair and maintenance		**238**	171
Subscription fees		**141**	134
Travelling and transportation expenses		**106**	39
Utilities		**185**	115
Others		**763**	946
		13,566	9,427

30 Other operating expenses

The Group	Note	**2023 $'000**	2022 $'000
Bad debts written off	32	**–**	115
Fair value loss on financial assets at FVPL	5, 32	**1,156**	3,480
Exchange loss		**2,466**	607
Hotel maintenance and utilities		**1,398**	1,138
Serviced apartment pre-operating expenses		**–**	753
Loss on disposal of property, plant and equipment	32	**156**	55
Loss on disposal of associates	13	**23,303**	–
Property, plant and equipment written off	32	**199**	335
Investment properties written off	32	**51**	–
Impairment of investment properties	15, 32	**–**	1,902
Impairment of property, plant and equipment	16, 32	**34**	48
Sundry expenses		**62**	–
		28,825	8,433

31 Finance costs

The Group	Note	**2023 $'000**	2022 $'000
Interest expense			
- Lease liabilities	37(a)	**49**	63
- Loans		**18,069**	6,872
- Non-controlling shareholders		**–**	876
		18,118	7,811

32 (Loss)/profit before taxation

The Group	Note	**2023 $'000**	2022 $'000
(Loss)/profit before taxation has been arrived at after charging/(crediting):			
Audit fee:			
- Auditors of the Company			
- Current year		**168**	166
- Under/(over) provision in respect of prior years		**3**	(3)
- Other auditors			
- Current year		**102**	62
- Over provision in respect of prior years		**–**	(31)
Non-audit fees, audit-related services ("ARS"):			
- Auditors of the Company			
- Current year		**18**	12
Non-audit fees, non-ARS:			
- Other auditors – non-network firms			
- Current year		**44**	76
- Under/(over) provision in respect of prior years		**2**	(15)
Depreciation of:			
- Investment properties	15	**3,874**	4,149
- Property, plant and equipment	16	**8,129**	5,407
Cost of development properties recognised as expense		**22,755**	102,918
Cost of inventories recognised as expenses	9	**2,466**	2,064
Exchange loss		**2,466**	612
Amortisation of contract costs	8(b)	**542**	4,844
Fair value loss on financial assets at FVPL	5, 30	**1,156**	3,480
Loss on disposal of property, plant and equipment	30	**156**	55
Gain on disposal of investment properties	28(a)	**–**	(8,630)
Gain on disposal of joint venture	28(a)	**–**	(19,685)
Dividend income from quoted equity investments:			
- Relating to investments held at the end of reporting period	28(a)	**(112)**	(356)
Property, plant and equipment written off	30	**199**	335
Investment properties written off	30	**51**	–
Impairment loss on receivables			
Impairment loss on property, plant and equipment	16, 30	**34**	48
Impairment loss on investment properties	15, 30	**–**	1,902
Write back of impairment loss for:			
- Property, plant and equipment	16, 28(a)	**(2,418)**	(3,391)
- Receivables	6, 28(a)	**(358)**	(353)
Bad debts written off	30	**–**	115
Long outstanding payables written off	28(a)	**(253)**	–

32 (Loss)/profit before taxation (Cont'd)

The Group	Note	**2023 $'000**	2022 $'000
Operating lease rentals:			
- Low value leases	37(a)	**3**	3
Government grant income	28(a)	**(260)**	(1,568)
Employee benefit costs:			
Directors' fee	29	**215**	215
Directors of the Company			
- Salaries and other related costs		**2,921**	2,940
- CPF contributions and other equivalent contributions		**51**	44
Key management personnel (other than directors)			
- Salaries, wages and other related costs		**2,053**	1,758
- CPF contributions and other equivalent contributions		**34**	38
		5,274	4,995
Other than key management personnel			
- Salaries, wages and other related costs		**11,204**	10,735
- CPF contributions and other equivalent contributions		**1,259**	1,163
		17,737	16,893
Employee benefit charged to profit or loss as follows:			
- Cost of sales		**10,217**	10,988
- Administrative expenses		**7,520**	5,905
		17,737	16,893

33 Taxation

The Group	Note	**2023 $'000**	2022 $'000
Current taxation			
- Singapore		**1,948**	2,128
- Foreign		**3**	47
		1,951	2,175
Deferred taxation	17	**(649)**	822
Tax expense		**1,302**	2,997
Under/(over) provision of current taxation in respect of prior years		**339**	(417)
		1,641	2,580

Domestic income tax is calculated at 17% (2022 - 17%) of the estimated assessable profit for the year. Taxation for other jurisdictions is calculated at 24%, 25% and 30% (2022 - 24%, 25% and 30%) for jurisdictions located in Malaysia, PRC and Australia respectively.

33 Taxation (Cont'd)

The tax on the Group's results before tax differs from the theoretical amount that would arise using the various applicable corporate tax rates of income tax as follows:

The Group	**2023** **$'000**	2022 $'000
(Loss)/profit before taxation	**(30,255)**	22,987
Share of results of joint ventures and associate companies, net of tax	**2,200**	40
	(28,055)	23,027
Tax at domestic rate applicable to profits in the countries concerned[1]	**(3,510)**	1,743
Tax effect on non-deductible expenses[2]	**6,823**	3,143
Tax effect on non-taxable income[3]	**(2,248)**	(3,768)
Tax effect on temporary differences not recognised	**291**	1,898
Tax effect on Singapore statutory stepped income exemption	**(56)**	(64)
Withholding taxes	**2**	45
Under/(over) provision of current taxation in respect of prior years	**339**	(417)
	1,641	2,580

Notes:

[1] This is prepared by aggregating separate reconciliations for each national jurisdiction.

[2] This relates mainly to disallowed expenditures incurred in the ordinary course of business which includes depreciation on non-qualifying assets, impairment on property, plant and equipment and impairment of investment properties, and interest charged on non-interest bearing loans from non-controlling shareholders.

[3] This relates mainly to non-taxable income occurred in the ordinary course of business which includes, notional interest income charged to joint ventures, JSS government grant income, impairment losses no longer required for non-qualifying property, plant and equipment and one-tier tax exempt dividend income from quoted equity investments.

As at the end of reporting period, the Group had tax losses amounting to $8,712,000 (2022 - $2,887,000) in relation to certain subsidiaries incorporated in Singapore, which are subject to agreement with the tax authorities. The unabsorbed tax losses could be carried forward for offsetting against future taxable income provided that the provisions of Sections 23 and 37 of the Singapore Income Tax Act, 1947 are complied with.

Unutilised tax benefits totalling $1,481,040 (2022 - $487,000) arising from these unabsorbed tax losses have not been recognised as there is no reasonable certainty of their realisation in future periods. The unutilised tax losses have no expiry dates.

34 (Loss)/earnings per share

Basic and diluted earnings per share are calculated by dividing the net profit attributable to equity holders of the Company by the weighted average number of ordinary shares in issue during the financial year.

The following table reflects the consolidated income statement and share data used in the computation of basic and diluted earnings per share from continuing operations for the financial years ended 31 January:

The Group	**2023** **$'000**	2022 $'000
Net (loss)/profit attributable to equity holders of the Group	**(32,326)**	20,815
Weighted average number of ordinary shares for purpose of calculating basic and diluted earnings per share (Note 23)	**738,816,000**	738,816,000
Basic and diluted (loss)/earnings per share (cents)	**(4.38)**	2.82

As there are no dilutive potential ordinary shares that were outstanding during the year, the basic (loss)/earnings per share is the same as the diluted (loss)/earnings per share.

35 Related party transactions

In addition to the information disclosed elsewhere in the financial statements, the following are significant transactions that took place between the Group and related parties at mutually agreed amounts:

The Group	**2023** **$'000**	2022 $'000
Security services charged by other related party	**213**	254
Repayment of shareholder loans to non-controlling shareholders of subsidiaries	**–**	47,566
Dividends paid to non-controlling shareholders of subsidiaries	**–**	943
Shareholders' loans to a joint venture	**125**	86
Repayment of shareholder loans by joint ventures	**–**	80,548
Construction work performed for an associate company	**11,836**	7,816
Advances to associate companies	**936**	1,092
Management fee charged to joint ventures	**1,478**	1,057

Other related party refers to a company which is controlled by the Group's key management personnel and his close family members.

36 Dividends

The Company	**2023** **$'000**	2022 $'000
Dividends paid		
- Ordinary dividends:		
First and final dividend of 2.0 (2022 - 2.5) cents per share, tax exempt paid in respect of the previous financial year [Note 24(b)]	**14,776**	18,470
Dividends proposed		
- Ordinary dividends:		
First and final dividend of 1 cent (2022 - 2.0 cents) per share, tax exempt	**7,388**	14,776

At the forthcoming Annual General Meeting, a first and final tax-exempt (one-tier) ordinary dividend of 1.0 cent (2022 - 2.0 cents) per share amounting to $7,388,000 (2022 - $14,776,000) will be proposed. These financial statements do not reflect these dividends payable, which will be accounted for as a reduction in equity as a distribution of retained profits in the financial year ending 31 January 2024.

37 Leases

37(a) Lease liabilities

	The Group		The Company	
	2023 **$'000**	2022 $'000	**2023** **$'000**	2022 $'000
Undiscounted lease payments due:				
- Financial Year 1	**362**	454	**7**	7
- Financial Year 2	**94**	363	**5**	7
- Financial Year 3	**90**	95	**5**	5
- Financial Year 4	**88**	91	**3**	5
- Financial Year 5	**85**	89	**–**	3
- Financial Year 6 and onwards	**909**	1,021	**–**	–
	1,628	2,113	**20**	27
Less: Future interest cost	**(278)**	(333)	**(2)**	(2)
Lease liabilities	**1,350**	1,780	**18**	25
Presented under borrowings (Note 22) as:				
- Current	**327**	404	**6**	6
- Non-current	**1,023**	1,376	**12**	19
	1,350	1,780	**18**	25

37(a) Lease liabilities (Cont'd)

Lease liabilities are denominated in the following currencies:

	The Group		The Company	
	2023	2022	**2023**	2022
	$'000	$'000	**$'000**	$'000
Singapore dollar	**298**	644	**18**	25
Australian dollar	**1,052**	1,136	**–**	–
	1,350	1,780	**18**	25

Interest expense on lease liabilities of $49,000 (2022 - $63,000) (Note 31) is recognised within finance costs in profit or loss.

Rental expenses not capitalised in lease liabilities but recognised within administrative costs in profit or loss are set out below:

	2023	2022
The Group	**$'000**	$'000
Leases of low-value assets	**3**	3

Total cash outflows for all leases in the year amount to $437,000 (2022 - $355,000).

As at 31 January 2023, the Group's short-term lease commitments at the reporting date are not substantially dissimilar to those giving rise to the Group's short-term lease expense for the year.

Information about the Group's leasing activities is disclosed in Note 37(b).

Further information about the financial risk management is disclosed in Note 40.

The Group's lease liabilities are secured by the lessors' title to the leased assets.

(i) Variable lease payments

The leases for restaurant premise contain variable lease payments that are based on 2% of gross sales generated by the restaurant, on top of fixed payments. Such variable lease payments are recognised to profit or loss when incurred, and an amount of $72,000 (2022 - $Nil) has been recognised in profit or loss for the financial year ended 31 January 2023.

37(b) Lease arrangements

(i) The Group as lessee

Leasehold land and buildings

The Group has made upfront payments to secure the right-of-use of various leasehold land and buildings. The leasehold land and buildings are recognised within the Group's property, plant and equipment (Note 16) when they are used in the production or supply of goods or services. Otherwise, these are classified within investment properties (Note 15) when they are held for long-term rental yields and/or for capital appreciation.

The Group also makes monthly lease payments for the use of several leasehold properties for operation purposes [Note 37(a)]. These leasehold properties are recognised within the Group's property, plant and equipment (Note 16). There are no externally imposed covenants on these property lease arrangements.

Office equipment

The Group makes monthly lease payments to lease office equipment used for administrative operation activities. These equipment are recognised as the Group's property, plant and equipment (Note 16).

Set below are the carrying amounts of right-of-use assets classified within property, plant and equipment and the movement during the period:

The Group	Equipment $'000	Leasehold land $'000	Leasehold buildings $'000	Total $'000
At 31 January 2022	**40**	**88,120**	**7,115**	**95,275**
Additions	**9**	**–**	**–**	**9**
Transfer to investment properties	**–**	**(2,214)**	**–**	**(2,214)**
Written off	**(1)**	**–**	**–**	**(1)**
Exchange translation difference	**–**	**–**	**(25)**	**(25)**
Depreciation expense	**(12)**	**(918)**	**(172)**	**(1,102)**
At 31 January 2023	**36**	**84,988**	**6,918**	**91,942**
At 31 January 2021	33	–	6,771	6,804
Additions	23	–	–	23
Transfer from construction-in-progress	–	88,120	–	88,120
Transfer from investment properties	–	–	592	592
Written off	(3)	–	–	(3)
Exchange translation difference	–	–	(79)	(79)
Depreciation expense	(13)	–	(169)	(182)
At 31 January 2022	40	88,120	7,115	95,275

37(b) Lease arrangements (Cont'd)

(ii) The Group as lessor

Investment properties

Operating leases, in which the Group is the lessor, relate to investment properties (Note 15) owned by the Group. The lease terms range between 1 to 6 years with the option to extend for another 3 years, for certain tenants. All operating lease contracts contain market review clauses in the event that the lessee exercises its option to renew. The lessee does not have an option to purchase the property at the expiry of the lease period.

These leases are classified as operating lease because the risk and rewards incidental to ownership of the assets are not substantially transferred. The unguaranteed residual values do not represent a significant risk for the Group, as they relate to properties which are located in locations with constant increase in value over the last 5 years. The Group has not identified any indications that this situation will change.

The Group's revenue from rental income received on the investment properties are disclosed in Note 15(b).

Variable lease payments received during the year that do not depend on an index or rate from rental of investment properties is $447,000 (2022 - $396,000).

The future minimum rental receivable under non-cancellable operating leases contracted for at the reporting date are as follows:

The Group	**2023 $'000**	2022 $'000
Undiscounted lease payments to be received:		
- Financial Year 1	**17,443**	15,935
- Financial Year 2	**11,893**	10,217
- Financial Year 3	**7,354**	4,762
- Financial Year 4	**4,482**	1,451
- Financial Year 5	**3,586**	240
- Financial Year 6 and onwards	**2,634**	–
	47,392	32,605

38 Operating segments

For management purposes, the Group's operating businesses are organised and managed separately according to the nature of the products and services provided, with each segment representing a strategic business unit that offers different products and serves different markets. The Group's reportable operating segments are as follows:

(i) Development

Activities in this segment comprise the development of properties.

(ii) Hotel

Activities in this segment comprise owning and operating hotels, including service apartments and restaurants.

(iii) Investments

Activities in this segment relate mainly to investments in properties and shares in quoted and unquoted equities.

There are no other operating segments that have been aggregated to form the above reportable operating segments.

The Executive Chairman and the Managing Director monitor the operating results of its operating segments 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 aspects, as set out below, is measured differently from operating profit or loss in the consolidated financial statements.

Group taxation is managed on a group basis and is not allocated to operating segments.

Sales between operating segments are carried out at arm's length basis similar to transactions with third parties.

38 Operating segments (Cont'd)

(a) Business Segments

The Group	Development 2023 $'000	Development 2022 $'000	Hotels 2023 $'000	Hotels 2022 $'000	Investments 2023 $'000	Investments 2022 $'000	Consolidated 2023 $'000	Consolidated 2022 $'000
REVENUE								
Total sales	**28,687**	116,597	**40,195**	21,867	**47,939**	41,542	**116,821**	180,006
Inter-segment sales	**–**	–	**(1,429)**	(1,502)	**(18,125)**	(16,866)	**(19,554)**	(18,368)
External sales	**28,687**	116,597	**38,766**	20,365	**29,814**	24,676	**97,267**	161,638
RESULTS								
Segment results	**3,497**	2,608	**5,192**	(414)	**(19,090)**	25,037	**(10,401)**	27,231
Interest income	**30**	55	**4**	3	**430**	3,549	**464**	3,607
Finance costs	**(9,247)**	(2,757)	**(3,136)**	(1,344)	**(5,735)**	(3,710)	**(18,118)**	(7,811)
(Loss)/profit from operations	**(5,720)**	(94)	**2,060**	(1,755)	**(24,395)**	24,876	**(28,055)**	23,027
Share of results of joint ventures and associate companies	**(1,968)**	58	**–**	–	**(232)**	(98)	**(2,200)**	(40)
(Loss)/profit before taxation	**(7,688)**	(36)	**2,060**	(1,755)	**(24,627)**	24,778	**(30,255)**	22,987
Taxation							**(1,641)**	(2,580)
Non-controlling interests							**(430)**	408
Net (loss)/profit							**(32,326)**	20,815

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38 Operating segments (Cont'd)

(a) Business Segments (Cont'd)

The Group	Development 2023 $'000	Development 2022 $'000 (Restated)	Hotels 2023 $'000	Hotels 2022 $'000 (Restated)	Investments 2023 $'000	Investments 2022 $'000 (Restated)	Consolidated 2023 $'000	Consolidated 2022 $'000
OTHER INFORMATION								
Segment assets	**601,076**	634,447	**302,743**	304,440	**366,623**	404,748	**1,270,442**	1,343,635
Investments in joint ventures and associate companies under equity method	**10,893**	39,504	**–**	–	**26,445**	63,596	**37,338**	103,100
Consolidated total assets (excluding taxation)	**611,969**	673,951	**302,743**	304,440	**393,068**	468,344	**1,307,780**	1,446,735
Consolidated total liabilities (excluding taxation)	**(337,100)**	(415,511)	**(112,983)**	(108,608)	**(216,646)**	(230,224)	**(666,729)**	(754,343)
Capital expenditure								
- Property, plant and equipment	**–**	–	**2,135**	9,930	**74**	775	**2,209**	10,705
- Investment properties	**–**	–	**–**	–	**–**	30	**–**	30
Depreciation								
- Property, plant and equipment	**–**	–	**4,492**	4,884	**3,637**	523	**8,129**	5,407
- Investment properties	**–**	–	**–**	–	**3,874**	4,149	**3,874**	4,149
Impairment loss/(write-back), net on								
- Property, plant and equipment	**–**	–	**(2,384)**	(3,343)	**–**	–	**(2,384)**	(3,343)
- Investment properties	**–**	–	**–**	–	**–**	1,902	**–**	1,902
- Receivables	**–**	–	**–**	–	**(358)**	(353)	**(358)**	(353)
Write-off								
- Property, plant and equipment	**–**	–	**44**	332	**155**	3	**199**	335
- Investment properties	**–**	–	**–**	–	**51**	–	**51**	–
(Gain)/loss on disposal of								
- Property, plant and equipment	**–**	–	**–**	–	**156**	55	**156**	55
- Investment properties	**–**	–	**–**	–	**–**	(8,630)	**–**	(8,630)
Fair value loss on financial assets at FVPL	**–**	–	**–**	–	**1,156**	3,480	**1,156**	3,480
Amortisation of contract costs	**542**	4,844	**–**	–	**–**	–	**542**	4,844
Bad debts written off	**–**	–	**–**	115	**–**	–	**–**	115
Loss on disposal of investment in associates	**–**	–	**–**	–	**23,303**	–	**23,303**	–
Gain on early repayment of shareholder loan	**–**	–	**–**	–	**4,783**	–	**4,783**	–

38 Operating segments (Cont'd)

(b) Geographical Segments

Revenue is based on the location of customers regardless of where the services are rendered. Non-current assets are based on the location of those assets:

	Revenue		Non-current assets	
	2023	2022	**2023**	2022
The Group	**$'000**	$'000	**$'000**	$'000
Singapore	**78,954**	148,673	**531,051**	547,263
Australia	**18,313**	12,965	**28,725**	29,370
Malaysia	**–**	–	**68,565**	56,798
	97,267	161,638	**628,341**	633,431

Non-current assets information presented above consists of investments in joint ventures and associate companies, investment properties and property, plant and equipment.

(c) Information about major customers

The Group does not have any major customers.

(d) Reconciliation of segments total assets and total liabilities

	2023	2022
The Group	**$'000**	$'000
Reportable segments' assets are reconciled to total assets as follows:		
Segment assets	**1,270,442**	1,343,635
Investments in joint ventures and associate companies under equity method	**37,338**	103,100
Deferred tax assets	**882**	201
GST receivable	**60**	7
Total assets	**1,308,722**	1,446,943
Reportable segments' liabilities are reconciled to total liabilities as follows:		
Segment liabilities	**666,729**	754,343
Deferred tax liabilities	**3,022**	3,082
GST payable	**341**	198
Current tax payable	**5,274**	5,711
Total liabilities	**675,366**	763,334

39 Disclosure of directors' remuneration

As required by the Listing Manual of the Singapore Exchange, the remuneration of Directors of the Company is disclosed in bands as follows:

	Number of directors	
	2023	2022
$750,001 to $1,000,000	**2**	2
$500,001 to $750,000	**1**	1
$250,001 to $500,000	**1**	1
Below $250,001	**4**	4
Total	**8**	8

40 Financial risk management objectives and policies

The Group's and the Company's financial risk management policies set out the Group's and the Company's overall business strategies and its risk management philosophy. 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 currency risk, interest rate risk, liquidity risk, market price risk and credit risk. The Group's and the Company's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise adverse effects from the unpredictability of financial markets on the Group's and the Company's financial performance.

The Board of Directors reviews and agrees policies and procedures for the management of these risks. The Audit Committee provides independent oversight to the effectiveness of the risk management process.

The Group and the Company do not hold or issue derivative financial instruments for speculative purposes.

As at 31 January 2023, the Group's and the Company's financial instruments mainly consisted of cash and cash equivalents, financial assets at FVOCI, financial assets at FVPL, receivables, payables, lease liabilities and bank borrowings.

There has been no change to the Group's and the Company's exposures to these financial risks or the manner in which it manages and measures the risk. Market risk exposures are measured using sensitivity analysis indicated below.

40.1 Currency risk

Currency risk is the risk that the value of a financial instrument will fluctuate due to changes in foreign exchange rates. Currency risk arises when transactions are denominated in foreign currencies.

Part of the Group's revenue, expenses, investments, assets and liabilities are denominated in foreign currencies which give rise to foreign exchange risk, particularly of its overseas subsidiaries and investments in financial assets at FVPL. The currencies giving rise to this risk are primarily Australian dollar (AUD), Malaysian Ringgit (RM) and United States dollar (USD).

In terms of operations, the sales and purchases are denominated in the same currency as much as is practicable. The Group also matches the currency of its bank borrowings, if any, with the location of its investment to mitigate the risk of currency exposure. As such, the Group does not deem it necessary to enter into any derivative contracts to hedge against foreign currency risk.

40 Financial risk management objectives and policies (Cont'd)

40.1 Currency risk (Cont'd)

Exposure to foreign currency risk is insignificant as the Group's income and related expenses, assets and liabilities are substantially denominated in the respective functional currencies of the Group's entities. The exposure is monitored on an ongoing basis and the Group endeavours to keep the net exposure at an acceptable level.

The Company and the Group also hold cash and cash equivalents denominated in foreign currencies for working capital purposes. As at the end of each reporting period, the carrying amounts of monetary assets and monetary liabilities denominated in currencies other than the respective group entities' functional currencies are as follows:

	USD $'000	AUD $'000	RM $'000	Total $'000
The Group				
At 31 January 2023				
Cash and cash equivalents	**217**	**119**	**560**	**896**
Financial assets at FVPL	**–**	**36,320**	**–**	**36,320**
Amount owing to non-controlling shareholders of subsidiaries	**–**	**(379)**	**–**	**(379)**
	217	**36,060**	**560**	**36,837**
At 31 January 2022				
Cash and cash equivalents	226	86	178	490
Financial assets at FVPL	–	15,708	–	15,708
Financial assets at FVOCI	–	–	1,267	1,267
Amount owing to non-controlling shareholders of subsidiaries	–	(390)	–	(390)
Amount owing to joint ventures	(253)	–	–	(253)
	(27)	15,404	1,445	16,822
The Company				
At 31 January 2023				
Cash and cash equivalents	**217**	**119**	**560**	**896**
Amount owing by subsidiaries	**–**	**94**	**–**	**94**
	217	**213**	**560**	**990**
At 31 January 2022				
Cash and cash equivalents	226	86	178	490
Financial assets at FVOCI	–	–	1,267	1,267
Amount owing by subsidiaries	–	49	–	49
	226	135	1,445	1,806

40 Financial risk management objectives and policies (Cont'd)

40.1 Currency risk (Cont'd)

Sensitivity analysis for foreign currency risk

The following table demonstrates the sensitivity to a reasonably possible change in foreign currencies against the functional currency of each group entity, with all other variables held constant, of the Group's results net of tax and equity.

	Increase/(Decrease)			
	2023		2022	
	Profit/(loss) before taxation $'000	**Equity $'000**	Profit/(loss) before taxation $'000	Equity $'000
The Group				
Australian dollar				
- strengthened 5% (2022 - 5%)	**1,803**	**1,803**	770	770
- weakened 5% (2022 - 5%)	**(1,803)**	**(1,803)**	(770)	(770)
Malaysian Ringgit				
- strengthened 5% (2022 - 5%)	**28**	**28**	9	72
- weakened 5% (2022 - 5%)	**(28)**	**(28)**	(9)	(72)
United States dollar				
- strengthened 5% (2022 - 5%)	**11**	**11**	(1)	(1)
- weakened 5% (2022 - 5%)	**(11)**	**(11)**	1	1
The Company				
Australian dollar				
- strengthened 5% (2022 - 5%)	**11**	**11**	7	7
- weakened 5% (2022 - 5%)	**(11)**	**(11)**	(7)	(7)
Malaysian Ringgit				
- strengthened 5% (2022 - 5%)	**28**	**28**	9	72
- weakened 5% (2022 - 5%)	**(28)**	**(28)**	(9)	(72)
United States dollar				
- strengthened 5% (2022 - 5%)	**11**	**11**	11	11
- weakened 5% (2022 - 5%)	**(11)**	**(11)**	(11)	(11)

40 Financial risk management objectives and policies (Cont'd)

40.2 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 bank borrowings and cash placed with financial institutions.

The interest rates of cash and fixed deposits placed with financial institutions and bank borrowings are disclosed in Notes 3, 4, and 22 to the financial statements, respectively.

The following table sets out the carrying amount, by maturity, of the Group's and the Company's financial instruments that are exposed to interest rate risk:

	Within 1 year $'000	1 – 2 years $'000	2 – 3 years $'000	3 – 4 years $'000	4 – 5 years $'000	Over 5 years $'000	Total $'000
The Group							
At 31 January 2023							
Floating rate							
Fixed deposits - less than 3 months	**257**	**–**	**–**	**–**	**–**	**–**	**257**
Fixed deposits - more than 3 months	**7,493**	**–**	**–**	**–**	**–**	**–**	**7,493**
Bank borrowings	**(373,268)**	**(4,066)**	**(3,875)**	**(143,460)**	**(98,300)**	**–**	**(622,969)**
	(365,518)	**(4,066)**	**(3,875)**	**(143,460)**	**(98,300)**	**–**	**(615,219)**
At 31 January 2022							
Floating rate							
Fixed deposits - less than 3 months	17,274	–	–	–	–	–	17,274
Fixed deposits - more than 3 months	7,473	–	–	–	–	–	7,473
Bank borrowings	(63,027)	(551,027)	(1,266)	(101,076)	–	–	(716,396)
	(38,280)	(551,027)	(1,266)	(101,076)	–	–	(691,649)

40 Financial risk management objectives and policies (Cont'd)

40.2 Interest rate risk (Cont'd)

	Within 1 year $'000	1 – 2 years $'000	2 – 3 years $'000	3 – 4 years $'000	4 – 5 years $'000	Over 5 years $'000	Total $'000
The Company							
At 31 January 2023							
Floating rate							
Fixed deposits less than 3 months	**257**	**–**	**–**	**–**	**–**	**–**	**257**
Bank borrowings	**(18,241)**	**(1,266)**	**(1,076)**	**–**	**–**	**–**	**(20,583)**
	(17,984)	**(1,266)**	**(1,076)**	**–**	**–**	**–**	**(20,326)**
At 31 January 2022							
Floating rate							
Fixed deposits less than 3 months	15,203	–	–	–	–	–	15,203
Bank borrowings	(26,217)	(1,241)	(1,266)	(1,076)	–	–	(29,800)
	(11,014)	(1,241)	(1,266)	(1,076)	–	–	(14,597)

Interest on financial instruments subject to floating interest rates is contractually repriced at intervals of less than 6 months. The other financial instruments of the Group and the Company that are not included in the above table are not subject to interest rate risks.

Sensitivity analysis for interest rate risk

The sensitivity analysis below has been determined based on the exposure to interest rates for non-derivative instruments at the end of reporting period and on the assumption that the change took place at the beginning of the financial year and is held constant throughout the reporting period. The magnitude represents management's assessment of the likely movement in interest rates under normal economic conditions.

	Increase/(Decrease)			
	2023		2022	
	Profit/(loss) before taxation $'000	**Equity $'000**	Profit/(loss) before taxation $'000	Equity $'000
The Group				
Interest rate				
- decreased by 1% per annum	**6,152**	**6,152**	6,916	6,916
- increased by 1% per annum	**(6,152)**	**(6,512)**	(6,196)	(6,196)
The Company				
Interest rate				
- decreased by 1% per annum	**203**	**203**	146	146
- increased by 1% per annum	**(203)**	**(203)**	(146)	(146)

40 Financial risk management objectives and policies (Cont'd)

40.2 Interest rate risk (Cont'd)

Interest rate benchmark reform

The Group is exposed to the following interest rate benchmarks which are subject to the Interbank Offered Rates ("IBOR") reform and the exposures arise on derivatives and non-derivative financial assets and liabilities:

- SGD SIBOR

  The Group has closely monitored the market and the output from the various industry working groups managing the transition to new interest rate benchmarks. This includes announcements made by the Association of Banks in Singapore (ABS), the Singapore Foreign Exchange Market Committee (SFEMC), and the Steering Committee for SOR Transition to SORA (SC-STS) (collectively, the "IBOR Committees"). Under the direction of the IBOR Committees, the Singapore Interbank Offered Rate (SIBOR) and the Singapore Swap Offer Rate (SOR) are expected to be phased out and replaced by the Singapore Overnight Rate Average (SORA). The IBOR Committees have made clear that SOR, which relies on USD LIBOR, is expected to be discontinued post-2021, and SIBOR is expected to cease after that.

  For the Group's floating rate debt, the Group has discussed with the banks to amend certain bank loans to change the reference benchmark interest rate from SIBOR to SORA. The reference benchmark interest rate of the Group's SGD certain bank loans has been changed from SIBOR to SORA during the current financial year. For the Group's derivatives which are referencing to SIBOR, the International Swaps and Derivatives Association's (ISDA) fall back clauses were made available at the end of 2019, and during 2021, the Group started discussions with the banks to implement this language into the relevant agreements.

The key risks for the Group arising from the transition are as follows:

- If the bilateral negotiations with the Group's counterparties are not successfully concluded before the cessation of SIBOR, there are significant uncertainties with regard to the interest rate that will apply. This gives rise to additional interest rate risk that was not anticipated when the contracts were entered into and thus will not be captured by the Group's interest rate risk management strategy.

- Interest rate risk over settlement may arise if a non-derivative instrument and the derivative instrument held to manage the interest rate risk on the non-derivative instrument transition to alternative benchmark rates at different times. This risk may also arise where back-to-back derivatives transition at different times.

- IBOR are forward-looking term rates published for a period (e.g. 12 months) at the beginning of that period and include an inter-bank credit spread, whereas alternative benchmark rates are typically risk-free overnight rates published at the end of the overnight period with no embedded credit spread. These differences will result in additional uncertainty regarding floating rate interest payments, which may require additional liquidity management.

- If no agreement is reached to implement the interest rate benchmark reform on existing contracts, (e.g. arising from differing interpretation of existing fallback terms), there is a risk of prolonged disputes with counterparties which could give rise to additional legal and other costs.

40 Financial risk management objectives and policies (Cont'd)

40.2 Interest rate risk (Cont'd)

Interest rate benchmark reform (Cont'd)

The following table shows the quantitative information about the Group's and the Company's non-derivative financial assets, non-derivative financial liabilities and derivatives that have yet to transition to an alternative benchmark rate as at 31 January 2023. The amounts of financial assets and financial liabilities are shown at their carrying amounts and derivatives are shown at their nominal amounts.

	The Group		The Company	
	2023	2022	**2023**	2022
	$'000	$'000	**$'000**	$'000
Non-derivative financial liabilities				
- Bank loans	**332,809**	559,136	**10,583**	29,800

The Group will continue to apply these amendments to SFRS(I) 9 and SFRS(I) 1-39 until the end of the uncertainty arising from the IBOR reform with respect to the timing and amount of the underlying cash flows that the Group is exposed to. The Group has assumed that this uncertainty will not end until the Group's contracts that reference IBOR are amended to specify the date on which the interest rate benchmark will be replaced, the cash flows of the alternative benchmark rate and the relevant spread adjustment.

40.3 Liquidity risk

Liquidity risk is the risk that the Group or the Company will encounter difficulty in raising funds to meet commitments associated with financial instruments that are settled by delivering cash or another financial asset. Liquidity risk may result from an inability to sell a financial asset quickly at close to its fair value.

The Group's and the Company's exposure to liquidity 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.

The Group and the Company ensure that there are adequate funds to meet all its obligations in a timely and cost-effective manner. The Group and the Company aim at maintaining flexibility in funding by keeping credit facilities available as disclosed in Note 22 to the financial statements.

The table below summarises the Group's and the Company's financial liabilities into relevant maturity groupings based on the remaining period from the end of reporting period to the contractual maturity date. The amounts disclosed in the table are based on the contractual undiscounted cash flows. Balance due within 12 months equal their carrying balances as the impact of discounting is not significant.

40 Financial risk management objectives and policies (Cont'd)

40.3 Liquidity risk (Cont'd)

	Less than 1 year $'000	Between 1 and 5 years $'000	More than 5 years $'000	Total $'000
The Group				
At 31 January 2023				
Trade and other payables	**39,825**	**–**	**–**	**39,825**
Amounts owing to non-controlling shareholders of subsidiaries (non-trade)	**1,256**	**–**	**–**	**1,256**
Provision for directors' fee	**215**	**–**	**–**	**215**
Borrowings	**394,940**	**282,213**	**825**	**677,978**
	436,236	**282,213**	**825**	**719,274**
At 31 January 2022				
Trade and other payables	29,071	3,152	–	32,223
Amounts owing to joint ventures (non-trade)	253	–	–	253
Amounts owing to non-controlling shareholders of subsidiaries (non-trade)	1,350	–	–	1,350
Provision for directors' fee	215	–	–	215
Borrowings	71,767	661,787	1,021	734,575
	102,656	664,939	1,021	768,616
The Company				
At 31 January 2023				
Trade and other payables	**17,626**	**–**	**–**	**17,626**
Amounts owing to subsidiaries (non-trade)	**10,012**	**–**	**–**	**10,012**
Provision for directors' fee	**215**	**–**	**–**	**215**
Borrowings	**18,349**	**2,426**	**–**	**20,775**
	46,202	**2,426**	**–**	**48,628**
Financial guarantees for subsidiaries	**401,226**	**247,360**	**–**	**648,586**
At 31 January 2022				
Trade and other payables	13,575	–	–	13,575
Amounts owing to subsidiaries (non-trade)	12,944	–	–	12,944
Provision for directors' fee	215	–	–	215
Borrowings	26,340	3,737	–	30,077
	53,074	3,737	–	56,811
Financial guarantees for subsidiaries	7,200	725,596	-	732,796

40 Financial risk management objectives and policies (Cont'd)

40.4 Market price risk

Market price risk arises mainly from uncertainty about future prices of instruments used in the Group's operations. It represents the potential loss the Group might suffer through holding investments in the face of price movements. It is the Group's policy to hold an appropriate spread of investments in the portfolio in order to reduce the risk arising from factors specific to a particular sector or industry.

The Group is exposed to marketable securities price risk arising from its investments in equity investments classified as financial assets held at fair value through other comprehensive income. These securities are listed on the Singapore Exchange and Bursa Malaysia Berhad.

The Group is also exposed to market price risk arising from its investment in the limited partnership classified as financial assets held at fair value through profit or loss. The partnership will invest all or substantially all of its assets in the Master Fund, whose valuation is based on the valuation of the underlying commercial real estate assets. All investments present a risk of loss of capital. The General Partner moderates this risk by managing the investments with the careful selection and recommendation by the Manager to the Partnership and the Master Fund within the specified investment guidelines.

	The Group		The Company	
	2023	2022	**2023**	2022
	$'000	$'000	**$'000**	$'000
Financial assets at FVOCI				
- Listed in Singapore	**5,214**	11,272	**–**	–
- Listed in Malaysia	**–**	2,186	**–**	1,267
	5,214	13,458	**–**	1,267
Financial assets at FVPL				
- Investment in limited partnership	**36,320**	15,708	**–**	–
Total equity securities	**41,534**	29,166	**–**	1,267

The Group and the Company have in place a set of internal controls to manage its market price risk arising from investments in marketable securities.

<u>Sensitivity analysis for market price risk</u>

The sensitivity analysis below has been determined based on the portfolio of quoted equity securities held by the Group and the Company as at the end of reporting period, if prices for equity securities listed in Singapore and Malaysia increase/decrease by 2% (2022 - 2%) with all other variables including tax rate being held constant throughout the reporting period. The magnitude represents management's assessment of the likely movement in the prices for equity securities under normal economic conditions.

40 Financial risk management objectives and policies (Cont'd)

40.4 Market price risk (Cont'd)

Investments

	Increase/(Decrease)					
	2023			2022		
	Profit/(loss) before taxation	**OCI**	**Equity**	Profit/(loss) before taxation	OCI	Equity
	$'000	**$'000**	**$'000**	$'000	$'000	$'000
The Group						
Prices for quoted equity investments						
- increased by 2% per annum	**–**	**104**	**104**	–	269	269
- decreased by 2% per annum	**–**	**(104)**	**(104)**	–	(269)	(269)
Prices for unquoted investment in limited partnership						
- increased by 2% per annum	**603**	**–**	**603**	261	–	261
- decreased by 2% per annum	**(603)**	**–**	**(603)**	(261)	–	(261)

	Increase/(Decrease)		
	2022		
	Profit/(loss) before taxation	OCI	Equity
	$'000	$'000	$'000
The Company			
Prices for quoted equity investments			
- increased by 2% per annum	–	25	25
- decreased by 2% per annum	–	(25)	(25)

40 Financial risk management objectives and policies (Cont'd)

40.5 Credit risk

Credit risk refers to the risk that counterparty will default on its contractual obligations resulting in financial loss to the Group. The Group adopts the policy of dealing only with:

- Customers of appropriate credit standing and history, and obtaining sufficient collateral where appropriate to mitigate credit risk; and

- High credit quality counterparties rating by external credit rating companies.

The Group's and the Company's exposure to credit risk arise primarily from trade and other receivables, related parties' balances and cash placed with financial institutions. Cash is held with reputable financial institutions. For trade receivables, the Group and the Company adopt the policy of dealing only with customers of appropriate credit history. For other financial assets, the Group and the Company adopt the policy of dealing only with high credit quality counterparties.

The Group's objective is to seek continual growth while minimising losses incurred due to increased credit risk exposure. There are no significant concentrations of credit other than advances to joint ventures, associate companies, non-controlling shareholders of subsidiaries, and inter-company balances which are eliminated upon consolidation.

As at 31 January 2023 and 31 January 2022, none of the trade receivables individually exceed 5% of the Group's total assets.

The Company carries out construction work for entities within the Group and for an associate company. There is insignificant expected credit loss on construction contracts.

As the Group and the Company do not hold collateral, the maximum exposure to credit risk to each class of financial instruments is the carrying amount of that class of financial instruments presented on the statements of financial position, except as disclosed in Note 43.2.

The Group monitors its potential losses on credit extended. In addition, rental deposits are received as security from tenants of its investment properties. The amounts presented in the statements of financial position are net of allowances for doubtful receivables.

The Group's credit risk framework comprises the following categories:

Category	Description	Basis for recognising ECL
Performing	The counterparty has a low risk of default and does not have any past-due amounts.	12-month ECL
Doubtful	Amount is >30 days past due or there has been a significant increase in credit risk since initial recognition.	Lifetime ECL - not credit-impaired
In default	Amount is >90 days past due or there is evidence indicating the asset is credit-impaired.	Lifetime ECL - credit-impaired
Write-off	There is evidence indicating that the debtor is in severe financial difficulty and the Group has no realistic prospect of recovery.	Amount is written off

40 Financial risk management objectives and policies (Cont'd)

40.5 Credit risk (Cont'd)

The tables below detail the credit quality of the Group's and the Company's financial assets and other items, as well as maximum exposure to credit risk by credit risk rating grades:

	Internal credit rating	12–month or Lifetime ECL	Gross carrying amount $'000	Loss allowance $'000	Net carrying amount $'000
The Group					
2023					
Trade receivables	(a)	Lifetime	**29,201**	**(177)**	**29,024**
Contract assets	(a)	Lifetime	**8,376**	**–**	**8,376**
Other receivables	Performing	12–month	**2,995**	**(44)**	**2,951**
2022					
Trade receivables	(a)	Lifetime	8,181	(647)	7,534
Contract assets	(a)	Lifetime	24,829	–	24,829
Other receivables	Performing	12–month	2,554	(57)	2,497
Shareholder loan owing by associate company	Performing	12–month	38,673	–	38,673
Amount owing by non-controlling shareholders of subsidiaries	Performing	12–month	1,618	–	1,618

Cash and cash equivalents, other receivables and contract assets are subject to immaterial credit loss.

	Internal credit rating	12–month or Lifetime ECL	Gross carrying amount $'000	Loss allowance $'000	Net carrying amount $'000
The Company					
2023					
Trade receivables	(a)	Lifetime	7,318	–	7,318
Contract assets	(a)	Lifetime	4,964	–	4,964
Other receivables	Performing	12-month	1,441	(44)	1,397
Amount owing by subsidiaries	Performing	12-month	13,584	(10,874)	2,710
2022					
Trade receivables	(a)	Lifetime	4,893	(420)	4,473
Contract assets	(a)	Lifetime	2,167	–	2,167
Other receivables	Performing	12-month	1,348	(44)	1,304
Amount owing by subsidiaries	Performing	12-month	13,104	(10,874)	2,230

40 Financial risk management objectives and policies (Cont'd)

40.5 Credit risk (Cont'd)

(a) Trade receivables and contract assets

The Group and the Company use a provision matrix to measure the lifetime expected credit loss allowance for trade receivables and contract assets. In measuring the expected credit losses, trade receivables and contract assets are grouped based on shared credit risk characteristics and days past due. The contract assets relate to unbilled work-in-progress, which have substantially the same risk characteristics as the trade receivables for the same type of contracts. The Group and the Company have therefore concluded that the expected loss rates for trade receivables are a reasonable approximation of the loss rates for the contract assets, except for credit-impaired receivables which has been impaired in full.

In calculating the expected credit loss rates, the Group considers historical loss rates for each category of customers and adjusts to reflect current and forward-looking macroeconomic factors affecting the ability of the customers to settle the receivables.

The management has also been performing more frequent reviews of sales limits for retail tenants. In particular, the Group and the Company have identified a group of debtors who have been experiencing significant financial difficulty arising from the consequences of COVID-19 outbreak. The carrying amount of the related receivables amounting to $177,000 and $Nil (2022 - $647,000 and $420,000) at the reporting date under the Group and the Company level respectively (Note 6) are credit impaired and therefore allowance for impairment loss has been made in full. The recovery from these receivables is assessed individually after consideration of any collateral.

Trade receivables and contract 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. The Group considers a financial asset as in default if the counterparty fails to make contractual payments within 90 days when they fall due and writes off the financial asset when a debtor fails to make contractual payments greater than 120 days past due.

Where receivables are written off, the Group and the Company continue to engage in enforcement activity to attempt to recover the receivables due. Where recoveries are made, these are recognised in profit or loss.

40 Financial risk management objectives and policies (Cont'd)

40.5 Credit risk (Cont'd)

(a) *Trade receivables and contract assets (Cont'd)*

The Group's and the Company's credit risk exposure in relation to trade receivables and contract assets under SFRS(I) 9 as at 31 January 2023 are set out as follows:

	Trade receivables						Contract assets	
	Current	< 30 days	31 – 60 days	61 – 90 days	91 – 120 days	> 120 days	Current	Total
	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
The Group								
2023								
ECL Rate (%)	**0.0%**	**0.0%**	**6.3%**	**2.3%**	**31.8%**	**12.6%**	**0.0%**	
Estimated total gross carrying amount at default ($)	**3,076**	**24,673**	**63**	**87**	**22**	**1,286**	**8,376**	**37,583**
Lifetime ECL ($)	**1**	**1**	**4**	**2**	**7**	**162**	**–**	**177**
2022								
ECL Rate (%)	0.0%	0.0%	3.1%	1.9%	14.3%	96.3%	0.0%	
Estimated total gross carrying amount at default ($)	3,053	4,230	64	103	77	654	24,829	33,010
Lifetime ECL ($)	–	2	2	2	11	630	–	647
The Company								
2023								
ECL Rate (%)	**0.0%**	**0.0%**	**0.0%**	**0.0%**	**0.0%**	**0.0%**	**0.0%**	
Estimated total gross carrying amount at default ($)	**7,318**	**–**	**–**	**–**	**–**	**–**	**4,964**	**12,282**
Lifetime ECL ($)	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**
2022								
ECL Rate (%)	0.0%	0.0%	0.0%	0.0%	0.0%	98.4%	0.0%	
Estimated total gross carrying amount at default ($)	4,466	–	–	–	–	427	2,167	7,060
Lifetime ECL ($)	–	–	–	–	–	420	–	420

40 Financial risk management objectives and policies (Cont'd)

40.5 Credit risk (Cont'd)

(b) Financial guarantees

The Company has issued financial guarantees to banks for borrowings of its subsidiaries. These guarantees are subject to the impairment requirements of SFRS(I) 9. The Company has assessed that its subsidiaries have the financial capacity to meet the contractual cash flow obligations in the near future and hence, does not expect significant credit losses arising from these guarantees.

The maximum exposure of the Company in respect of its intra-group financial guarantees (Note 43.2) at the reporting date as if the facilities are drawn down up to the amount of $761,526,000 (2022 - $803,986,000). At the reporting date, the Company does not consider it probable that a claim will be made against the Company under the intra-group financial guarantees.

41 Fair value measurement

(i) Definition of fair value

SFRS(I)s define fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

(ii) Non-financial 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. The different levels have been defined as follows:

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

41 Fair value measurement (Cont'd)

(ii) Non-financial assets and liabilities (Cont'd)

(a) Fair value hierarchy (Cont'd)

Other than as disclosed elsewhere in these financial statements, the carrying amounts and fair values of non-financial assets and liabilities, including their fair value hierarchy level, are set out below:

	2023			2022		
	Carrying amount $'000	**Fair value $'000**	**Fair value hierarchy**	Carrying amount $'000	Fair value $'000	Fair value hierarchy
The Group						
Investment properties:						
Retail units	**246,688**	**373,200**	**Level 3**	249,508	373,200	Level 3
Commercial units	**46,026**	**49,870**	**Level 3**	44,208	45,200	Level 3
Property, plant and equipment:						
Hotel	**17,559**	**85,640**	**Level 3**	18,222	85,640	Level 3
Serviced apartment	**261,820**	**404,630**	**Level 3**	263,840	390,400	Level 3
Office units	**5,974**	**23,606**	**Level 3**	4,993	22,705	Level 3
The Company						
Property, plant and equipment:						
Office units	**2,436**	**11,231**	**Level 3**	2,480	11,002	Level 3

The Group's policy is to recognise transfers into and out of fair value hierarchy levels as of the date of the event or change in circumstances that caused the transfer. There were no transfers into or out of fair value hierarchy levels for the financial years ended 31 January 2023 and 2022.

41 Fair value measurement (Cont'd)

(ii) Non-financial assets and liabilities (Cont'd)

(b) Valuation inputs and relationship to fair value

The following table summarises the quantitative information about the significant unobservable inputs used in the Level 3 fair value measurements.

Valuation Method	Key unobservable inputs	Retail units	Commercial units	Hotel	Serviced apartment	Office units	Inter-relationship between key unobservable inputs and fair value measurement
Income Capitalisation Method	Capitalisation rate						
	2023	**4.0%**	**3.3%**	**5.0%**	**3.3%**	**–**	Higher the capitalisation rate,
	2022	4.3%	3.3%	5.0%	3.3%	–	lower the fair value
	Occupancy rate						
	2023	**97.0%**	**97.0%**	**33.4% to 67.5%**	**85.0% to 90.0%**	**–**	Higher the occupancy rate,
	2022	98.5%	96.7%	31.1% to 69.4%	81.5% to 87.0%	–	higher the fair value
Discounted Cash Flow Method	Discount rate						
	2023	**–**	**–**	**6.5% to 7.0%**	**–**	**–**	Higher the discount rate,
	2022	–	–	6.5% to 7.0%	–	–	lower the fair value
	Terminal yield rate						
	2023	**–**	**–**	**5.0% to 5.5%**	**–**	**–**	Higher the terminal yield rate,
	2022	–	–	5.0% to 5.5%	–	–	lower the fair value
	Occupancy rate						
	2023	**–**	**–**	**33.4% to 67.5%**	**–**	**–**	Higher the occupancy rate,
	2022	–	–	31.1% to 69.4%	–	–	higher the fair value
Direct Comparison Method	Transacted price of comparable properties (psm)						
	2023	**$36,385 to $50,339**	**$23,998 to $50,322**	**–**	**$19,547 to $22,803**	**$19,704 to $21,559**	Higher the transacted price of comparable properties, higher the fair value
	2022	$36,385 to $50,339	$22,691 to $52,313	–	$16,899 to $20,000	$19,302 to $21,712	

41 Fair value measurement (Cont'd)

(ii) Non-financial assets and liabilities (Cont'd)

(c) *Valuation techniques used to determine Level 3 fair values for properties*

The fair value measurement was categorised as a Level 3 fair value based on the inputs in the valuation technique used. Level 3 fair value of the Group's certain properties were derived using Income Capitalisation Method, Discounted Cash Flow ("DCF") Method and Direct Comparison Method.

The Income Capitalisation Method capitalises an income stream into a present value using single-year capitalisation rates. The DCF Method involves the estimation and projection of an income stream over a period and discounting the income stream with an internal rate of return to arrive at the market value. In Direct Comparison Method, properties are valued using transacted prices for comparable properties in the vicinity and elsewhere with necessary adjustments made for differences in location, tenure, size, design, layout, age and condition of the buildings, availability of car parking facilities, dates of transactions and the prevailing market conditions. The most significant input to the valuation approach would be the adopted value per square foot.

(d) *Valuation processes*

The Group engages external, independent and qualified valuers to determine the fair value of the Group's properties at the end of every financial year based on the properties' highest-and-best use. As at 31 January 2023 and 31 January 2022, the fair values of the properties have been determined by Savills Valuation & Professional Services (S) Pte Ltd.

The finance department of the Group reviews the valuations of assets required for financial reporting purposes, including Level 2 and Level 3 fair values. This team reports directly to the chief financial officer ("CFO"). Discussions of valuation processes and results are held between the CFO, the finance team and management's experts at least annually.

At each financial year end, the finance department:

- verifies all major inputs to the independent valuation reports;
- assesses property valuation movements compared to the prior year valuation reports; and
- holds discussions with the independent valuer.

Changes in Level 2 and 3 fair values are analysed at each reporting date during the annual valuation discussions between the CFO and the finance team.

41 Fair value measurement (Cont'd)

(iii) Financial assets and liabilities

(a) *Fair value hierarchy*

The following table shows the Levels within the hierarchy of financial assets and liabilities measured at fair value on a recurring basis at 31 January 2023 and 31 January 2022:

The Group	Level 1 $'000	Level 2 $'000	Level 3 $'000
2023			
Assets			
Financial assets at FVPL - Unquoted equity investments	**–**	**–**	**36,320**
Financial assets at FVOCI - Quoted equity investments	**5,214**	**–**	**–**
2022			
Assets			
Financial assets at FVPL - Unquoted equity investments	–	–	15,708
Financial assets at FVOCI - Quoted equity investments	13,458	–	–

The Company	Level 1 $'000	Level 2 $'000	Level 3 $'000
2022			
Assets			
Financial assets at FVOCI - Quoted equity investments	1,267	–	–

(b) *Valuation techniques used to determine Level 1 fair values for financial assets at FVOCI*

The fair value of financial instruments traded in active markets is based on quoted market prices at the end of reporting period. The quoted market price used for financial assets at FVOCI held by the Group and the Company is the current bid price. These instruments are included in Level 1.

41 Fair value measurement (Cont'd)

(iii) Financial assets and liabilities (Cont'd)

(c) Valuation techniques used to determine Level 3 fair values for financial assets at FVPL

As at 31 January 2023, the whole of financial asset at FVPL comprises the investment in the Master Fund that has been fair valued in accordance with the estimates disclosed in Note 2(d)(ii).

The Master Fund is not publicly traded. As set out in the limited partnership agreement, the Master Fund will make, manage and dispose of investments in accordance with the Investment Guidelines spelt out in the Partnership Agreement. The Partnership's objective is to invest all or substantially all of its assets in the Master Fund, whose valuation is based on the valuation of the underlying commercial real estate assets.

As at 31 January 2023, the Master Fund has entered into investment in commercial real estate assets and obtained related borrowings. For the investment in commercial real estate asset, it is measured at fair value. As such, the fair value of the Master Fund is determined based on the latest available financial statements of the Master Fund and represents the net asset value of the Master Fund as of 31 January 2023.

The following table shows the valuation techniques used in measuring Level 3 fair values of equity investment at fair value through profit or loss, as well as the significant unobservable inputs used.

Valuation technique	Significant unobservable inputs	Inter-relationship between key unobservable inputs and fair value measurement
The fair value is calculated using the net asset value of the Master Fund, adjusted for the fair values of assets and liabilities where applicable.	Fair values of assets and liabilities	The estimated fair value would increase/decrease if the fair values of net assets increase/ decrease.

There were no transfers into or out of fair value hierarchy levels for financial years ended 31 January 2023 and 2022.

(iv) Financial instruments that are not carried at fair value and whose carrying amount are reasonable approximation of fair value

The carrying amounts of cash and short-term deposits, current trade and other receivables, non-trade amount owing by/to non-controlling shareholders of subsidiaries, non-trade amount owing to joint ventures, provision for directors' fee, current trade and other payables and current bank loans based on their notional amounts, reasonably approximate their fair values due to their short-term nature.

The carrying amounts of non-current bank loans approximate fair values as their interest rates approximate the market lending rate and they are repriced frequently. For non-current payables and receivables, their fair values are not significantly different from their carrying amount.

42 Financial instruments

Accounting classifications of financial assets and financial liabilities

The carrying amount of the different categories of financial instruments are as follows:

The Group	**2023 $'000**	2022 $'000
Financial assets at FVOCI	**5,214**	13,458
Financial assets at FVPL	**36,320**	15,708
Cash and cash equivalents	**42,894**	119,929
Fixed deposits	**7,493**	7,473
Amount owing by non-controlling shareholders of subsidiaries	**–**	1,618
Amount owing by associate companies	**–**	38,673
Trade and other receivables[(i)]	**31,975**	10,031
Financial assets at amortised cost	**82,362**	177,724
Amount owing to joint ventures	**–**	253
Amount owing to non-controlling shareholders of subsidiaries	**1,256**	1,350
Provision for directors' fee	**215**	215
Borrowings	**624,319**	718,176
Trade and other payables[(ii)]	**30,378**	32,177
Financial liabilities at amortised cost	**656,168**	752,171

The Company	**2023 $'000**	2022 $'000
Financial assets at FVOCI	**–**	1,267
Cash and cash equivalents	**3,662**	25,607
Amount owing by subsidiaries	**2,708**	2,230
Trade and other receivables[(i)]	**8,715**	5,777
Financial assets at amortised cost	**15,085**	33,614
Amount owing to subsidiaries	**10,012**	12,944
Provision for directors' fee	**215**	215
Borrowings	**20,601**	29,825
Trade and other payables[(ii)]	**17,626**	13,575
Financial liabilities at amortised cost	**48,454**	56,559

(i) This excludes GST receivable, prepayment and government grant receivable.

(ii) This excludes GST payable, advanced payments received from customers and deferred income.

43 Commitments

43.1 Capital commitments

Capital commitments contracted for at the reporting date but not recognised in the financial statements, excluding those relating to investments in joint ventures (Note 12) and investments in associate companies (Note 13) are as follows:

The Group	**2023** **$'000**	2022 $'000
Capital commitments contracted but not provided for in the financial statements	**93,469**	253,511

The capital commitments principally relate to:

- Consultancy, architectural services and construction cost for the proposed development of 71 Cairnhill Road by Glopeak Development Pte. Ltd. of $88,031,000 (2022 - $105,665,000);
- Consultancy, architectural services and construction cost for the mixed development at 2 Perumal Road by Perumal Development Pte. Ltd. of $Nil (2022 - $5,105,000);
- Addition of property, plant and equipment for hotel at No.1 St. George's Terrace by Amuret Pty. Ltd. of $Nil (2022 - $83,000);
- Redevelopment of AXA Tower by Huatland Development Pte. Ltd. of $Nil (2022 - $114,118,000) (Note 13); and
- Fund Partnership commitment by Glocity Capital Pte. Ltd. as limited partner totalling $5,438,000 (2022 - $28,540,000) (Note 5).

43.2 Other commitments

<u>Financial guarantees</u>

The Company has provided financial guarantees to banks for credit facilities totalling $761,526,000 (2022 - $803,986,000) granted to certain subsidiaries. As at the reporting date, the banking facilities utilised stood at $648,586,000 (2022 - $732,796,000) as disclosed in Note 40.3.

At the reporting date, the Company does not consider that it is probable that a claim will be made against the Company under the financial guarantees. Accordingly, the Company does not expect any net cash outflows resulting from the financial guarantees.

44 Capital management

The Group's objectives when managing capital are:

(a) to safeguard the Group's ability to continue as going concern;

(b) to support the Group's stability and growth;

(c) to provide capital for the purpose of strengthening the Group's risk management capability; and

(d) to provide adequate returns to shareholders.

44 Capital management (Cont'd)

With regards to its gearing exposure, the Group actively and regularly review and manage its capital structure to ensure adequate liquidity and sustainable shareholders' returns., This takes into consideration the future capital requirements of the Group and capital expected profitability, projected cash flows, capital expenditures and future investment opportunities. The Group do not adopt any formal dividend policy.

The Group monitors capital risk through measuring the Group's net gearing, calculated as net borrowings divided by total capital. Net borrowings are calculated as total borrowings, less cash and cash equivalents and fixed deposits. Equity includes all capital and reserves of the Group that are managed as capital.

The Group	Note	**2023** **$'000**	2022 $'000
Borrowings	22	**624,319**	718,176
		624,319	718,176
Less:			
Cash and cash equivalents	3	**(42,894)**	(119,929)
Fixed deposits	4	**(7,493)**	(7,473)
Net debt	(i)	**573,932**	590,774
Equity	(ii)	**622,414**	671,073
Gearing ratio	(i)/(ii)	**0.92**	0.88

The Group has observed its financial covenant obligations under its banking facilities, which includes maintaining gearing ratios within a set range to comply with the loan covenant imposed by certain banks. At the end of the reporting period, there is no breach of loan covenants at the Group and its subsidiaries.

There were no changes in the Group's and Company's approach to capital management during the financial year ended 31 January 2023.

The Group and the Company are not subject to externally imposed capital requirements, other than as disclosed in Note 22.

45 Events after end of reporting period

As at 31 January 2023, the Group has a secured term loan of $309,778,000 due in September 2023. On 27 April 2023, the Group completed the refinancing of the loan with a new maturity date in September 2025.

STATISTICS OF SHAREHOLDINGS

As at 14 April 2023

SHARE CAPITAL INFORMATION

Issued and Fully Paid-Up Capital	:	S$162,151,305
Number of Issued Shares	:	738,816,000
Number of Treasury Shares	:	Nil
Class of shares	:	Ordinary share
Voting rights	:	One vote per share

Size of shareholdings	No of shareholders	%	No of shares	%
1 - 99	13	0.52	431	0.00
100 - 1,000	71	2.83	40,821	0.01
1,001 - 10,000	996	39.76	6,198,339	0.84
10,001 - 1,000,000	1,393	55.61	93,822,904	12.70
1,000,001 and above	32	1.28	638,753,505	86.45
TOTAL	**2,505**	**100.00**	**738,816,000**	**100.00**

TOP 20 LARGEST SHAREHOLDERS AS AT 14 APRIL 2023

No	Name	No of shares	%
1	UNITED OVERSEAS BANK NOMINEES P L	396,833,445	53.71
2	EST OF LOW KENG HOO @ LAU KEENG FOO, DEC'D	52,889,946	7.16
3	LOW KENG BOON @ LAU BOON SEN	52,773,806	7.14
4	LAU CHOY LAY	23,000,000	3.11
5	RAFFLES NOMINEES (PTE) LIMITED	12,528,800	1.70
6	LOW CHIN HAN	10,000,000	1.35
7	DBS NOMINEES PTE LTD	9,358,500	1.27
8	ANGELA LOW SEOK FUN	7,000,000	0.95
9	LOW SEOK LING MONICA	7,000,000	0.95
10	CITIBANK NOMS SPORE PTE LTD	6,951,700	0.94
11	CGS-CIMB SECURITIES (SINGAPORE) PTE LTD	5,651,500	0.76
12	PHILLIP SECURITIES PTE LTD	5,529,408	0.75
13	LIM AND TAN SECURITIES PTE LTD	4,473,200	0.60
14	DBS VICKERS SECURITIES (S) PTE LTD	4,208,200	0.57
15	LEE CHO SENG @ LEE CHOO SEONG	4,194,900	0.57
16	MAYBANK SECURITIES PTE. LTD.	3,541,800	0.48
17	LIM BOK HOO	3,374,700	0.46
18	OCBC SECURITIES PRIVATE LTD	3,231,300	0.44
19	CHIAM HOCK POH	2,970,300	0.40
20	TAN HUA TOCK	2,809,000	0.38
	TOTAL	**618,320,505**	**83.69**

SUBSTANTIAL SHAREHOLDERS AS AT 14 APRIL 2023

	No. of shares fully paid		
Name of Substantial Shareholder	**Direct Interest**	**Deemed Interest**	**Total**
Consistent Record Sdn Bhd	–	395,194,345	395,194,345
Seah Soh Seng	–	395,194,345	395,194,345
Dato' Marco Low Peng Kiat	300,000	399,945,345	400,245,345
Low Keng Boon @ Lau Boon Sen	52,773,806	23,000,000	75,773,806
Est of Low Keng Hoo @ Low Keeng Foo, Dec'd	52,889,946	–	52,889,946

Seah Soh Seng is deemed to be interested in the 395,194,345 shares held by United Overseas Bank Nominees (Private) Limited ("UOBNPL") for current Consistent Record Sdn Bhd ("CRSB") as trustee for her minor grandsons.

Dato' Marco Low Peng Kiat and a trust for his minor sons jointly hold all the shares in CRSB. He is deemed to be interested in the 395,194,345 shares held by UOBNPL for account of CRSB. He is deemed to be interested in 2,751,000 shares held by Maybank Securities Pte. Ltd. and 2,000,000 shares held by Raffles Nominees (Pte) Limited for his own account.

Low Keng Boon @ Lau Boon Sen is deemed to be interested in the 23,000,000 shares held by his spouse.

PERCENTAGE OF SHAREHOLDINGS IN PUBLIC HANDS

Based on information available to the Company as at 14 April 2023, approximately 23.45% of the issued ordinary shares of the Company are held in the hands of the public. This is in compliance with Rule 723 of the Listing Manual issued by the Singapore Exchange Securities Trading Limited.

NOTICE OF FIFTY-FOURTH ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Fifty-Fourth (54th) Annual General Meeting ("**AGM**") of Low Keng Huat (Singapore) Limited (the "**Company**") will be convened and held by way of electronic means via a live webcast on **Wednesday, 31 May 2023 at 11.00 a.m.**, for the purpose of considering and, if thought fit, passing the following resolutions: -

AS ORDINARY BUSINESS

1. To receive and adopt the Directors' Statement, Auditor's Report and Audited Financial Statements for the financial year ended 31 January 2023, and the Auditors' Report thereon. **Resolution 1**

2. To declare a first and final tax-exempt (one-tier) dividend of 1 cent per ordinary share for the financial year ended 31 January 2023. **Resolution 2**

3. To re-elect Mr Low Keng Boon, a Director retiring under Regulation 88 of the Constitution of the Company. *(See Explanatory Note 1)* **Resolution 3**

4. To re-elect Mr Michael Leong Choon Fai, a Director retiring under Regulation 88 of the Constitution of the Company. *(See Explanatory Note 2)* **Resolution 4**

5. To re-elect Mr Alvin Teo Poh Kheng, a Director retiring under Regulation 88 of the Constitution of the Company. *(See Explanatory Note 3)* **Resolution 5**

6. To approve Directors' fees of S$215,000 for the financial year ended 31 January 2023 (2022: S$215,000). **Resolution 6**

7. To re-appoint Foo Kon Tan LLP as Independent Auditor of the Company and to authorise the Directors to fix their remuneration. **Resolution 7**

AS SPECIAL BUSINESS

8. To consider and, if thought fit, to pass the following as an ordinary resolution with or without modifications. *(See Explanatory Note 4)* **Resolution 8**

   <u>Authority to issue shares and/or convertible securities</u>

   That pursuant to Section 161 of the Singapore Companies Act 1967, and Rule 806(2) of the Listing Manual of the Singapore Exchange Securities Trading Limited (the "**SGX-ST**"), authority be and is hereby given to the Directors of the Company to:

   (a) (i) issue shares 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) warrants, debentures or other instruments convertible into shares;

   at any time and upon such terms and conditions and for such purposes and to such persons as the Directors may in their absolute discretion deem fit; and

(b) (notwithstanding the authority conferred by this Resolution may have ceased to be in force) issue shares in pursuance of any Instrument 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 Instruments made or granted pursuant to this Resolution) does not exceed 50% of the Company's total number of issued shares (excluding treasury shares and subsidiary holdings) (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 Instruments made or granted pursuant to this Resolution) does not exceed 20% of the Company's total number of issued shares (excluding treasury shares and subsidiary holdings) (as calculated in accordance with sub-paragraph (2) below);

(2) (subject to such manner of calculation 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 percentage of issued shares shall be based on the total number of issued shares (excluding treasury shares and subsidiary holdings) at the time this Resolution is passed, after adjusting for;

   (i) new shares arising from the conversion or exercise of convertible securities or share options or vesting of share awards which were issued and are outstanding or subsisting at the time this Resolution is passed; and

   (ii) any subsequent bonus issue, consolidation or subdivision of shares.

(3) in exercising the authority conferred by this Resolution, the Company shall comply with the provisions of the Listing Manual of the SGX-ST for the time being in force (unless such compliance has been waived by the SGX-ST) and the Constitution for the time being of the Company; and

(4) (unless revoked or varied by the Company in general meeting) the authority conferred by this Resolution shall continue in force until the conclusion of the next AGM of the Company or the date by which the next AGM of the Company is required by law to be held, whichever is the earlier.

ANY OTHER BUSINESS

9. To transact any other business that may be transacted at an AGM.

By Order of the Board

Alvin Tan Teck Loon
Company Secretary

Singapore
Friday, 12 May 2023

Explanatory notes:

1. Mr. Low Keng Boon will, upon being re-elected as Executive Director of the Company, remain as Executive Chairman of the Group and member of the Nominating Committee. Detailed information on Mr. Low Keng Boon can be found under "Additional Information on Directors Seeking Re-election" section in the Company's Annual Report 2023.

2. Mr. Michael Leong Choon Fai will, upon being re-elected as Independent Director of the Company, remain as member and Chairman of the Remuneration Committee. He will be considered independent for the purposes of Rule 704(8) of the Listing Manual of the SGX-ST. Detailed information on Mr. Michael Leong Choon Fai can be found under "Additional Information on Directors Seeking Re-election" section in the Company's Annual Report 2023.

3. Mr. Alvin Teo Poh Kheng will be re-elected as Executive Director of the Company. Detailed information on Mr. Alvin Teo Poh Kheng can be found under "Additional Information on Directors Seeking Re-election" section in the Company's Annual Report 2023.

4. The Ordinary Resolution 8 is to authorise the Directors of the Company from the date of the AGM until the next AGM to issue shares and convertible securities in the Company up to an amount not exceeding in aggregate **50%** of the total number of issued shares excluding treasury shares and subsidiary holdings of the Company of which the total number of shares and convertible securities issued other than on a pro rata basis to existing shareholders shall not exceed **20%** of the total number of issued shares excluding treasury shares and subsidiary holdings of the Company at the time the resolution is passed, for such purposes as they consider would be in the interests of the Company. The total number of issued shares excluding treasury shares and subsidiary holdings of the Company for this purpose shall be the total number of issued shares excluding treasury shares and subsidiary holdings at the time this resolution is passed after adjusting for new shares arising from the conversion of convertible securities or employee share options on issue at the time this resolution is passed and any subsequent bonus issues, consolidation or subdivision of shares. This authority will, unless revoked or varied at a general meeting, expire at the next AGM of the Company.

Notes:

LIVE WEBCAST

1. The AGM is being convened and will be held by electronic means pursuant to the COVID-19 (Temporary Measures) (Alternative Arrangements for Meetings) Orders 2020.

2. There will be no despatch of the printed copies of this Notice of AGM. This Notice of AGM will be sent to members by electronic means via publication on the Company's website at https://www.lkhs.com.sg

   This Notice of AGM may also be accessed via SGXNet at the URL https://www.sgx.com/securities/company-announcements

3. The Company will arrange for a live webcast of the AGM proceedings ("**Live AGM Webcast**"), which will take place on Wednesday, 31 May 2023 at 11.00 a.m. as specified in this Notice of AGM. The Live AGM Webcast will be fully virtual. Members will NOT be allowed to attend the AGM in person.

4. Participation in the AGM via live webcast or live audio feed:

   The proceedings of the AGM will be broadcasted "live" through an audio-visual webcast and an audio-only feed. Members and investors holding shares in the Company through the Central Provident Fund ("**CPF**") or Supplementary Retirement Scheme ("**SRS**") ("**CPF/SRS investors**") may participate in the Live AGM Webcast via mobile phones, tablets or computers. To do so, they will need to pre-register at https://conveneagm.sg/lowkenghuat (the "**Registration Link**") by 11.00 a.m. on Sunday, 28 May 2023 (the "**Registration Deadline**") to enable the Company to verify their status.

   (a) After verification, authenticated members and CPF/SRS investors will receive an email confirmation by 11.00 a.m. on Tuesday, 30 May 2023 containing guidelines to access the Live AGM Webcast.

   (b) Members and CPF/SRS investors must not forward the unique link or telephone number to other persons who are not entitled to attend the AGM. This is also to avoid any technical disruptions or overload to the Live AGM Webcast.

   (c) Members and CFP/SRS investors who registered successfully by the Registration Deadline but do not receive an email response by Tuesday, 30 May 2023 may contact our Share Registrar, KCK CorpServe Pte. Ltd. by emailing to sharereg@kckcs.com.sg

(d) Investors holding shares through relevant intermediaries (as defined in Section 181 of Companies Act 1967) ("**Investors**") (other than CPF/SRS investors) will not be able to pre-register at the Registration Link for the "live" broadcast of the AGM. An investor (other than CPF/SRS investors) who wishes to participate in the "live" broadcast of the AGM should instead approach his/her relevant intermediary as soon as possible in order for the relevant intermediary to make the necessary arrangements to pre-register him/her for the AGM. The relevant intermediary is required to submit a consolidated list of participants (setting out in respect of each participant, his/her name, email address and NRIC/Passport number) to the Company's Share Registrar, KCK CorpServe Pte Ltd via email to sharereg@kckcs.com.sg no later than 11.00 a.m. on Sunday, 28 May 2023.

SUBMISSION OF PROXY FORM TO VOTE

1 Members who wish to vote on the resolutions may vote "live" at the AGM via electronic means at the AGM or by appointing proxy/proxies or the Chairman of the AGM as proxy to vote on their behalf at the AGM. If they appoint the Chairman of the AGM as their proxy, they must give specific instructions as to voting, or abstention from voting, in respect of a resolution in the Proxy Form, failing which the appointment of the Chairman of the AGM as proxy for that resolution will be treated as invalid.

2 A proxy need not be a member of the Company.

3 CPF/SRS investors

(a) may participate and vote "live" via electronic means at the AGM if they are appointed as proxies by their respective CPF Agent Banks or SRS Operators, and should contact their respective CPF Agent Banks or SRS Operators if they have any queries regarding their appointment as proxies; or

(b) may appoint the Chairman of the AGM as proxy to vote on their behalf at the AGM. They should contact their respective CPF Agent Banks or SRS Operators to submit their votes at least seven (7) working days before the AGM (i.e. by 5.00 p.m. on Friday, 19 May 2023) in order to allow sufficient time for the CPF Agent Banks or SRS Operators to in turn submit a Proxy Form to appoint the Chairman of the AGM to vote on their behalf by the cut-off date.

4 The instrument for the appointment of proxy ("**Proxy Form**") may be accessed at the Company's website at https://www.lkhs.com.sg or via SGXNet at URL https://www.sgx.com/securities/company-announcements The Proxy Form must be submitted to the Company in the following manner by: -

(a) depositing it at or sending by post to the Registered Office of the Company at 80 Marine Parade Road, #18-05/09 Parkway Parade, Singapore 449269, or

(b) emailing it to proxyform@lkhs.com.sg

not less than seventy-two (72) hours before the time appointed for the holding of the AGM, by 11.00 a.m. on Sunday, 28 May 2023. Any incomplete and incorrect Proxy Form will be rejected by the Company.

SUBMISSION OF QUESTIONS AND ANSWERS

1 Members and CPF/SRS investors may submit any questions that are related to any resolutions to be tabled for approval at the AGM. Shareholders may send their queries by 11.00 a.m. on Saturday, 20 May 2023 ("**prescribed deadline**") via email to our Chief Financial Officer (CFO) at agm2023@lkhs.com.sg

2 Please provide the following information in your email when submitting questions to the CFO: -

- your full name as it appears on your CDP/CPF/SRS/Scrip share records;
- your address;
- number of shares held; and
- the manner in which you hold shares in the Company (e.g., via CDP, CPF or SRS or Scrip based).

3 The Company will endeavour to address the substantial and relevant questions received by the prescribed deadline and post the answers on SGXNet and the Company's website by 11.00 a.m. on Friday, 26 May 2023. For substantial and relevant questions received after the prescribed deadline, the Company will endeavour to address them together with questions raised at the AGM. Where substantially similar questions are received, they will be consolidated and not all questions may be individually addressed.

4 The Company will also publish the minutes of the AGM (which will include all responses to questions, which are substantial and relevant to the resolutions as set out in the Notice of the AGM, submitted live and online during the AGM) on SGXNet and the Company's website within one month after the date of the AGM.

5 All documents (including the Annual Report 2023, Proxy Form, this Notice of AGM and appendices to this Notice of AGM) or information relating to the business of the AGM have been, or will be, published on SGXNet and the Company's website at https://www.lkhs.com.sg. **Printed copies of the documents will not be despatched to members.** Members and investors are advised to check SGXNet and/or the Company's website regularly for updates.

Personal data privacy: By (a) submitting the Proxy Form appointing a proxy/proxies to attend, speak and vote at the AGM and/or any adjournment thereof, or (b) completing the pre-registration in accordance with this Notice of AGM, a member of the Company (i) consents to the collection, use and disclosure of the member's personal data by the Company (or its agents or service providers) for the purposes of processing, administration and analysis by the Company (or its agents or service providers) of proxy/proxies appointed for the AGM (including any adjournment thereof), processing of the pre-registration for purposes of granting access to members (or their corporate representatives in the case of members which are legal entities) to the Live AGM Webcast, and the preparation and compilation of the attendance lists, proxy lists, minutes and other documents relating to the AGM (including any adjournment thereof), and enabling the Company (or its agents or service providers) to comply with any applicable laws, listing rules, regulations and/or guidelines (collectively, the "**Purposes**"); (ii) warrants that where the member discloses the personal data of the member's proxy/proxies to the Company (or its agents or service providers), the member has obtained the prior consent of such proxy/proxies for the collection, use and disclosure by the Company (or its agents or service providers) of the personal data of such proxy/proxies for the Purposes; and (iii) agrees that the member will indemnify the Company in respect of any penalties, liabilities, claims, demands, losses and damages as a result of the member's breach of warranty.

Name of Director	Low Keng Boon	Michael Leong Choon Fai	Alvin Teo Poh Kheng
Date of appointment	14 April 1969	7 December 2018	5 April 2021
Date of last re-appointment	16 June 2020	31 May 2021	31 May 2021
Age	81	76	53
Country of principal residence	Singapore	Singapore	Singapore
The Board's comments on this appointment (including rationale, selection criteria and the search and nomination process)	The re-election of Mr Low Keng Boon as a Director of the Company at the AGM 2023 was recommended by the Nominating Committee and approved by the Board after taking into consideration Mr Low's overall contributions, expertise, and past experiences.	The re-election of Mr Michael Leong as a Director of the Company at the AGM 2023 was recommended by the Nominating Committee and approved by the Board after taking into consideration Mr Leong's contributions, qualifications, and past experiences.	The re-election of Mr Alvin Teo as a Director of the Company at the AGM 2023 was recommended by the Nominating Committee and approved by the Board after taking into consideration Mr Teo's contributions, qualifications, and past experiences.
Whether the appointment is executive and if so, please state the area of responsibility	Yes, Mr Low ensures that the Board is effective in its task of setting and implementing the Company's direction and strategy. He will also provide mentorship and guidance to the Board and Management and ensures effective communication with shareholders.	Appointment is non-executive.	The appointment is executive and Mr Teo will be responsible for the Group's property business in Singapore.
Job title (e.g. Lead ID, AC Chairman, AC member, etc.)	• Executive Chairman • Member of Nominating Committee	• Non-Executive Independent Director • Chairman of Remuneration Committee	• Executive Director (Singapore Properties)

ADDITIONAL INFORMATION ON DIRECTORS SEEKING RE-ELECTION

Name of Director	Low Keng Boon	Michael Leong Choon Fai	Alvin Teo Poh Kheng
Professional memberships / qualifications	Chung Ling High School	• GCERT Property, University of Newcastle, Australia	• Bachelor of Science in Estate Management (Hons) from the National University of Singapore • Diploma in Marketing Management from Singapore Institute of Management • Postgraduate Diploma in Marketing from The Chartered Institute of Marketing • Member of Chartered Institute of Marketing • Member of Singapore Institute of Surveyors and Valuers
Working experience and occupation(s) during the past 10 years	Mr Low is a co-founder of the Company, and has over 50 years of experience in building and construction	• Chief Executive Officer of AsiaMalls Management Pte Ltd • Director of Mount Faber Leisure Group Pte Ltd (subsidiary of Sentosa Development Corporation) / Taimall Management Services Co. Ltd / Jurong Point Realty Limited / Starmall Property Management Pte Ltd / Keppel Land Retail Consultancy Pte Ltd / Guthrie GTS Limited / Heartland Retail Holdings Pte Ltd • Consultant of Keppel Land International Ltd	• Managing Director of Sun Venture Pte Ltd and group of companies / subsidiaries / associates of Sun Venture Group Limited

Name of Director	Low Keng Boon	Michael Leong Choon Fai	Alvin Teo Poh Kheng
Shareholding interest in the Company and its subsidiaries	Direct interest of 52,773,806 of shares, 7.14% Deemed interest of 23,000,000 of shares, 3.11%	Direct interest of 100,000 of shares, 0.01%	Deemed interest of 3,988,000 of shares, 0.54%
Any relationship (including immediate family member relationships) with any existing executive officer, the Company and/or substantial shareholder of the Company or any of its principal subsidiaries	Dato' Marco Low Peng Kiat, Managing Director	None	None
Conflict of interest (including competing business)	None	None	None
Undertaking (in the format set out in Appendix 7.7) under Rule 720(1) submitted to the Company?	Yes	Yes	Yes
Other principal commitments including Directorships			
- Present	Various subsidiaries of the Company	Nil	• Chairman of MCST 4311, Paya Lebar Square • Member of School Management Committee, Assumption English School

ADDITIONAL INFORMATION ON DIRECTORS SEEKING RE-ELECTION

Name of Director	Low Keng Boon	Michael Leong Choon Fai	Alvin Teo Poh Kheng
- Past (for the last 5 years)	Nil	● Mount Faber Leisure Group Pte Ltd (Subsidiary of Sentosa Development Corporation) ● Jurong Point Realty Limited ● Starmall Property Management Pte Ltd ● Keppel Land International Ltd ● Keppel Land Retail Consultancy Pte Ltd ● Taimall Management Services Co. Ltd	● Sun Venture Commercial Pte Ltd ● Sun Venture Developments Pte Ltd ● Sun Venture Homes Pte Ltd ● Sun Venture Invesco Pte Ltd ● Sun Venture Pte Ltd ● Sun Venture Realty Pte Ltd ● Sun Venture (S) Investments Pte Ltd ● SV Asset Management Pte Ltd ● SV London Limited ● SV New Oxford Limited ● SV Robinson Pte Ltd ● Legend Asset Management Pte Ltd ● Legend Capital Limited ● Legend Invesco Limited ● Paya Lebar Development Pte Ltd ● Paya Lebar Square Pte Ltd ● Westgate Commercial Pte Ltd ● Westgate Tower Pte Ltd ● 71 Robinson Pte Ltd ● CR-71 Robinson Road Singapore Pte Ltd

Name of Director	Low Keng Boon	Michael Leong Choon Fai	Alvin Teo Poh Kheng
			• SL Investment Group Pte Ltd • Nexusguard Pte Ltd • LYC Investment Limited • Metropolitan Hong Kong Group Limited • Nexusguard Holdings Limited • Nexusguard Limited
Responses to questions (a) to (k) under Appendix 7.4.1 of the Listing Manual of SGX-ST	Negative Confirmation	Negative Confirmation	Negative Confirmation

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LOW KENG HUAT (SINGAPORE) LIMITED

Company Registration No. 196900209G
(Incorporated in the Republic of Singapore)

IMPORTANT

1. The Proxy Form is not valid for use by investors who hold shares in the Company through relevant intermediaries (as defined in Section 181 of the Companies Act 1967), including CPF/SRS investors, and shall be ineffective for all intents and purposes if used or purported to be used by them. CPF/SRS investors who wish to appoint the Chairman as proxy to attend, speak and vote on their behalf should approach their respective CPF Agent Banks and SRS Operators to submit their voting instructions at least seven (7) working days before the AGM (i.e. by 19 May 2023 5.00 pm). Other investors holding shares in the Company through relevant intermediaries who wish to vote should approach their relevant intermediaries as soon as possible to specify voting instructions.
2. Personal Data Privacy: By submitting the Proxy Form, the member accepts and agrees to the personal data privacy terms set out in the Notice of AGM dated 12 May 2023.

PROXY FORM

Annual General Meeting (AGM)

*I/We ______________________ (Name) ______________________ (NRIC / Passport / Co. Reg. No.)

of ____ (Address)

being a *member/members of Low Keng Huat (Singapore) Limited (the "Company") hereby appoint:

Name	Address	Email Address#	NRIC / Passport Number	Proportion of Shareholdings	
				No. of Shares	%
* and / or (delete as appropriate)					
# Appointed proxy/proxies will be prompted via email after the Company's receipt of a validly completed and submitted Proxy Form to pre-register at https://conveneagm.sg/lowkenghuat to access the Live AGM Webcast to participate and vote live at the AGM.					

as *my/our *proxy/proxies to attend, speak and vote for *my/our behalf at the AGM of the Company to be held by electronic means on **Wednesday, 31 May 2023 at 11.00 a.m**. or any adjournment thereof in the manner hereinafter.

* *Delete where applicable*

	Resolutions relating to:	For**	Against**	Abstain**
No.	**Ordinary business**			
1.	To receive and adopt the Audited Financial Statements, Directors' Statement and Auditors' Report for the financial year ended 31 January 2023.			
2.	To declare a first and final tax exempt (one-tier) dividend of 1 cent per ordinary share for the financial year ended 31 January 2023.			
3.	To re-elect Mr Low Keng Boon as a Director.			
4.	To re-elect Mr Michael Leong Choon Fai as a Director.			
5.	To re-elect Mr Alvin Teo Poh Kheng as a Director.			
6.	To approve Directors' fees of S$215,000 for the financial year ended 31 January 2023.			
7.	To re-appoint Foo Kon Tan LLP as Auditors and to authorise the Directors to fix their remuneration.			
	Special business			
8.	To authorise Directors to issue shares pursuant to Section 161 of the Singapore Companies Act 1967.			

** *Voting will be conducted by poll. If you wish your proxy/proxies to cast all your votes "For" or "Against" a resolution, or to "Abstain" from voting on a resolution, please indicate with a tick (✓) in the appropriate box provided in respect of that resolution. Alternatively, please insert the relevant number of shares in the appropriate box provided in respect of that resolution.*

If you have appointed the Chairman as the proxy, ***in the absence of specific directions in respect of a resolution, the appointment of the Chairman as your proxy for that resolution will be treated as invalid.*** *In any other case, the proxy/proxies may vote or abstain as the proxy/proxies deems fit on any of the above resolutions if no voting instruction is specified, and on any other matter arising at the AGM.*

Dated this __________ day of ______________ 2023

Total number of shares held in:	Number of shares
(a) CDP Depository Register	
(b) Register of Members	

____

Signature / Common Seal of Member(s)

IMPORTANT: PLEASE READ NOTES OVERLEAF

IMPORTANT: PLEASE READ NOTES BEFORE COMPLETING THE PROXY FORM

Notes:

1. A member should insert the total number of shares held. If the member has shares entered against his/her name in the Depository Register maintained by The Central Depository (Pte) Limited ("**CDP**"), he/she should insert that number of shares.

If the member has shares registered in his/her name in the Register of Members of the Company, he/she should insert that number of shares.

If the member has shares entered against his/her name in the Depository Register and shares registered in his/her name in the Register of Members of the Company, he/she should insert the aggregate number of shares.

If no number of shares is inserted, this form of proxy will be deemed to relate to all the shares held by the member of the Company.

2. **Members will not be able to attend the AGM in person**. Members who wish to vote on any or all of the resolutions at the AGM may vote "live" via electronic means at the AGM or by appointing proxy/proxies or the Chairman of the AGM as proxy to vote on his/her behalf at the AGM. In appointing the Chairman of the AGM as proxy, members must give specific instructions as to voting, or abstention from voting, in respect of a resolution in the Proxy Form, failing which the appointment of the Chairman of the AGM as proxy for that resolution will be treated as invalid.

3. A member who is <u>not</u> a relevant intermediary is entitled to appoint not more than two proxies to attend, submit text-based question(s) and vote "live" at the AGM to be held electronically. Where such member's Proxy Form appointing more than one proxy, the proportion of the shareholding concerned to be represented by each proxy shall be specified in the Proxy Form.

4. A member who is a relevant intermediary is entitled to appoint more than two proxies to attend, submit text-based question(s) and vote "live" at the AGM, but each proxy must be appointed to exercise the rights attached to a different share or shares held by such member. Where such member's Proxy Form appointing more than two proxies, the number and class of shares in relation to which each proxy has been appointed shall be specified in the Proxy Form.

"Relevant intermediary" has the meaning ascribed to it in Section 181 of the Companies Act 1967.

5. A member can appoint the Chairman of the AGM as his/her proxy, but this is not mandatory.

6. A proxy need not be a member of the Company.

7. The Proxy Form must be submitted to the Company in the following manner:

(a) depositing it at or sending by post to the Registered Office of the Company at 80 Marine Parade Road, #18-05/09 Parkway Parade, Singapore 449269; or

(b) emailing it to proxyform@lkhs.com.sg

not less than seventy-two (72) hours before the time appointed for the holding of the AGM, **by 11.00 a.m. on Sunday, 28 May 2023**. Any incomplete and incorrect Proxy Form will be rejected by the Company.

A member who wishes to submit the Proxy Form must first download, complete and sign the Proxy Form, before submitting it by post to the address provided above, or before scanning and sending it by email to the email address provided above.

8. The Proxy Form must be under the hand of the appointor or of his attorney duly authorised in writing. Where the Proxy Form is executed by a corporation, it must be executed either under its seal or under the hand of an officer or attorney duly authorised. Where a Proxy Form is signed on behalf of the appointor by an attorney, the letter or power of attorney or a duly certified copy thereof must (failing previous registration with the Company) be lodged with the Proxy Form, or if the Proxy Form is submitted electronically via email, be emailed with the Proxy Form, failing which the Proxy Form may be treated as invalid.

9. The Company shall be entitled to reject the Proxy Form if it is incomplete, improperly completed, illegible or where the true intentions of the appointor are not ascertainable from the instructions of the appointor specified in the Proxy Form. In addition, in the case of members of the Company whose shares are entered against their names in the Depository Register, the Company shall be entitled to reject any Proxy Form lodged if such members are not shown to have shares entered against their names 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.

LOW KENG HUAT (SINGAPORE) LIMITED

(Registration No.: 196900209G)

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