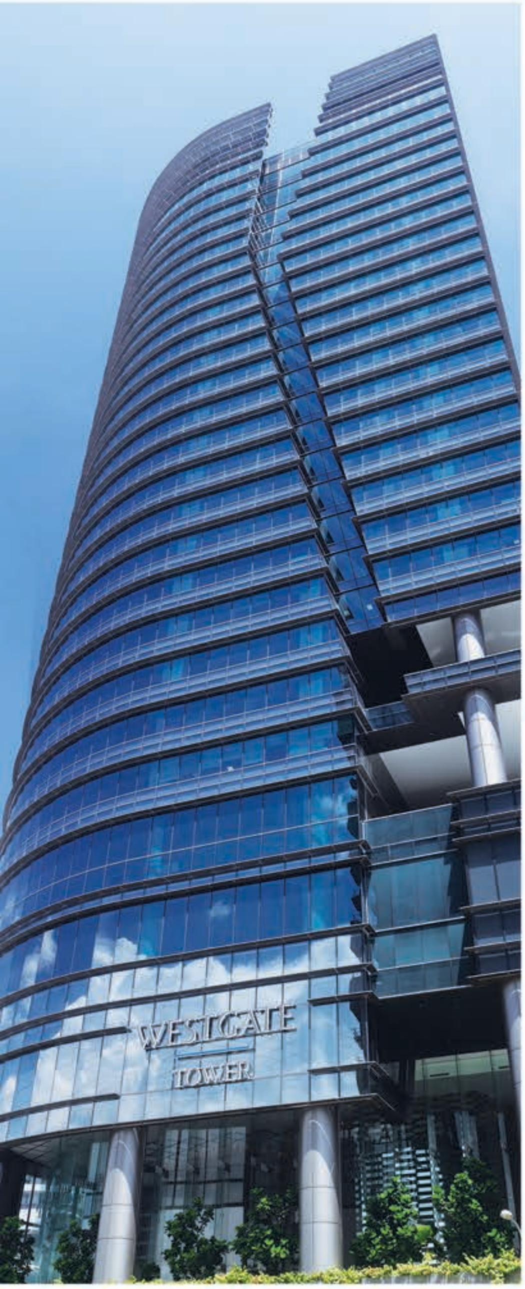
LOW KENG HUAT
(SINGAPORE) LIMITED



BUILDING RESILIENCE
STAYING FOCUSED

ANNUAL REPORT 2016/2017

Duxton Hotel Perth

CORPORATE PROFILE

Low Keng Huat (Singapore) Limited ("LKHS") is a builder established since 1969. Today, its business has grown to encompass building construction, property development, hotels and investments. In addition, LKHS owns and operates deluxe hotel in Perth (Australia) under the in-house brand Duxton Hotel. Its other hospitality related business is food and beverage business under our brand name of Carnivore in Singapore. Among its investment portfolio are investment properties in Singapore, Malaysia and China.

Kismis Residences

Westgate Tower

CONTENTS

CHAIRMAN'S STATEMENT

"For FY2017, the Group achieved net profit attributable to shareholders of $55.7 million same as previous financial year. The Group's shareholders' funds increased by $39.3 million to $666.9 million as at 31 January 2017 from $627.6 million as at 31 January 2016."

-Tan Sri Dato' Low Keng Huat

2016 REVIEW

The Singapore economy grew 2.0% in 2015 and 2016 and it is the slowest rate of growth since 2009. It is forecasted to grow at a modest pace of 1.0% to 3.0% in 2017. The property market remains ever challenging with prices of private residential properties decreased by 0.5% in Q42016 which is the 13th consecutive quarter of decline. The decrease is 11.3% lower from its peak in Q32013. The authorities have eased two cooling property measures in March 2017. Total Debt Serving Ratio ("TDSR") will no longer apply for mortgage equity withdrawal loans that have a Loan to Value ("LTV") of 50% and below. Seller Stamp Duties ("SSD") will be lowered by 4% for each tier and holding periods will be reduced to 3 years from 4 years. However at the same time the Government has tightened the rule on indirect property transactions through corporate vehicles where buyers and sellers are now subject to Additional Conveyance Duty ("ACD"), the equivalent to ABSD.

REVIEW OF FINANCIAL PERFORMANCE

For the financial year ended 31 January 2017, the Group achieved net profit attributable to shareholders of $55.7 million same as the previous financial year. The increased profits in hotel, investment and development segments offset the decreased profits in construction segment.

The Group's shareholders' funds increased by $39.3 million to $666.9 million as at 31 January 2017 from $627.6 million as at 31 January 2016. Cash and cash equivalents and fixed deposits increased by $47.8 million to $266.8 million as at 31 January 2017 from $219.0 million as at 31 January 2016. The Group's bank borrowings increased by $19.2 million to $360.3 million as at 31 January 2017 from $341.1 million as at 31 January 2016. Gearing was 0.14 as at 31 January 2017 when compared to 0.19 as at 31 January 2016. The net tangible asset per ordinary share of the Group increased to $0.90 as at 31 January 2017 from $0.85 as at 31 January 2016.

CONSTRUCTION

The Group has transformed itself from its main business of construction to property development and investment. Revenue for construction projects decreased by $19.1 million to $0.6 million during current year, compared to $19.7 million during previous year. Profit before tax decreased by $57.6 million to $2.4 million during current year compared to $60.0 million during previous year. The decrease was due to absence of construction revenue for third party projects.

INVESTMENT

Revenue for investment segment decreased by $2.4 million to $17.3 million in current year compared to $19.7 million in previous year mainly due to rent free incentive for tenants' fit out period at Paya Lebar Square Retail Mall ("PLSRM") included as revenue in previous year. Net profit before tax for investment segment was $6.1 million in current year compared to negative $1.5 million in previous year due to increased profitability at PLSRM and decreased share of losses at Westgate Tower and AXA Tower. PLSRM and Westgate Tower achieved occupancy of 100% and 99.5% respectively as at 15 March 2017. Three office units at AXA Tower were sold during current year. AXA Tower achieved 86% occupancy as at 15 March 2017. While investment properties of the Group has achieved above 85% occupancy, the Group will strive to maintain rental rates for renewals amid the softening rental market.

HOSPITALITY

Hospitality business remains challenging during FY2017. Duxton Hotel Saigon ("DHS") in Ho Chi Minh City was sold in Q2 FY2017 for US$49.0 million. Revenue for Hotel and F&B business decreased by $11.8 million to $27.3 million during current year from $39.1 million during previous year. The decrease was mainly due to sale of DHS and lower room rates and lower occupancy in Duxton Hotel Perth ("DHP"). Net profit before tax and non-controlling interests for hotel segment increased by $44.0 million to $51.1 million during current year from $7.1 million during previous year. The increase was mainly due to extraordinary gain on sale of DHS. If extraordinary income from sale of DHS is excluded, net profit before tax and non-controlling interests for hotel segment would decrease to $1.3 million in current year from $7.1 million in previous year.

Balestier Tower project obtained approval for change of use from mixed retail/residential development to mixed retail/serviced apartment. The retail component is classified as Investment Property while the serviced apartment component is classified as Property, Plant and Equipment. The project is 2% completed as at 31 January 2017. It is targeted to obtain TOP by Q2 FY2020.

DEVELOPMENT

Development revenue decreased by $6.4 million to $1.8 million during current year from $8.2 million during previous year. The decrease was due to higher sales of residential units at Parkland Residences and office units at Paya Lebar Square ("PLS") during previous year. Net profit before tax and non-controlling interests for development segment increased by $3.4 million to $8.1 million during current year from $4.7 million during previous year. The increase was mainly due to extraordinary gain on sales of subsidiary Shanghai Xinfeng Realty Development Co., Ltd ("Xinfeng") and joint venture OSC-Duxton (Vietnam) Joint Venture Company Limited ("OSC-Duxton") offset by lower revenue from development projects. As at 15 March 2017, there were one unsold residential unit and two unsold office units at Parkland Residences and PLS and respectively. There was no new sales launches during current year. Kismis Residences, a freehold landed development at Upper Bukit Timah consisting of 31 units conventional landed and 7 units cluster landed is 28% completed as of 31 January 2017. It is targeted to launch for sales by Q2 FY2018 and it is expected to obtain TOP by Q3 FY2019. On 18 January 2017, the Company was awarded the land tender at Perumal Road for residential with commercial at first storey development. Planning and design of Perumal development has started and the project is targeted to complete by Q4 FY2022.

DIVIDEND

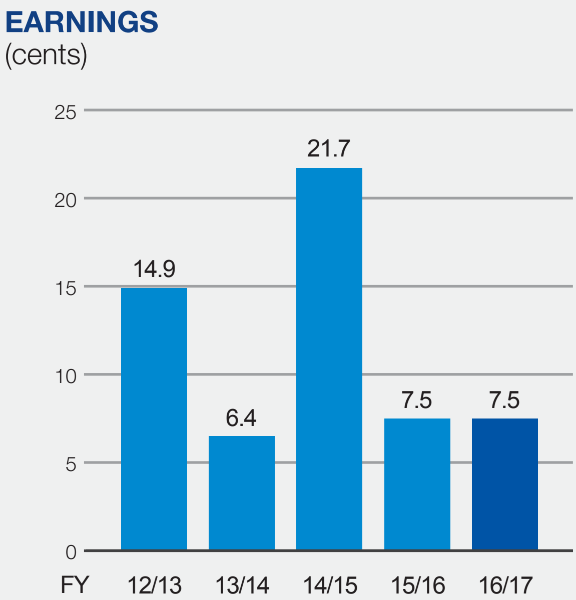
The Board is pleased to recommend a first and final dividend of 3.0 cents per share and special dividend of 1.0 cent per share. The dividend is tax exempt (one-tier) and total dividend payment will amount to $29.6 million. The proposed dividend represents 53.1% of our earnings per share of 7.54 cents. This dividend recommendation is subject to the approval of shareholders at the Annual General Meeting to be held on 31 May 2017. The proposed dividend, if approved by shareholders will be paid on 21 June 2017.

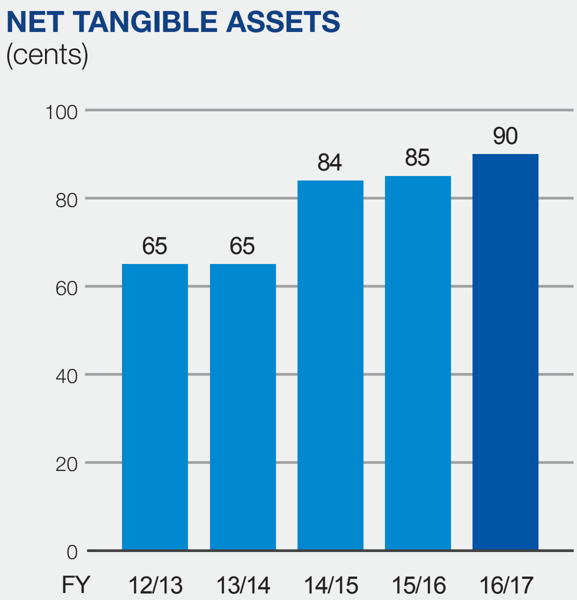
APPRECIATION

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.

TAN SRI DATO' LOW KENG HUAT
Non-Executive Chairman
April 2017

5 YEARS
FINANCIAL HIGHLIGHTS

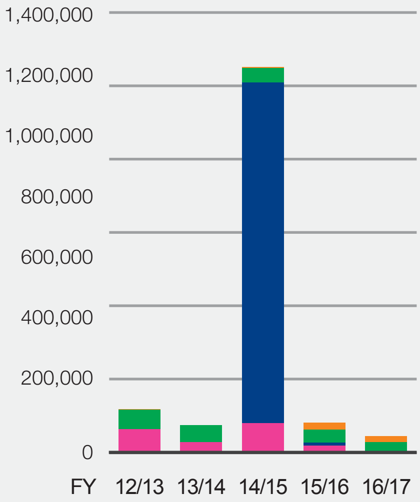




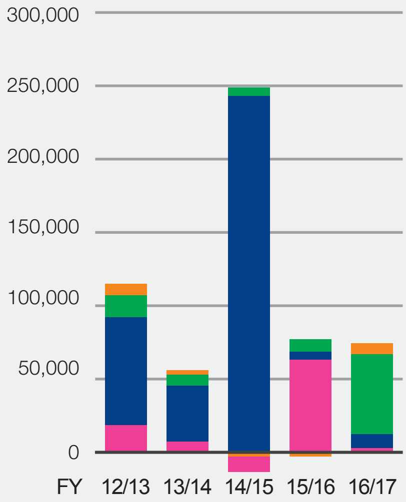
FINANCIAL YEAR	2012/13	2013/14	2014/15	2015/16	2016/17
OPERATING RESULTS					
Revenue ($'000)	126,364	79,700	1,258,928	86,624	47,044
EBITDA ($'000)	121,776	61,890	247,277	84,326	79,597
Pretax profit ($'000)	115,441	53,863	236,674	70,225	67,824
Net Profit ($'000)	109,575	48,337	189,426	57,829	63,719
EBITDA margin (%)	96.4	77.7	10.6	97.4	169.2
Pretax margin (%)	91.4	67.6	18.8	81.1	144.2
Net margin (%)	86.7	60.6	15.0	66.8	135.4
FINANCIAL POSITION					
Total assets ($'000)	1,422,258	1,724,846	1,275,550	1,150,350	1,151,106
Total borrowings ($'000)	513,750	497,289	342,024	341,075	360,284
Shareholders' equity ($'000)	476,131	478,786	619,940	627,558	666,895
Net debt : equity (times)	0.65	0.63	0.11	0.19	0.14
PER SHARE DATA					
Earnings (cents)	14.9	6.4	21.7	7.5	7.5
Dividends (cents)	4.5	3.0	5.0	4.0	4.0
Net tangible assets (cents)	65.0	65.0	84.0	85.0	90.0
Year end share price (cents)	68.0	68.5	74.0	62.5	58.0
SHAREHOLDERS' RETURN					
Return on equity (%)	23	10.1	30.6	9.2	9.6
Return on asset (%)	7.7	2.8	14.9	5.0	5.5
Dividend yield (%)	6.6	4.4	6.8	6.4	6.9
Dividend payout ratio (%)	30.2	47.1	23.0	53.0	53.1

5 YEARS
FINANCIAL HIGHLIGHTS

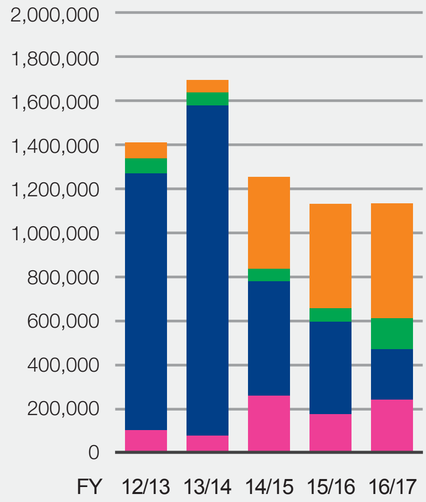
REVENUE
$'000



PROFIT BEFORE TAX
$'000



TOTAL ASSETS
$'000



Construction Development Hotels Investments

FINANCIAL YEAR	2012/13 ($'000)	2013/14 ($'000)	2014/15 ($'000)	2015/16 ($'000)	2016/17 ($'000)
REVENUE					
Construction	67,437	29,648	85,207	19,669	575
Development	580	-	1,128,163	8,201	1,800
Hotels	56,948	49,546	43,392	39,069	27,334
Investments	1,399	506	2,166	19,685	17,335
Total	**126,364**	**79,700**	**1,258,928**	**86,624**	**47,044**
PROFIT BEFORE TAX					
Construction	15,830	6,411	(10,257)	59,991	2,426
Development	79,952	38,596	243,944	4,669	8,106
Hotels	12,922	6,402	4,753	7,114	51,120
Investments	6,737	2,454	(1,766)	(1,549)	6,172
Total	**115,441**	**53,863**	**236,674**	**70,225**	**67,824**
TOTAL ASSETS *					
Construction	102,285	77,522	263,413	177,338	243,698
Development	1,173,387	1,512,674	527,156	427,410	233,359
Hotels	71,114	71,388	59,543	61,943	142,204
Investments	72,203	59,893	424,676	482,878	531,346
Total	**1,418,989**	**1,721,477**	**1,274,788**	**1,149,569**	**1,150,607**

** Excluding tax*

OPERATING & FINANCIAL REVIEW


Kismis Residences

OVERALL

The Group's four business segments are construction, property development, hotel and investments. In recent years, the Group has shifted its core business to property development and investment from construction. The Group achieved net profit attributable to shareholders of $55.7M during current year same as previous year. The increased profits in hotel, investment and development segments offset the decreased profit in construction segment.

Group revenue decreased by $39.6M to $47.0M during current year from $86.6M during previous year. The decrease in revenue was mainly in construction, hotel and development segments. There is no revenue for construction segment since the Group is no longer tendering for third party construction contracts since 2015. The decrease in revenue in hotel segment was due to the sale of Duxton Hotel Saigon (''DHS") during current year and lower contribution from Duxton Hotel Perth as a result of lower room rates and occupancy. In the development segment, only one office unit at Paya Lebar Square (''PLS") was sold during the year.

Cost of sales increased by $21.7M to $25.2M during current year from $3.5M during previous year. The increase in cost of sales was mainly due to write back of project cost for completed projects upon finalisation of accounts in construction segment during previous year offset by cost of sales of DHS being deconsolidated and reclassified to gain on disposal upon its sale during current year.

Other income increased by $44.6M to $74.2M during current year from $29.6M during previous year. The increase was mainly due to the extraordinary gain from sales of DHS of $49.8M, Shanghai Xinfeng Realty Development Co.,Ltd ("Xinfeng") of $5.7M and the Group's joint venture OSC-Duxton (Vietnam) Joint Venture Company Limited ("OSC-Duxton") of $3.1M.

	DEVELOPMENT PROJECTS ON HAND	LOCATION	LKH'S SHARE (%)	TYPE	NO. OF UNITS	STATUS
1	Parkland Residences	Upper Serangoon Road	100	DBSS flats	680	Launched in January 2012 Obtained TOP in October 2014 1 unit unsold
2	Paya Lebar Square	60 Paya Lebar Road	80	Office units	556	Office units launched in December 2011 Obtained TOP in November 2014 Obtained CSC in December 2015 2 units unsold
3	Kismis Residences	Eng Kong Terrace	70	Freehold landed terraces Freehold strata landed terraces	31 7	Expected to launch by Q2 FY2018 and targeted to obtain TOP by Q3 FY2019
4	Balestier Tower	207 Balestier Road	100	Commercial retail Serviced apartments	2,530 sqm 7,657 sqm	2% completed and targeted to obtain TOP by Q2 FY2020
5	Bina Park	Bandar Seri Alam, Johor	49	3 Storey Twin/ Link Villas 3 Storey Shops	124 31	Launched in January 2012 100% sold 20 units sold 2 units held for own use 9 units unsold
6	Taman Rinting	Taman Rinting	49	Bungalows and apartments		Planning Stage

	LAND BANK	LOCATION	LKH'S SHARE (%)	AREA (SQF)	USE
7	Unnamed	Bandar Seri Alam, Johor	49	3,298,458	Proposed Bungalow Lots
8	Tiram Park	Jalan Kota Tinggi Johor	49	6,622,184	Proposed Industrial Development
9	Unnamed	Bandar Seri Alam, Johor	49	616,461	Proposed Mixed Development

	KEY INVESTMENT PROPERTIES	LOCATION	LKH'S SHARE (%)	TYPE	NO. OF UNITS	STATUS
1	Paya Lebar Square	60 Paya Lebar Road	55	Retail mall	159	99.6% leased Obtained TOP on 3 November 2014
2	Westgate Tower	3 Gateway Drive	40	Office units	295	99.5% leased Obtained TOP on 9 October 2014
3	AXA Tower	8 Shenton Way	20	Office units	674,000 sq. feet	Acquisition completed on 24 April 2015 86% leased

OPERATING & FINANCIAL REVIEW

Kismis Residences

Administrative costs decreased by $2.7M to $12.1M during current year from $14.8M during previous year. The decrease was mainly due to the administrative cost in DHS being deconsolidated and reclassified to gain on disposal upon its sale, lower depreciation due to the sale of warehouse at Sungei Kadut Loop previous year and lower directors profit sharing offset by higher administrative expenses of Paya Lebar Square Retail Mall ("PLSRM").

Other operating expenses increased by $4.0M to $6.8M during current year from $2.8M during previous year. The increase is mainly due to additional provision for impairment loss on Balestier Tower project.

Finance costs decreased by $0.4M to $5.8M during current year from $6.2M during previous year. The decrease was mainly due to capital repayments and decrease in interest rate on bank borrowings for PLSRM.

Share of losses of associated companies and joint ventures decreased by $14.7M to $2.0M during current year from $16.7M during previous year. The decrease was mainly due to improved profit performance at Westgate Tower and AXA Tower and the write-off of development cost during previous year for Vung Tau project. Westgate Tower achieved occupancy of 99.5% as at 15 March 2017. AXA Tower sold 3 units during current year and achieved occupancy of 86% as at 15 March 2017.

Income tax decreased by $8.3M to $4.1M during current year from $12.4M during previous year. The decrease was mainly due to lower tax provision in business operations as a result of lower profits.


Duxton Hotel Perth

CONSTRUCTION

Revenue for construction segment decreased by $19.1M to $0.6M during current year from $19.7M during previous year. There is minimal revenue from construction segment since the Group is no longer tendering for third party construction contracts since 2015.

Net profit before tax and non-controlling interests for construction segment decreased by $57.6M to $2.4M in current year from $60.0M in previous year. The decrease was mainly due to absence of construction revenue for third party projects offset by the gain on sale of warehouse at Sungei Kadut Loop during previous year.

HOTEL AND F&B BUSINESS

Revenue for hotel & F&B businesses decreased by $11.8M to $27.3M during current year from $39.1M during previous year. The decrease was mainly due to sale of DHS in May 2016 and lower room rates and lower occupancy in Duxton Hotel Perth.

Net profit before tax and non-controlling interests for hotel segment increased by $44.0M to $51.1M during current year from $7.1M during previous year. The increase was mainly due to extraordinary gain on sale of DHS.

Balestier Tower project had obtained approval for change of use from mixed retail/residential development to mixed retail/serviced apartment. This project is included in hotel and investment segments. The retail component is classified as Investment Property while the serviced apartment component is classified as Property, Plant and Equipment. The project is 2% completed as at 31 January 2017. It is targeted to obtain TOP by Q2 FY2020.

OPERATING & FINANCIAL REVIEW

Kismis Residences

DEVELOPMENT

Development revenue decreased by \$6.4M to \$1.8M during current year from \$8.2M during previous year. The decrease was due to higher sales of residential units at Parkland Residences and office units at PLS during Q4 previous year.

Net profit before tax and non-controlling interests for development segment increased by \$3.4M to \$8.1M during current year from \$4.7M during previous year. The increase was mainly due to extraordinary gain on sales of Xinfeng and OSC-Duxton offset by lower revenue from development projects. The Group disposed of its subsidiary, Xinfeng, for an aggregate consideration of approximately \$6.8M (RMB 33M). The Group received \$2.1M as at 31 January 2017 and the remaining consideration of \$4.8M was kept in an escrow account in Shanghai as at 15 March 2017. The consideration of \$3.6M from the sale of OSC-Duxton was received in full on 14 March 2017. As at 15 March 2017, there were two unsold office units and one unsold residential unit at PLS and Parkland Residences respectively. There was no new sales launches during current year.

Kismis Residences, a freehold landed development at Upper Bukit Timah consisting of 31 units conventional landed and 7 units cluster landed is 28% completed as of 31 January 2017. It is targeted to launch for sales by Q2 FY2018 and it is expected to obtain TOP by Q3 FY2019.

On 18 January 2017, the Company was awarded the land tender at Perumal Road for residential with commercial at first storey development. Planning and design of Perumal development has started and the project is targeted to complete by Q4 FY2022.

Paya Lebar Square

INVESTMENTS

Investment revenue decreased by $2.4M to $17.3M during current year from $19.7M during previous year. The decrease was mainly due to rent free incentive for tenants fit out period at PLSRM included as revenue in previous year. PLSRM achieved rental occupancy of 100% as at 15 March 2017.

Net profit before tax and non-controlling interests for investment segment was $6.1M during current year compared to negative $1.5M during previous year. The improved profitability performance was mainly due to the decrease in share of losses from Westgate Tower and AXA Tower. Westgate Tower achieved occupancy of 99.5% as at 15 March 2017. AXA Tower achieved 86% occupancy as at 15 March 2017. Three office units at AXA Tower were sold during current year.

While investment properties of the Group has obtained above 85% occupancy, the Group will strive to maintain rental rates for renewals amid the softening rental market.

BALANCE SHEET

Group shareholders' funds increased by $39.3M to $666.9M as at 31 January 2017 from $627.6M as at 31 January 2016. Cash and cash equivalents and fixed deposits increased by $47.8M to $266.8M as at 31 January 2017 from $219.0M as at 31 January 2016. The Group's bank borrowings increased by $19.2M to $360.3M as at 31 January 2017 from $341.1M as at 31 January 2016. Gearing was 0.14 as at 31 January 2017 compared to 0.19 as at 31 January 2016.

CORPORATE INFORMATION

BOARD OF DIRECTORS

Tan Sri Dato' Low Keng Huat
(Non-Executive Chairman)

Low Keng Boon
(Joint Managing Director)

Dato' Marco Low Peng Kiat
(Joint Managing Director)

Low Poh Kuan
(Executive Director)

Lee Han Yang
(Lead Independent,
Non-Executive Director)

Lucas Liew Kim Voon
(Independent,
Non-Executive Director)

Wey Kim Long
(Independent,
Non-Executive Director)

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

AUDIT COMMITTEE

Lucas Liew Kim Voon
(Chairman)

Lee Han Yang

Wey Kim Long

NOMINATING COMMITTEE

Lucas Liew Kim Voon
(Chairman)

Lee Han Yang

Low Keng Boon

REMUNERATION COMMITTEE

Lee Han Yang
(Chairman)

Lucas Liew Kim Voon

Wey Kim Long

Jimmy Yim Wing Kuen

COMPANY SECRETARY

Chin Yeok Yuen, FCPA

SOLICITORS

TSMP Law Corporation
6 Battery Road
Level 41
Singapore 049909

AUDITORS

Foo Kon Tan LLP
Chartered Accountants
24 Raffles Place
#07-03 Clifford Centre
Singapore 048621

Partner-in-charge: Tei Tong Huat
(Year of appointment: Financial year ended 31 January 2017)

BANKERS

United Overseas Bank Limited

DBS Bank Limited

Oversea-Chinese Banking Corporation Limited

Malayan Banking Berhad

The Bank of East Asia, Limited

Hong Leong Bank

Standard Chartered Bank

Commerce International Merchant Bank

SHARE REGISTRARS & SHARE TRANSFER OFFICE

KCK CorpServe Pte. Ltd.
333 North Bridge Road
#08-00 KH KEA Building
Singapore 188721

REGISTERED OFFICE

80 Marine Parade Road
#18-05/09 Parkway Parade
Singapore 449269
Tel: +65 6344 2333
Fax: +65 6345 7841

LISTING

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

FINANCIAL REPORTS

Copies of the Company's Annual Report and announcement of quarterly, half-year and full-year financial results are available on request without charge.

WORLD WIDE WEB HOME PAGE

Visit us at www.lkhs.com.sg

TAN SRI DATO' LOW KENG HUAT

Non-Executive Chairman

Tan Sri Dato' Low Keng Huat is a co-founder of the Company and its Chairman since its incorporation on 14 April 1969. He was last re-elected on 31 May 2016. He is a shareholder and director of Consistent Record Sdn. Bhd., our substantial shareholder. A builder by profession, Tan Sri Dato' Low is a former President of the Master Builders Association, Malaysia and is now its Honorary President. He has wide experience in business, property construction and development in a career spanning more than 50 years.

LOW KENG BOON @ LAU BOON SEN

Joint Managing Director

Mr Low Keng Boon is a co-founder and the Managing Director of the Company since its incorporation on 14 April 1969 till 31 October 2011. He was appointed as Joint Managing Director on 1 November 2011 and was last re-elected as director on 31 May 2016. His wide experience in building and construction is evidenced by the successful handling of prestigious projects like the OCBC Centre, UOB Plaza, Singapore Press Holdings headquarters, Novena Square and SIA Engineering Hangar. He was a member of the Singapore Construction Industry Development Board between March 1984 and March 1988. Mr Low was also instrumental in the Company's successful diversification into the hotel business.

DATO' MARCO LOW PENG KIAT

Joint Managing Director

Dato' Marco Low Peng Kiat was appointed as a Non-Executive Director of the Company on 7 November 2006. He was last re-elected as director on 22 May 2015 and appointed as Joint Managing Director on 1 November 2011. He is a shareholder and director of Consistent Record Sdn. Bhd., our substantial shareholder. He holds a Bachelor of Science in Management & Systems from City University, England. He spent about two years in the corporate finance unit of one of the big four international accounting firms before joining Fung Keong Rubber Manufactory (Malaya) Sdn Bhd as Executive Director on 29 January 1997.

BOARD OF DIRECTORS

LOW POH KUAN

Executive Director

Mr Low Poh Kuan joined the Company in March 1998 as its Purchasing Manager for construction projects. He was appointed to the Board on 5 April 2004 and was last re-elected on 22 May 2015. In addition to his purchasing function, Mr Low is involved in the Company's property development projects. Mr Low co-managed the overall operations of the Chijmes entertainment complex before it was sold in 2006. He is also the QEHS (Quality, Environmental, Occupational Health and Safety) System Manager under the Company's ISO system. Prior to joining the Company, he had extensive experience in sales and marketing in the contract furnishing industry. Mr Low has a Diploma in Mechanical Engineering from Ngee Ann Polytechnic and a Bachelor of Science in Marketing and Economics from the University of Indiana, Bloomington, USA.

LEE HAN YANG

Independent Director

Mr Lee Han Yang was appointed as an independent director of the Company on 28 January 1992. He was last re-elected on 31 May 2016. He is also serving on the Company's Audit, Nominating and Remuneration Committees. Mr Lee is a BA (Singapore) and Barrister-at-Law of Lincoln's Inn, London. He is an Advocate and Solicitor of the Supreme Court of Singapore. Mr Lee currently sits on the Board of Tan Chong International Ltd, a company listed on the Stock Exchange of Hong Kong. Mr Lee is an active member of the Law Society of Singapore and has served on several committees of the Law Society. He also serves on the Board of the Society for the Physically Disabled and until recently he was on the board of National Council of Social Service. In August 2006, he was awarded the Public Service Star (BBM) by the President of Singapore.

LUCAS LIEW KIM VOON

Independent Director

Mr Lucas Lew was appointed as an independent director of the Company on 28 January 1992. He was last re-elected on 31 May 2016. He is an accountant by profession and was formerly the finance director of Singapore Airlines Limited until his retirement in 1992. He has extensive expertise and experience in finance and accounting. Mr Liew, a Certified Public Accountant, obtained his Bachelor of Commerce (Accountancy) degree from the University of New South Wales, Australia.

WEY KIM LONG

Independent Director

Mr Wey Kim Long was appointed as a Non-Executive Director of the Company on 5 April 2004 and was re-designated an Independent Director on 12 September 2006. He was last re-elected on 31 May 2016. Mr Wey worked with UOL for 30 years until his retirement in January 2004 as Deputy President (Property). During his tenure at UOL, Mr Wey was involved in all aspects of property development and marketing, property investment and management of all properties in the UOL Group. Mr Wey holds a Bachelor of Science (Estate Management) degree from the then University of Singapore. He is also a Fellow of the Singapore Institute Surveyors & Valuers and the Royal Institution of Chartered Surveyors.

JIMMY YIM WING KUEN

Independent Director

Mr Jimmy Yim has been independent director of the Company since 1 March 2009 and he was last re-elected on 31 May 2016. Mr Yim is the Managing Director of the Dispute Resolution Department of Drew & Napier LLC, a leading all-service legal practice in Singapore established since 1889. He was admitted to the Singapore Bar in 1983 and is part of the 2nd batch of Senior Counsel appointed, by the Supreme Court, in January 1998. His practice covers an extensive range of civil, commercial law and corporate law dispute and international commercial arbitrations. Amongst his several appointments include Fellow of the Singapore Institute of Arbitrators and Regional Arbitrator with the Singapore International Arbitration Centre (SIAC), Apart from the Company's board, Mr Yim also sits on the boards of some other public listed companies. He is recommended by name in leading and professional ranking agencies and publications such as Asia Pacific Legal 500, Asia Law Profiles and Chambers Global for his professional work.

KEY MANAGEMENT

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 Programme. Prior to joining LKHS in 1990, Mr Lee was the General Manager of Construction Technology Pte Ltd (Contech), a wholly government owned construction company set up to spearhead modernization and mechanization in the construction industry. Mr Lee has a Bachelor of Civil Engineering degree (First Class Honours) from the then University of Singapore and a Masters of Engineering degree from McGill University, Montreal, Canada. He is also a member of the Institution of Civil Engineers, MICE (Chartered Civil Engineer) as well as a registered Professional Engineer (Civil & Structural).

CHIN YEOK YUEN

Chief Financial Officer

Ms Chin joined the Company in Oct 2007 as its Chief Financial Officer and is responsible for the financial, accounting and corporate matters of the Group. Immediately prior to joining the Company, Ms Chin was the Group Financial Controller of MediaRing Ltd. From 1997 to 2002, she was the Finance Director of Kemin Asia Pte Ltd. Before Kemin, she spent her earlier years working with one of the big four accounting firms and MNCs like Tandem Computers and Glaxo Pharmaceuticals. Ms Chin is a fellow member of the Institute of Singapore Chartered Accountants (ISCA). She graduated with a Bachelor of Accountancy from the National University of Singapore.

LOW POH KOK

Manager, Property Development

Mr Low Poh Kok joined the Company in July 2004. He is currently the Company's Property Development Manager and is involved in all overseas property development projects. Prior to that, he had worked in the United States of America for 8 years as a project manager for an IT company. 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.

LOW CHIN HAN

Director – Hospitality

Mr Low Chin Han graduated with a Bachelor of Business Management majoring in finance in 2003 from Singapore Management University. Mr Low has worked as a consultant for Duxton Hotels since 2009 and was promoted to General Director of Duxton Hotels in July 2011. Prior to working for Duxton Hotels, Mr Low Chin Han was working with several investment banks in Singapore and Hong Kong in both equity capital markets and debt capital markets.

BRUCE DOIG

General Manager
Duxton Hotel Perth

Mr Doig joined Duxton Perth Hotel as Deputy General Manager in April 2008 and was subsequently promoted to General Manager in July 2008. He has more than 34 years of hotel experience in Australia and worked for well known hotel brands including Sheraton, Hyatt, Broadwater Hotel & Resorts, Merlin Hotels and Radisson. Mr Doig graduated from Wesley College before obtaining a Diploma in Hotel Management and Catering from Bentley Technical College.

The Board of Directors of Low Keng Huat (Singapore) Limited (the "Company") 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 2012 Code of Corporate Governance ("Code").

STATEMENT OF COMPLIANCE

The Board of Directors ("the Board") of the Company confirms that for the financial year ended 31 January 2017, the Company has generally adhered to the principles and guidelines as set out in the Code.

BOARD MATTERS

PRINCIPLE 1

Every company should be headed by an effective Board to lead and control the company. The Board is collectively responsible for the long-term success of the company. The Board works with Management to achieve this objective and Management remains accountable to the Board.

Guideline 1.1

Board's Role

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

- Establishes a framework of prudent and effective controls which enable risks to be assessed and managed, including safeguarding of shareholders' interests and the Company's assets;
- Overseeing and monitoring the management and affairs of the Group;
- Approving the Group's corporate policies;
- Reviewing the financial performance including approval of the annual and interim financial reports;
- Approving the nomination of Directors and appointments to the various Board Committees;
- Reviewing the integrity and adequacy of internal control, risk management, financial reporting and compliance; and
- Assuming responsibility for corporate governance of the Group and considers sustainability issues of policies and procedures.

Guideline 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 the Management to take objective decisions as fiduciaries in the interest of the Group.

CORPORATE GOVERNANCE

Guideline 1.3

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.

Guideline 1.4

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.

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 Directors' attendance at the Board meetings (including committee meetings) held and the number of meetings attended by each member at the respective meetings during the financial year under review are as follows:

	No. of Meetings Attended in FY2016/2017				
	Directors	**Board**	**Audit Committee**	**Nominating Committee**	**Remuneration Committee**
1	Tan Sri Dato' Low Keng Huat	1	1	0	0
2	Low Keng Boon @ Lau Boon Sen	4	4	1	1
3	Dato' Marco Low Peng Kiat	3	2	0	0
4	Low Poh Kuan	4	4	1	1
5	Lee Han Yang	3	3	0	0
6	Lucas Liew Kim Voon	3	3	1	1
7	Wey Kim Long	4	4	1	1
8	Jimmy Yim Wing Kuen	4	1	1	1
	No. of meetings held in 2016/2017	**4**	**4**	**1**	**1**

Guideline 1.5

Internal Guidelines on Matters Requiring Board Approval

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

Matters reserved for Board's Approval

Matters specifically reserved to the Board for its 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 businesses.

Guideline 1.6

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 a transaction involving the Company, prohibitions on dealing in the Company's securities and restrictions on disclosure of price-sensitive information.

During the financial year reported on, the Directors had received updates on regulatory changes to the Listing Rules and the accounting standards and the amendments to the Companies Act. 2012 Code. The Chairman updates the Board at each Board meeting on business and strategic developments. The management highlights the salient issues as well as the risk management considerations for the industries the Group is in.

Guideline 1.7

Formal letter setting out Directors' Duties

A new Director will be provided with a formal letter setting out their duties and responsibilities.

BOARD COMPOSITION AND GUIDANCE

PRINCIPLE 2

There should be a strong and independent element on the Board, which is able to exercise objective judgment on corporate affairs independently, in particular, from Management and 10% shareholders. No individual or small group of individuals should be allowed to dominate the Board's decision making.

CORPORATE GOVERNANCE

Guideline 2.1

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

The Board comprises eight Directors of whom five are non-executive and three are executive. Of the five non-executive Directors, four are independent. The number of independent directors thus represents more than one third of the Board and majority of the Board comprises non- executive Directors.

Guideline 2.2

Independent Directors to make up half the Board

The Company has a Non-Executive Chairman and 2 Joint Managing Directors who are immediate family members. The Company has four independent directors out of total eight directors. The Company complied with Guideline 2.2 of the Code, the independent Directors should make up half the Board.

Guidelines 2.3 & 2.4

Independence of Directors

The criteria of independence are based on the definition given in the Code. The Code has defined an “independent” director as one who has no relationship with the Company, its related corporations, its 10% shareholders or its officers that could interfere, or be reasonably perceived to interfere, with the exercise of the director’s independent business judgment with a view to the best interests of the Company.

Annual Review of Directors’ Independence in 2017

The four Independent Directors of the Company, Mr Lee Han Yang, Mr Lucas Liew Kim Voon, Mr Wey Kim Long and Mr Jimmy Yim Wing Kuen have confirmed their independence and they do not have any relationship with the Company, its related corporation, its 10% shareholders or its officers that could interfere, or be reasonably perceived to interfere, with the exercise of their independent judgement.

Mr Lucas Liew Kim Voon, Mr Lee Han Yang and Mr Wey Kim Long have served on the Board of Directors for more than nine years and have been subjected to rigorous scrutiny by the Board. Despite their long period of service, the Board was of the view that Mr Lucas Liew Kim Voon, Mr Lee Han Yang and Mr Wey Kim Long have, at all times, expressed their individual viewpoints, objectively debated issues brought up at meetings of the Board and/or Board Committees and closely scrutinised Board matters and Board Committee matters in the interest of the Company. In addition they are not related to the majority shareholders and do not have any other interest in the Company, except those shareholdings as declared on page 40 of this Annual Report. Hence the Board considers these directors independent. Each of Mr Lucas Liew Kim Voon, Mr Lee Han Yang and Mr Wey Kim Long has abstained from the Board’s deliberation of their independence.

Guidelines 2.5 & 2.6

Composition and Competency of the Board

The Board members bring with them invaluable experience and collective core competencies such as accounting, finance, law, business and management experiences as well as industry expertise. The Board has reviewed its composition and is satisfied that such composition is appropriate. The Board will constantly review its size and composition to determine its appropriateness and effectiveness.

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

The profiles of the Directors are set out on page 13 to page 15 of this Annual Report.

Guideline 2.7

Role of Non-Executive Directors

During the year, the Non-Executive Directors constructively challenge and help develop both the Group's short-term and long-term business strategies. Management's progress in implementing such agreed business strategies are monitored by the Non-Executive Directors.

Guideline 2.8

Regular Meetings of Non-Executive Directors

During the year, the Non-Executive Directors communicate among themselves without the presence of Management as and when the need arises. The Company also benefits 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 Directors have access to the advice of the Company Secretary and Management. They may also seek independent professional advice concerning the Company's affairs when necessary.

CHAIRMAN AND CHIEF EXECUTIVE OFFICER

PRINCIPLE 3

There should be a clear division of responsibilities between the leadership of the Board and the executives responsible for managing the company's business. No one individual should represent a considerable concentration of power.

Guidelines 3.1 to 3.4

- Separate role of Chairman and Managing Director

- Role of the Chairman

- Lead Independent Director

The clear division of responsibilities between the non-executive Chairman and the Joint Managing Directors ensures proper balance of power and authority at the top Management of the Group. The posts of the non-executive Chairman and Joint Managing Directors are kept separate and are held by Tan Sri Dato' Low Keng Huat, Mr Low Keng Boon @ Lau Boon Sen and Dato' Marco Low Peng Kiat respectively.

The Chairman ensures that the business of the Board and Board Committees are well managed, and that harmonious relationships are maintained with shareholders.

The Joint Managing Directors make key decisions on the management and operations of the Group and are responsible for the conduct of the business and affairs of the Group.

CORPORATE GOVERNANCE

Tan Sri Dato' Low Keng Huat is the brother of Mr Low Keng Boon @ Lau Boon Sen. Dato' Marco Low Peng Kiat is the son of Tan Sri Dato' Low Keng Huat and appointed as Joint Managing Director on 1 November 2011. Under the Code, which recommends that where the Chairman and CEO are immediate family members, 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 Lee Han Yang was appointed by the Board on 12 September 2006 as the Lead Independent Director. The key responsibilities of the Lead Independent Director are:

- Providing an additional and independent channel of contact to shareholders
- Leading the non-executive/independent directors in providing and facilitating non-executive perspective and contributing a balance of viewpoints on the Board
- Co-ordinating the activities and meetings of non-executive/independent directors
- Advising the Chairman as to board and board committees meetings; and
- Promoting high standards of corporate governance

BOARD MEMBERSHIP

PRINCIPLE 4

There should be a formal and transparent process for the appointment and re-election of directors to the Board.

Guidelines 4.1 and 4.2

Nominating Committee

The NC comprises three Directors, the majority of whom (including the Chairman) are independent Directors.

Mr Lucas Liew	Independent Director (Chairman)
Mr Lee Han Yang	Independent Director
Mr Low Keng Boon @ Lau Boon Sen	Joint Managing Director

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

- review board succession plans for directors;
- 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;
- review training and professional development programs for the Board;
- determine the criteria for identifying candidates for directorship;
- review nominations and make recommendations to the Board on all Board appointments;

- make recommendations to the Board on the re-nomination of retiring Directors standing for re-election at the Company's Annual General Meeting;
- determine annually whether or not a director is independent;
- determine whether a Director is able to and has been adequately carrying out his duties as a Director of the Company;
- decide how the Board's performance may be evaluated and propose objective performance criteria for the Board's approval; and
- ensure disclosure of key information of Directors in the Annual Reports as required by the Code.

Guideline 4.3

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 has ascertained that they are independent.

Guideline 4.4

Multiple Board Representations

The NC has considered and took the view that it would not be appropriate to set a limit on the number of 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 or her competing directorships and obligations and assess the number of directorships they could hold and serve effectively.

Guideline 4.5

Alternative Directors

The Company currently has no Alternate Director.

Guideline 4.6

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.

CORPORATE GOVERNANCE

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.

All Directors are required to submit themselves for re-nomination and re-election at least once in every three years. Article 88 of the Company requires one third of the Board to retire by rotation at every Annual General Meeting.

The NC has recommended to the Board, the re-election of Tan Sri Dato' Low Keng Huat and Mr Lee Han Yang who retire by rotation.

In making recommendation for the purpose of re-nomination of these Directors, the NC has taken into consideration these Directors' contribution and performance. The Board has accepted the NC's recommendation. Each of them has abstained from making any recommendation and/or participating in any deliberation of the NC and the Board in respect of the assessment of his own performance or re-election/ re-appointment as a director.

Guideline 4.7

Key Information on Directors

Key information regarding the Directors are set out on page 13 to page 15 of this Annual Report.

Particulars of interests of Directors who held office at the end of the financial year in shares, debentures, warrants and share options in the Company and in related corporations (other than wholly-owned subsidiaries) are set out on page 40 of this Annual Report.

BOARD PERFORMANCE

PRINCIPLE 5

There should be a formal annual assessment of the effectiveness of the Board as a whole and its board committees and the contribution by each director to the effectiveness of the Board.

Guidelines 5.1 to 5.3

Conduct of Board Performance

Performance Criteria for Board Evaluation

Evaluation of Individual Directors

The NC's evaluation of each Director and the Board's performance as a whole will be 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 as a whole 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 has reviewed the overall performance of the Board in terms of its role and responsibilities and the conduct of its affairs as a whole for FY 2017 and is of the view that the performance of the Board as a whole and its Board committees have been satisfactory and that the individual Directors have performed to contribute to the Board's overall performance.

ACCESS TO INFORMATION

PRINCIPLE 6

In order to fulfil their responsibilities, Board members should be provided with complete, adequate and timely information prior to board meetings and on an on-going basis so as to enable them to make informed decisions to discharge their duties and responsibilities as directors.

Guidelines 6.1 and 6.2

Board's Access to information

The Board is furnished with Board papers prior to any Board meeting. These Board papers include management reports, financial reports and other relevant information meant to provide complete, adequate, timely and reliable information so as to ensure Directors' informed participation at such meetings and hence the effective discharge of their duties. Where necessary, senior members of management staff or external consultants engaged on specific projects, are available to provide explanatory information in the form of briefings to the Directors or formal presentations in attendance at Board meetings.

When decisions to be taken by the Board require specialized knowledge or expert opinions, the Board is able to seek independent professional advice, if necessary. Such cost for professional advice will be borne by the Company.

The Directors may communicate directly with the Management, the Company Secretary, the internal auditor and the external auditors on all matters whenever they deem necessary.

The Company Secretary attends all Board meetings and is responsible to ensure that board procedures, applicable rules and regulations are followed.

Guidelines 6.3 & 6.4

- Board's Access to Company Secretary

- Appointment and Removal of Company Secretary

The Board has separate and independent access to the Company Secretary and to other senior management executives of the Company and of the Group at all times in carrying out their duties. The Company Secretary attends or is represented at all Board meetings and meetings of the Board committees of the Company and ensures that Board procedures are followed and that applicable rules and regulations are complied with. The appointment and removal of the Company Secretary is subject to the approval of the Board.

Guideline 6.5

Board's Access to Independent Professional Advice

The Board collectively and each Director individually has the right to seek independent, legal and other 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 cost for professional advice will be borne by the Company.

REMUNERATION MATTERS

PRINCIPLE 7

There should be a formal and transparent procedure for developing policy on executive remuneration and for fixing the remuneration packages of individual directors. No director should be involved in deciding his own remuneration.

Guideline 7.1

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, all of whom are non-executive and independent Directors:

Mr Lee Han Yang	Independent Director and Chairman of RC
Mr Lucas Liew	Independent Director
Mr Wey Kim Long	Independent Director
Mr Jimmy Yim	Independent Director

The principal responsibilities of the RC are to:

- recommend to the Board base pay levels, benefits and incentive opportunities;
- approve the structure of the compensation programme for Directors and Senior Management to ensure that the programme is competitive and sufficient to attract, retain and motivate Senior Management of the required quality to run the Company successfully; and
- review Directors' and senior Management's compensation annually and determine appropriate adjustments; and review and recommend the Managing Director's pay adjustments.

When necessary, the RC is able to seek independent professional advice on remuneration matters. Such cost will be borne by the Company.

The overriding principle is that no Director should be involved in deciding his own remuneration.

Guideline 7.2

Remuneration Framework

The RC recommends to the Board a framework of remuneration for the Directors and Executive Officers, and determines specific remuneration package for each Executive Director. The recommendations will be submitted for endorsement by the Board.

All aspects of remuneration, including but not limited to directors' fee, 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.

Guideline 7.3

RC's Access to Advice on Remuneration Matters

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.

Guideline 7.4

Termination Clauses in Service Contract

Each of the Executive Directors and key management personnel have an employment contract with the Company which can be terminated by either party giving notice of resignation/termination. Each appointment is on a long term basis and no onerous removal clauses are contained in the employment contract.

LEVEL AND MIX OF REMUNERATION

PRINCIPLE 8

The level and structure of remuneration should be aligned with the long-term interest and risk policies of the company, and should be appropriate to attract, retain and motivate (a) the directors to provide good stewardship of the company, and (b) key management personnel to successfully manage the company. However, companies should avoid paying more than is necessary for this purpose.

Guideline 8.1

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 Executive Directors' remuneration comprises salary, bonus, allowances and benefits which are governed by employment contracts entered into with the Company. The bonus, which makes up a significant portion of total remuneration, is linked to the performance of the Group.

Guideline 8.2

Long-term Incentive Scheme

Currently, the Company has no long term incentive schemes. The RC has reviewed and is satisfied that the existing remuneration structure for Executive Directors and key management staff for their fixed and variable components to be paid out in cash would continue to be adequate in incentivising performance without being over-excessive.

Guideline 8.3

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 RC has reviewed the fee structure for Non-Executive Directors as being reflective of their responsibilities and work commitments and recommends the directors' fee for FY2017.The Company will submit the quantum of directors' fee of each year to the shareholders for approval at each Annual General Meeting ("AGM") and they are paid upon the conclusion of the AGM.

Guideline 8.4

Contractual Provisions

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

DISCLOSURE ON REMUNERATION

PRINCIPLE 9

Every company should provide clear disclosure of its remuneration policies, level and mix of remuneration, and the procedure for setting remuneration, in the company's Annual Report. It should provide disclosure in relation to its remuneration policies to enable investors to understand the link between remuneration paid to directors and key management personnel, and performance.

Guidelines 9.1, 9.2 and 9.3

Remuneration Report

The breakdown of the level and mix of remuneration of each Director and the top five key executives for the financial year ended 31 January 2017 are set out below. A significant portion of key executives' remuneration is linked to corporate and individual performance. Directors' remuneration are disclosed fully on a named basis in bands of S$250,000 each.

	Directors' Fee[1]	Salary (annual)	Profit Sharing/ Bonus [2] (annual)	CPF/ Super-annuation	Allowances/ Benefits (annual)	Total
Directors						
$2,250,000 to $2,449,999						
Low Keng Boon @ Lau Boon Sen	–	720,000	1,574,662	7,650	59,907	2,362,219
$1,750,000 to $1,999,999						
Dato' Marco Low Peng Kiat	–	360,000	1,574,662	–	49,545	1,984,207
$250,000 to $499,999						
Low Poh Kuan	–	240,000	70,000	17,340	52,767	380,107
Below $250,000						
Tan Sri Dato' Low Keng Huat	55,000	–	–	–	–	55,000
Lee Han Yang	50,000	–	–	–	–	50,000
Lucas Liew	50,000	–	–	–	–	50,000
Wey Kim Long	45,000	–	–	–	–	45,000
Jimmy Yim Wing Kuen	45,000	–	–	–	–	45,000
Key Executives						
$250,000 to $499,999						
Lee Yoon Moi	–	73%	22%	2%	3%	100%
Chin Yeok Yuen	–	72%	21%	4%	3%	100%
Low Poh Kok	–	72%	21%	–	7%	100%
Low Chin Han	–	69%	20%	–	11%	100%
Below $250,000						
Bruce Doig	–	91%	–	9%	–	100%

The directors' fees are subject to shareholders' approval at the Annual General Meeting.

The aggregate total remuneration paid to the top five key management personnel (who are not directors or the CEO) is $1,548,952.00.

Dato' Marco Low Peng Kiat is the son of Tan Sri Dato' Low Keng Huat. Mr Low Chin Han is the son of Mr Low Keng Boon @ Lau Boon Sen. Messrs Low Poh Kuan and Low Poh Kok are the nephews of Tan Sri Dato' Low Keng Huat and Mr Low Keng Boon @ Lau Boon Sen.

(1) Directors' fee proposed for 2016/2017

(2) Profit Share for 2016/2017 for Mr Low Keng Boon @ Lau Boon Sen and Dato' Marco Low Peng Kiat, amounts are in accordance with service agreements

Guideline 9.4

Remuneration of Immediate Family Members of Directors or Substantial Shareholders

The Remuneration of employees who are immediate family members of a director or CEO are as follows:-

	Relationship to Directors/CEO	Designation in the Company
$250,000 to $499,999		
Low Poh Kok	Brother of Mr Low Poh Kuan. Nephew of Tan Sri Dato' Low Keng Huat & Mr Low Keng Boon @ Lau Boon Sen. Cousin of Dato' Marco Low Peng Kiat.	Manager, Property Development with effect from 03/01/2005
Low Chin Han	Son of Mr Low Keng Boon @ Lau Boon Sen. Nephew of Tan Sri Dato' Low Keng Huat. Cousin of Dato' Marco Low Peng Kiat and Mr Low Poh Kuan.	Director of Duxton Hotel Perth with effect from 01/11/2011.
$150,001 to $200,000		
Steven Low Chee Leong	Son of Mr Low Keng Boon @ Lau Boon Sen. Nephew of Tan Sri Dato' Low Keng Huat. Cousin of Dato' Marco Low Peng Kiat and Mr Low Poh Kuan.	Head, Safety Department
$100,001 to $150,000		
Chong Chee Kui	Nephew of Tan Sri Dato' Low Keng Huat and Mr Low Keng Boon @ Lau Boon Sen. Cousin of Dato' Marco Low Peng Kiat and Mr Low Poh Kuan.	Senior Site Supervisor
$50,001 to $100,000		
Carol Low Seok Peng	Daughter of Mr Low Keng Boon. Niece of Tan Sri Dato' Low Keng Huat. Cousin of Dato' Marco Low Peng Kiat and Mr Low Poh Kuan.	Operations Manager of Carnivore Brazilian Churrascaria Pte Ltd with effect from 01/01/2016
Low Poh Hon	Nephew of Tan Sri Dato' Low Keng Huat and Mr Low Keng Boon. Brother of Mr Low Poh Kuan. Cousin of Dato' Marco Low Peng Kiat.	Office Administrator
Paullyn Tay Chiu Gee	Sister-in-law of Mr Low Poh Kuan Niece-in-law of Tan Sri Dato' Low Keng Huat and Mr Low Keng Boon @ Lau Boon Sen. Cousin-in-law of Dato' Marco Low Peng Kiat.	Project Co-ordinator

Save as disclosed, no employee of the Group is an immediate family member of a Director or CEO and whose remuneration is in excess of $50,000 in the year under review.

ACCOUNTABILITY AND AUDIT

PRINCIPLE 10

The Board should present a balanced and understandable assessment of the company's performance, position and prospects.

Guidelines 10.1 to 10.3

- Accountability for Company's Performance, Position and Prospects

- Compliance with Legislative and Regulatory Requirements

- Balanced and understandable assessment of the Group's Performance, Position and Prospects

The Board is accountable to the shareholders and is committed to ensure compliance with the Listing Rules of the Singapore Exchange Trading Limited ("SGX-ST"). The Board ensures that the financial results are released to Shareholders in a timely manner to provide Shareholders with an overview of the Company's performance and financial position.

The Company will release any price-sensitive information to the public before meeting any group of investors.

The Management currently provides the Board with management accounts which presents a balanced and understandable assessment of the Group's performance, position and prospects on a quarterly basis and as and when deemed necessary.

RISK MANAGEMENT AND INTERNAL CONTROLS

PRINCIPLE 11

The Board is responsible for the governance of risk. The Board should ensure that Management maintains a sound system of risk management and internal controls to safeguard the shareholders' interests and the company's assets, and should determine the nature and extent of the significant risks which the Board is willing to take in achieving its strategic objectives.

Guidelines 11.1 to 11.3

- Risk Management

- Internal Controls

- Board's opinion on adequacy and effectiveness of the internal controls

Risk Management

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.

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 a risk, 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.

Assurances from the Joint Managing Directors and the Chief Financial Officer

For the financial year ended 31 January 2017, the Board has received assurance from the Joint Managing Directors 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 regarding the effectiveness of the company's risk management and internal controls system.

Board's opinion on adequacy and effectiveness of the internal controls

Based on the internal controls currently in place, the work undertaken by the internal and external auditors, the assurances from the Joint Managing Directors and Chief Financial Officer as well as reviews by the AC and the Board, the Board with the concurrence of the AC, is of the opinion that the Group's internal financial, operational, information technology and compliance controls are adequate and effective as at 31 January 2017.

The Board is also of the opinion that the Group's risk management and internal control systems provide reasonable but not absolute assurance that the Group will 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.

Guideline 11.4

Risk Committee

The responsibility of overseeing the Company's risk management framework and policies is undertaken by the AC with the assistance of the internal auditors. Having considered the Company's business operations as well as its existing internal control and risk management systems, the Board is of the view that a separate risk committee is not required for the time being.

AUDIT COMMITTEE

PRINCIPLE 12

The Board should establish an AC with written terms of reference which clearly set out its authority and duties.

Guidelines 12.1 and 12.2

- AC Membership

- Expertise of AC Members

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

Mr Lucas Liew	Independent Director (Chairman of the AC)
Mr Lee Han Yang	Independent Director
Mr Wey Kim Long	Independent Director

These AC members have had many years of experience in senior management positions in the financial, accounting and industrial sectors. They have sufficient financial management expertise and experience to discharge the functions of AC.

Guidelines 12.3 to 12.5

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: -

- Review with the external auditor, the audit plan, and their evaluation of the accounting, operational and compliance controls, risk management and audit report;
- Review the annual and interim financial statements including the announcements to SGX-ST prior to submission to the Board;
- Review the assistance given by Management and the staff of the Company to the external auditor;
- Review the independence of the external auditor;
- Nomination of the external auditor;
- Oversee internal audit; and
- Review of interested person transactions between the Group and interested persons.

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

During the year, the Company's 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 without the presence of Management.

The Company records and reports interested person transactions which are subject to review by the AC to ensure that they were 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	**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)**
Consistent Record Sdn Bhd	Bina Meganmas Sdn Bhd Loan $972,683.54 Total $972,683.54	N/A

Pursuant to Chapter 9 of the SGX-ST Listing Manual, the above interested person transactions are either below the relevant materiality threshold or exempted from shareholders' approval.

Guideline 12.6

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 are 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 FY2016/2017 was approximately $166,300, of which audit fees amounted to approximately $135,300 and non-audit fees amounted to approximately $31,000.

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

Guideline 12.7

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 had been circulated to all employees for implementation.

Guideline 12.8

AC to Keep Abreast of Changes to Accounting Standards

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.

Guideline 12.9

Partners or Directors of the Company's Auditing Firm

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

INTERNAL AUDIT

PRINCIPLE 13

The Company should establish an internal effective audit function that is adequately resourced and independent of the activities it audits.

Guidelines 13.1 and 13.2

Internal Auditors

The Company has appointed group internal auditor to carry out internal audits. The group internal auditor reports directly to the AC on internal audit matters. The group internal auditor has unfettered access to all the Company's documents, records, properties and personnel, including unrestricted direct access to the AC.

To ensure the adequacy of the internal audit function, the AC sets and reviews the scope, methodology and observations of the internal audit.

Guidelines 13.3 & 13.4

Internal Audit Function

The internal audit essentially follows the professional standards set by the Institute of Internal Auditors. The AC is satisfied that the Company's internal audit function is adequate and appropriate for the Group.

SHAREHOLDER RIGHTS AND RESPONSIBILITIES

PRINCIPLE 14

Companies should treat all shareholders fairly and equitably, and should recognise, protect and facilitate the exercise of shareholders' rights, and continually review and update such governance arrangements.

Guidelines 14.1

Sufficient Information to Shareholders

The Company endeavours to communicate regularly, effectively and fairly with its shareholders.

Financial results and material information are communicated to shareholders on a timely basis. Communication is made through:

- Annual reports that are prepared and issued to all shareholders;
- Announcements via SGXNET;
- Press releases on major developments;
- The Company's website at www.lkhs.com.sg from which shareholders can access information about the Group; and
- Notices of and explanatory memoranda for Annual General Meetings and Extraordinary General Meetings

Guideline 14.2

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 notice is also advertised in a national newspaper. The Board welcomes questions from shareholders who have an opportunity to raise issues either formally or informally during, before or after the general meeting.

Shareholders are encouraged to attend the Annual General Meeting 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.

Guideline 14.3

Proxies for Nominee Companies

The Company's Constitution allows a member (other than a relevant intermediary as defined in Section 181 of the Companies Act) to appoint one or two proxies to attend and vote at its general meetings. The Companies Act allows relevant intermediaries which include CPF Approved nominees to appoint multiple proxies, and empower CPF investors to attend and vote at general meetings of the Company as their CPF Approved Nominees' proxies.

COMMUNICATION WITH SHAREHOLDERS

PRINCIPLE 15

Companies should actively engage their shareholders and put in place an investor relations policy to promote regular, effective and fair communication with shareholders.

Guidelines 15.1 to 15.4

Timely information to and engagement with 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 of the Group are released within 45 days from the end of each quarter and within 60 days from the financial year end. In addition, Annual Reports are distributed to shareholders at least 14 days before each annual general meeting.

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 annual general meeting is a forum for the shareholders to engage the Board to ask questions on the resolutions tabled at the annual general meeting and to express their views.

The Company will consider the use of other forums as set out in Guideline 15.4 of the Code such as analyst briefings as and when applicable.

Guideline 15.5

Dividend

For FY 2016/2017, the Board has proposed a first and final tax exempt (one tier) dividend of 3.0 cents and a special tax exempt (one tier) dividend of 1.0 cents per ordinary share at the forthcoming annual general meeting for shareholders' approval. Details of the proposed dividend are stated in the notice of the annual general meeting attached to this annual report. The Company does not have a policy on payment of dividend.

CONDUCT OF SHAREHOLDER MEETINGS

PRINCIPLE 16

Companies should encourage greater shareholder participation at general meetings of shareholders, and allow shareholders the opportunity to communicate their views on various matters affecting the Company.

Guideline 16.1

Effective Shareholders' Participation

To facilitate shareholders' effective participation at General Meetings, the Company holds its General Meetings at a location which is considered convenient and accessible to shareholders.

All resolutions at the forthcoming AGM would be put to vote by poll. This will allow greater transparency and more equitable participation by shareholders.

Voting in absentia and by email, which are currently not permitted, may only be possible following careful study to ensure that the integrity of information and authentication of the identity of shareholders through the web are not compromised, and legislative changes are effected to recognise remote voting. Nevertheless, shareholders who are unable to be physically present at the meeting can appoint proxies to attend and vote in their stead.

The Chairman of the AC, NC and RC would be present and available to address questions at general meetings. The external auditor would be present at the said meetings to assist the Directors in addressing any relevant queries raised by shareholders.

Guideline 16.2

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.

Guideline 16.3

Attendance of Chairman of the Board and Board Committees at General Meetings

The Chairman of the AC, NC and RC would be present and available to address questions at general meetings. The external auditor would be present at the said meetings to assist the Directors in addressing any relevant queries raised by shareholders.

Guideline 16.4

Minutes of General Meetings

The minutes of the general meetings are taken and are available to shareholders for their inspection upon request.

Guideline 16.5

Results of resolutions by poll

All resolutions at general meetings are put to vote by 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 at 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.

SECURITIES TRANSACTIONS

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 are prohibited from dealing in the Company's Shares during the period commencing two weeks before the announcement of the financial statements for each of the first three quarters of its financial year and one month before the announcement of the company's 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

There was no material contracts entered into by the Company or any of its subsidiary companies involving the interest of the Non-Executive Chairman, any Director, or controlling shareholder.

DIRECTORS' STATEMENT

For the financial year ended 31 January 2017

The directors present their statement to the members together with the audited financial statements of the Group for the financial year ended 31 January 2017 and the statement of financial position of the Company as at 31 January 2017.

In the opinion of the directors,

(a) the accompanying financial statements of the Group and Company are drawn up 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 2017 and the financial performance, changes in equity and cash flows of the Group for the year ended on that date in accordance with the provisions of the Singapore Companies Act, Chapter 50 and Singapore Financial Reporting Standards; and

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

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 report are:

Tan Sri Dato' Low Keng Huat
Low Keng Boon @ Lau Boon Sen
Dato' Marco Low Peng Kiat
Low Poh Kuan
Lee Han Yang
Lucas Liew Kim Voon
Wey Kim Long
Jimmy Yim Wing Kuen

Mr Lee Han Yang, Mr Lucas Liew Kim Voon, Mr Wey Kim Long and Mr Jimmy Yim Wing Kuen 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 was the Company a party to any arrangement whose object was to enable the directors of the Company to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or of any other body corporate.

DIRECTORS' STATEMENT

For the financial year ended 31 January 2017

Directors' interest in shares or debentures

According to the Register of Directors' Shareholdings kept by the Company under Section 164 of the Companies Act, Cap. 50, 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 director is deemed to have an interest	
Name of director	As at 1.2.2016	**As at 31.1.2017 and 21.2.2017#**	As at 1.2.2016	**As at 31.1.2017 and 21.2.2017#**
	Number of ordinary shares			
The Company -				
Low Keng Huat (Singapore) Limited				
Tan Sri Dato' Low Keng Huat	–	**–**	395,194,345	**395,194,345**
Low Keng Boon @ Lau Boon Sen	54,341,450	**52,773,806**	27,848,000	**23,000,000**
Dato' Marco Low Peng Kiat	300,000	**300,000**	397,945,345	**397,945,345**
Low Poh Kuan	1,998,000	**1,998,000**	–	**–**
Lee Han Yang	480,000	**–**	–	**480,000**
Lucas Liew Kim Voon	456,000	**456,000**	–	**–**
Wey Kim Long	400,000	**400,000**	–	**–**
Jimmy Yim Wing Kuen	200,000	**200,000**	120,000	**120,000**
	Number of ordinary shares of RM1.00 each			
Ultimate holding company -				
Consistent Record Sdn. Bhd.				
Tan Sri Dato' Low Keng Huat	1	**1**	–	**–**
Dato' Marco Low Peng Kiat	1	**1**	–	**–**

Tan Sri Dato' Low Keng Huat and Dato' Marco Low Peng Kiat, by virtue of the provisions of Section 7 of the Singapore Companies Act, Cap. 50, are deemed to have an interest in the whole of the issued share capital of all the wholly-owned subsidiaries of Low Keng Huat (Singapore) Limited and all the joint ventures and associated companies in which the Company has 20% or more equity interest.

There are no changes to the above shareholdings as at 21 February 2017.

Share option scheme

No options to take up unissued shares of the Company or any subsidiaries have been granted during the financial year.

No shares were issued during the financial year to which this report relates by virtue of the exercise of the options to take up unissued shares of the Company or any subsidiaries.

There were no unissued shares of the Company or any subsidiaries 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:

Lucas Liew Kim Voon (Chairman)
Lee Han Yang
Wey Kim Long

The Audit Committee performs the functions set out in Section 201B(5) of the Companies Act, Cap. 50, the SGX Listing Manual and the Code of Corporate Governance. In performing these functions, the Audit Committee reviewed the following:

(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 2017 as well as the auditor's report thereon;

(iv) effectiveness of the Company's material 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) met with the external auditor, other committees, and management in separate executive sessions to discuss any matters that these groups believe should be discussed privately with the Audit Committee;

(vi) reviewed legal and regulatory matters that may have a material impact on the financial statements, related compliance policies and programmes and any reports received from regulators;

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

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

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

(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).

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.

DIRECTORS' STATEMENT

For the financial year ended 31 January 2017

Audit Committee (Cont'd)

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

Independent auditor

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

Other information required by the SGX-ST

Material information

Apart from the Service Agreements between certain executive directors and the Company, there is no material contract to which the Company or any of its subsidiaries, is a party which involve directors' interests subsisted or have been entered into during the financial year ended 31 January 2017.

Interested person transactions

There was no interested person transaction as defined in Chapter 9 of the SGX-ST Listing Manual conducted during the financial year except as disclosed under interested person transactions in the "Corporate Governance" section of the annual report and on Note 32 to the financial statements.

On behalf of the Directors

LOW KENG BOON @ LAU BOON SEN

DATO' MARCO LOW PENG KIAT

Dated: 25 April 2017

INDEPENDENT AUDITOR'S REPORT

To the Members of Low Keng Huat (Singapore) Limited

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 statements of financial position of the Group and the statement of financial position of the Company as at 31 January 2017, 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 year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying 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 Companies Act, Chapter 50 (the Act) and Financial Reporting Standards in Singapore (FRSs) so as to give a true and fair view of the consolidated financial position of the Group and the financial position of the Company as at 31 January 2017 and of the consolidated financial performance, consolidated changes in equity and consolidated cash flows of the Group for the year ended on that date.

Basis for Opinion

We conducted our audit in accordance with Singapore Standards on Auditing (SSAs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Group in accordance with the Accounting and Corporate Regulatory Authority (ACRA) Code of Professional Conduct and Ethics for Public Accountants and Accounting Entities (ACRA Code) together with the ethical requirements that are relevant to our audit of the financial statements in Singapore, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ACRA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

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

Key Audit Matter	Risk	Our responses and work performed
Net realisable value of development properties	The Group has significant residential, mixed office development and mixed residential development properties held for sale in its core market – Singapore.	The Group had engaged independent professional external valuers (management's expert) to determine whether there was any need to write-down the value of development properties in accordance with FRS 2 *Inventories*. We assessed the competency, capability and objectivity of the management's expert and read the terms of their engagement with the Group to determine whether there were any matters that might had affected their objectivity or limited the scope of their work.

Key Audit Matters (Cont'd)

Key Audit Matter	Risk	Our responses and work performed
Net realisable value of development properties	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. Weak demand and the consequential oversupply of residential units and office space, arising from government policies in Singapore and a slowdown in economic activity in Singapore, might exert downward pressure on transaction volumes and office and residential property prices in this core market. This could lead to future trends in these markets departing from known trends based on past experience. Furthermore, there is a possible risk of overstatement of project costs where work has been completed up to certain stage but liabilities owing to contractors or suppliers have been recorded up to a later stage.	We also engaged our independent auditor's expert to assess the valuation determined by the management's expert. We assessed the competency, capability and objectivity of the auditor's expert. We considered the valuation methodologies used against those applied by other professional valuer for similar property types. We compared the management's expert underlying assumptions on estimated selling prices to market comparable and the cost to complete the development properties. In relation to actual costs incurred to date, we agreed the related costs incurred to suppliers' invoices or contracts with suppliers. For estimated total contract costs, we: • discussed with the project managers to assess the reasonableness of estimated total contract costs; • evaluated management's underlying assumptions made using our understanding of past completed projects; and • agreed the cost to complete for each contract by substantiating costs that have been committed to quotations from and contracts with suppliers. 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 refers to 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 remaining sections of the annual report 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.

Other Information (Cont'd)

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 remaining sections of the annual report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance and take appropriate actions in accordance with SSAs.

Responsibilities of Management and Directors for the Financial Statements

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

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

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

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

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

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

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

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

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

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matter. 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 Tei Tong Huat.

Foo Kon Tan LLP
Public Accountants and
Chartered Accountants

Singapore, 25 April 2017

STATEMENTS OF FINANCIAL POSITION

As at 31 January 2017

	Note	The Group 31 January 2017 $'000	The Group 31 January 2016 $'000	The Company 31 January 2017 $'000	The Company 31 January 2016 $'000
ASSETS					
Current Assets					
Cash and cash equivalents	3	**250,574**	213,877	**215,355**	147,634
Fixed deposits	4	**16,221**	5,123	**–**	–
Investments	5(a)	**5,097**	4,764	**–**	–
Amount owing by non-controlling shareholders of subsidiaries (non-trade)	6(a)	**–**	350	**–**	–
Trade and other receivables	7	**90,255**	132,404	**14,068**	17,476
Construction work-in-progress	8	**–**	–	**709**	114
Inventories	9	**420**	487	**–**	–
Completed development properties for sale	10(a)	**7,932**	8,791	**–**	–
Development properties	10(b)	**107,454**	96,605	**–**	–
		477,953	462,401	**230,132**	165,224
Non-Current Assets					
Investments	5(b)	**51,701**	34,767	**1,433**	1,395
Other investments	5(c)	**32,000**	32,000	**–**	–
Joint ventures	11	**91,104**	92,019	**92,536**	89,458
Associated companies	12	**50,826**	50,124	**56**	56
Subsidiaries	13	**–**	–	**288,256**	280,257
Investment properties	14	**309,999**	315,915	**18,613**	18,812
Property, plant and equipment	15	**137,191**	162,463	**5,521**	5,155
Other receivables	7	**–**	72	**–**	–
Deferred tax assets	16	**332**	589	**–**	–
		673,153	687,949	**406,415**	395,133
Total assets		**1,151,106**	1,150,350	**636,547**	560,357
LIABILITIES					
Current Liabilities					
Trade and other payables	17	**31,624**	63,282	**21,171**	40,899
Amount owing to subsidiaries (non-trade)	18	**–**	–	**55,855**	14,478
Amount owing to joint ventures (non-trade)	19	**470**	871	**197**	597
Amount owing to a non-controlling shareholder of a subsidiary (non-trade)	6(b)	**440**	415	**–**	–
Provision for directors' fee		**245**	245	**245**	245
Provisions	20	**77**	193	**–**	–
Current tax payable		**3,388**	11,619	**303**	8,417
Bank borrowings	21	**7,200**	9,360	**–**	–
		43,444	85,985	**77,771**	64,636

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

STATEMENTS OF FINANCIAL POSITION

As at 31 January 2017

	Note	The Group 31 January 2017 $'000	The Group 31 January 2016 $'000	The Company 31 January 2017 $'000	The Company 31 January 2016 $'000
Non-Current Liabilities					
Bank borrowings	21	**353,084**	331,715	**–**	–
Amount owing to non-controlling shareholders of subsidiaries (non-trade)	6(b)	**58,157**	56,479	**–**	–
Provisions	20	**–**	256	**–**	–
Deferred tax liabilities	16	**2,163**	991	**–**	–
		413,404	389,441	**–**	–
Total liabilities		**456,848**	475,426	**77,771**	64,636
NET ASSETS		**694,258**	674,924	**558,776**	495,721
EQUITY					
Capital and Reserves					
Share capital	22	**161,863**	161,863	**161,863**	161,863
Capital reserve	23	**(2,005)**	(2,005)	**–**	–
Fair value reserve	24	**7,764**	2,569	**713**	622
Retained profits		**497,239**	467,606	**396,200**	333,236
Currency translation reserve	25	**2,034**	(2,475)	**–**	–
		666,895	627,558	**558,776**	495,721
Non-controlling interests		**27,363**	47,366	**–**	–
Total equity		**694,258**	674,924	**558,776**	495,721

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 2017

	Note	**Year ended 31 January 2017 $'000**	Year ended 31 January 2016 $'000
Revenue	26,35	**47,044**	86,624
Cost of Sales	29	**(25,201)**	(3,491)
Gross profit		**21,843**	83,133
Other operating income	27	**74,173**	29,596
Distribution costs		**(1,430)**	(2,079)
Administrative costs	28(a)	**(12,132)**	(14,752)
Other operating expenses	28(b)	**(6,813)**	(2,836)
Finance costs	28(c)	**(5,796)**	(6,179)
Share of results of joint ventures and associates		**(2,021)**	(16,658)
Profit before taxation	29	**67,824**	70,225
Taxation	30	**(4,105)**	(12,396)
Total profit for the year		**63,719**	57,829
Other comprehensive income/(expense) after tax:			
Items that may be reclassified subsequently to profit or loss			
Exchange differences on translation of the financial statements of foreign entities (net)		**1,550**	(2,671)
Fair value gain/(loss) on available-for-sale financial assets	5(b),24	**4,545**	(8,779)
Reclassification of cumulative fair value loss to profit or loss account	24,28(b)	**650**	–
Realisation of reserve upon disposal of joint venture		**175**	–
Realisation of reserve upon disposal of a subsidiary		**3,306**	–
Other comprehensive income/(expense) for the year, net of tax		**10,226**	(11,450)
Total comprehensive income for the year		**73,945**	46,379
Profit attributable to:			
Owners of the parent		**55,704**	55,745
Non-controlling interests		**8,015**	2,084
		63,719	57,829
Total comprehensive income attributable to:			
Owners of the parent		**72,375**	44,559
Non-controlling interests		**1,570**	1,820
		73,945	46,379
Earnings per share (cents)			
- Basic	31	**7.54**	7.55
- Diluted	31	**7.54**	7.55

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 2017

	← Attributable to equity holders of the Company →							
	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
Balance at 1 February 2016	**161,863**	**(2,005)**	**2,569**	**467,606**	**(2,475)**	**627,558**	**47,366**	**674,924**
Profit for the year	**–**	**–**	**–**	**55,704**	**–**	**55,704**	**8,015**	**63,719**
Other comprehensive expense for the year	**–**	**–**	**5,195**	**3,481**	**7,995**	**16,671**	**(6,445)**	**10,226**
Total comprehensive income for the year	**–**	**–**	**5,195**	**59,185**	**7,995**	**72,375**	**1,570**	**73,945**
Dividends paid in respect of financial year ended 31 January 2016 (Note 33)	**–**	**–**	**–**	**(29,552)**	**–**	**(29,552)**	**(21,454)**	**(51,006)**
Realisation of reserve upon disposal of a subsidiary	**–**	**–**	**–**	**–**	**(3,306)**	**(3,306)**	**–**	**(3,306)**
Realisation of reserve upon disposal of a joint venture	**–**	**–**	**–**	**–**	**(175)**	**(175)**	**–**	**(175)**
Reserves arising from non-interest bearing loans from non-controlling shareholders	**–**	**–**	**–**	**–**	**(5)**	**(5)**	**(119)**	**(124)**
Balance at 31 January 2017	**161,863**	**(2,005)**	**7,764**	**497,239**	**2,034**	**666,895**	**27,363**	**694,258**
Balance at 1 February 2015	161,863	(2,005)	11,348	448,802	(68)	619,940	39,539	659,479
Profit for the year	–	–	–	55,745	–	55,745	2,084	57,829
Other comprehensive expense for the year	–	–	(8,779)	–	(2,407)	(11,186)	(264)	(11,450)
Total comprehensive income for the year	–	–	(8,779)	55,745	(2,407)	44,559	1,820	46,379
Dividends paid in respect of financial year ended 31 January 2015 (Note 33)	–	–	–	(36,941)	–	(36,941)	(4,000)	(40,941)
Reserves arising from non-interest bearing loans from non-controlling shareholders	–	–	–	–	–	–	10,007	10,007
Balance at 31 January 2016	161,863	(2,005)	2,569	467,606	(2,475)	627,558	47,366	674,924

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 2017

	Note	Year ended 31 January 2017 $'000	Year ended 31 January 2016 $'000
Cash Flows from Operating Activities			
Profit before taxation		**67,824**	70,225
Adjustments for:			
Share of results of joint ventures and associated companies		**2,021**	16,658
Depreciation of:			
- Investment properties	14	**2,973**	3,358
- Property, plant and equipment	15	**3,004**	4,564
Gain on disposal of:			
- Joint ventures	11,29	**(3,105)**	–
- Subsidiaries	13,29,Note A	**(55,538)**	–
- Investment properties	27	**–**	(4,024)
- Property, plant and equipment	27	**(15)**	(3,827)
Impairment loss on:			
- Investment properties	14,28(b)	**1,113**	–
- Property, plant and equipment	15,28(b)	**3,338**	16
Bad debts written off	28(b)	**–**	43
Fair value gains reclassified from fair value reserve to consolidated income statement	29	**650**	–
Fair value loss/(gain) on financial assets at fair value through profit or loss	27,28(b)	**(333)**	677
Change in fair value of derivative financial instrument	27	**–**	(304)
Impairment loss on unquoted equity investment in a joint venture no longer required	29	**–**	(4,968)
Provisions:			
- For the year	29	**18**	22
- No longer required	29	**–**	(2,297)
Interest expense		**5,796**	6,179
Interest income	27	**(9,290)**	(7,836)
Operating profit before working capital changes		**18,456**	78,486
Decrease in inventories and construction work-in-progress		**39**	63
Increase in development properties		**(9,990)**	(2,437)
Decrease in operating receivables		**43,244**	40,620
Decrease in operating payables		**(22,814)**	(98,781)
Cash generated from operations		**28,935**	17,951
Interest paid		**(5,958)**	(5,777)
Income tax paid		**(10,879)**	(44,411)
Net cash generated from/(used in) operating activities		**12,098**	(32,237)
Balance carried forward		**12,098**	(32,237)

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 2017

	Note	Year ended 31 January 2017 $'000	Year ended 31 January 2016 $'000
Balance brought forward		**12,098**	(32,237)
Cash Flows from Investing Activities			
Acquisition of property, plant and equipment	15	**(1,213)**	(2,264)
Acquisition of investment properties	14	**(801)**	–
Acquisition of quoted equity investments	5(b)	**(12,383)**	(199)
Interest received		**9,290**	5,870
Increase in fixed deposit with maturity more than three months		**383**	(343)
Capital contribution made to an associated company		**–**	(40,960)
Junior bonds subscription in an associated company		**–**	(32,000)
Advances and loans made to joint ventures and associated companies		**(4,619)**	(4,404)
Dividends from joint ventures		**–**	70,446
Loans from joint ventures		**–**	265
Proceeds from disposal of joint venture	11	**3,583**	–
Net cash proceeds from disposal of subsidiaries	Note A	**55,538**	–
Proceeds from disposal of property, plant and equipment		**16,093**	3,928
Proceeds from disposal of investment properties		**–**	5,275
Net cash generated from investing activities		**65,871**	5,614
Cash Flows from Financing Activities			
Dividends paid to shareholders of the Company	33	**(29,552)**	(36,941)
Dividend paid to a non-controlling shareholder of a subsidiary		**(21,454)**	–
Loans from non-controlling shareholders of a subsidiary		**1,679**	2,935
Proceeds from bank borrowings		**26,949**	8,051
Repayment of bank borrowings		**(7,740)**	(9,000)
Fixed deposit pledged		**(11,480)**	(14)
Net cash used in financing activities		**(41,598)**	(34,969)
Net increase/(decrease) in cash and cash equivalents		**36,371**	(61,592)
Cash and cash equivalents at beginning of year		**213,877**	276,026
Exchange differences on translations of cash and cash equivalents at beginning of year		**326**	(557)
Cash and cash equivalents at end	3	**250,574**	213,877

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

Note:

A. Disposal of subsidiaries

The Group disposed of certain subsidiaries in 2017. The carrying value of assets disposed of and liabilities discharged were as follows:

	31 January 2017 $'000	31 January 2016 $'000
Property, plant and equipment	16,635	–
Deferred tax assets	198	–
Inventory	71	–
Trade receivables	1,132	–
Other receivables	1,141	–
Deferred expenses	147	–
Cash and bank balances	1,028	–
Trade payables	(733)	–
Other payables	(461)	–
Provision for taxation	(199)	–
Provision for severance pay	(245)	–
Net assets disposed	18,714	–
Gain on disposal	55,538	–
Proceeds received	74,252	–
Less:		
Cash balance in subsidiary disposed	(1,028)	–
Cash outflow to settle amount owing by subsidiary	(15,312)	–
Cash outflow on expenses relating to disposal of subsidiary	(2,374)	–
Net cash inflow on disposal	55,538	–

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

1 General information

The financial statements of the Company and of the Group for the year ended 31 January 2017 were authorised for issue in accordance with a resolution of the directors on the date of the Directors' Statement.

The Company is listed on the Singapore Exchange Securities Trading Limited ("SGX-ST") and is incorporated as a limited liability company and domiciled in Singapore.

The registered office of the Company is located at 80 Marine Parade Road #18-05/09, Parkway Parade, Singapore 449269.

The principal activities of the Company are those of general building contractors and investment holding. The principal activities of the subsidiaries are disclosed in Note 13 to the financial statements.

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

2(a) Basis of preparation

The financial statements are prepared in accordance with Singapore Financial Reporting Standards ("FRS") including related Interpretations promulgated by the Accounting Standards Council ("ASC"). The financial statements have been prepared under the historical cost convention, except as disclosed in the accounting policies below.

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

Significant accounting estimates and judgements

The preparation of the financial statements in conformity with FRS 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. Although these estimates are based on management's best knowledge of current events and actions, actual results may differ from those estimates.

The critical accounting estimates and assumptions used and areas involving a high degree of judgement are described below:

Significant judgements in applying accounting policies

<u>Impairment of available-for-sale equity instruments [Notes 5(b) and 24]</u>

The Group reviews its debt securities classified as available-for-sale investments at each balance sheet date to assess whether they are impaired. The Group also records impairment charges on available-for-sale equity investments when there has been a significant or prolonged decline in the fair value below their cost. The determination of what is "significant" or "prolonged" requires judgement in making his judgement, the Group evaluates, among other factors, historical share price movements and the duration and extent to which the fair value of an investment is less than its cost.

For the financial year ended 31 January 2017, the amount of impairment loss recognised for available-for-sale financial assets was $650,000 (2016 - $Nil). Further details are given in Notes 5(b) and 24 to the consolidated financial statements.

2(a) Basis of preparation (Cont'd)

Significant judgements in applying accounting policies (cont'd)

Significant influence over Binakawa Sdn. Bhd. (Note 12)

In Note 12 to the financial statements, Binakawa Sdn. Bhd. is described as an associate of the Group. The Group has significant influence over Binakawa Sdn. Bhd. by virtue of the contractual right to appoint two directors of that company, namely Dato' Marco Low Peng Kiat and Low Poh Kuan. Further details are disclosed in Note 12 to the financial statements. The Group has significant influence, being the power to participate in the financial and operating policy decisions of the Binakawa Sdn. Bhd. (but not control or joint control).

Joint ventures (Note 11)

The Group holds 20% 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 11 to the financial statements.

Classification of properties [Notes 10(b) and 14]

The Group determines whether a property is classified as investment property or development property:

- Investment properties comprise land and buildings (principally 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.

- 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.

Income tax (Notes 16 and 30)

The Group has exposures to income taxes in numerous 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.

2(a) Basis of preparation (Cont'd)

Critical accounting estimates and assumptions used in applying accounting policies

Impairment of loans and receivables (Note 7)

The Group assesses at the end of each reporting period whether there is any objective evidence that a financial asset is impaired. To determine whether there is objective evidence of impairment, the Group considers factors such as the probability of insolvency or significant financial difficulties of the debtor and default or significant delay in payments.

Where there is objective evidence of impairment, the amount and timing of future cash flows are estimated based on historical loss experience for assets with similar credit risk characteristics.

The carrying amount of the Group's loans and receivables at the end of the reporting period is disclosed in Note 7 to the consolidated financial statements. If the present value of estimated future cash flows decrease by 10% from management's estimates, the Group's allowance for impairment will increase by $24,000 (2016 - $165,000).

Construction contracts (Note 8)

The Group recognises profits from construction contracts using the percentage of completion method based on the stage of completion. The stage of completion is measured by reference to the architect's certification of value of work done to-date to the estimated total revenue for the contract.

Significant assumptions are used to estimate the total contract costs and the recoverable variation works that affect the stage of completion and the contract revenue respectively. In making these estimates, management has relied on past experience and architect's certificate of value of work done to-date.

If the revenue on uncompleted contracts at the end of reporting date increase/decrease by 10% from management's estimates, the Group's revenue will increase/decrease by $14,000 (2016 - $1,313,000).

If the contract costs of uncompleted contracts to be incurred increase/decrease by 10% from management's estimates, the Group's profit will decrease/increase by $13,000 (2016 - $1,242,000).

Significant judgement is also required to assess allowance made for foreseeable losses, if any, where the contract cost incurred for any project exceeds its contract sum. In estimating the total costs for construction contracts, management makes reference to information such as:

(a) current offers from contractors and suppliers;

(b) recent offers agreed with contractors and suppliers; and

(c) professional estimation on construction and material costs.

The carrying amount of the construction work-in-progress is disclosed in Note 8 to the financial statements.

2(a) Basis of preparation (Cont'd)

Critical accounting estimates and assumptions used in applying accounting policies (cont'd)

Impairment of investment in subsidiaries (Note 13)

Determining whether investment in subsidiaries is impaired requires an estimation to the recoverable amounts of the investments in subsidiaries. The recoverable amounts of the investments in subsidiaries are estimated using the "fair value less costs of disposal" approach. Fair value is based on the revalued net assets of subsidiaries. In deriving the revalued net assets of these subsidiaries, the fair values of the underlying assets are estimated based on their expected selling prices and the fair values of the underlying liabilities are based on the estimated cash outflows to settle the obligations. Management has evaluated the recoverability of the investment based on such estimates.

If present value of estimated future cash flows decrease by 10% from management's estimates, the Group's allowance for impairment will increase by $2,298,000 (2016 - $1,929,000). The carrying amount of the investment in subsidiaries is disclosed in Note 13 to the financial statements.

The carrying value for completed development properties for sale [Note 10(a)]

Significant judgement is required in assessing the recoverability of the carrying value of completed development properties. Analysis has been carried out based on assumptions regarding the selling price and costs of properties. The Group closely monitors the property price index and market sentiments, and adjustments will be made if future market activity indicates that such adjustments are appropriate.

If the average selling price on completed development properties for sale increases/decreases by 10% from management's estimates, the Group's revenue will increase/decrease by $988,000 (2016 - $1,156,000).

The carrying value of completed development properties for sale is disclosed in Note 10(a) to the financial statements.

Depreciation of investment properties (Note 14)

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 and the Company's investment properties as at 31 January 2017 are $309,999,000 (2016 - $315,915,000) and $18,613,000 (2016 - $18,812,000) respectively. 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 and the Company will be approximately $270,000 (2016 - $305,000) higher or $330,000 (2016 - $373,000) lower and approximately $18,000 (2016 - $55,000) higher or $22,000 (2016 - $67,000) lower, respectively.

Depreciation of property, plant and equipment (Note 15)

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 2017 are $137,191,000 (2016 - $162,463,000) and $5,521,000 (2016 - $5,155,000) 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.

2(a) Basis of preparation (Cont'd)

Critical accounting estimates and assumptions used in applying accounting policies (cont'd)

Depreciation of property, plant and equipment (Note 15) (cont'd)

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 $273,000 (2016 - $415,000) higher or $334,000 (2016 - $507,000) lower and approximately $47,000 (2016 - $54,000) higher or $57,000 (2016 - $66,000) lower respectively.

Transfer of development properties [Note 10(b)]

During the financial year ended 31 January 2016, the Group transferred Balestier Towers, held under development properties to property, plant and equipment and investment property arising from a change in use of property. In determining the amount of the properties to be classified as property, plant and equipment or investment property, the Group has consistently used the change of use and financial means test to evaluate whether it has the ability to retain these properties as the main criteria for the reclassification. On the date of the reclassification to property, plant and equipment (Note 15) and investment property (Note 14), the properties are measured at fair value by an independent firm of professional valuers. Any difference between the fair value of the properties at that date and their previous carrying amounts is recognised in profit or loss. The carrying amount of property, plant and equipment and investment property is disclosed in Notes 15 and 14 to the financial statements.

Impairment of non-financial assets (Notes 14 and 15)

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 to sell and its value in use. The fair value less costs to sell 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 value in use calculation is based on a discounted cash flow model. The cash flows are derived from the budget for the next 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.

During the year, the Group performed an impairment assessment on Balestier Tower.

On 31 January 2017, a firm of independent professional valuers valued the property under development to be $141,400,000 (2016 - $141,400,000) based the property's fair value of mixed commercial cum serviced apartment development using the Direct Comparison Method. Because of the assessment, there is no impairment required for the financial year ended 31 January 2017.

The impairment loss of $1,113,000 (Note 14) and $3,338,000 (Note 15) recognised during the financial year ended 31 January 2017 represent write-down of the investment properties and property, plant and equipment to its recoverable value for losses not recognised in previous year because the amount was not material to the Group.

2(a) Basis of preparation (Cont'd)

Critical accounting estimates and assumptions used in applying accounting policies (cont'd)

Impairment of non-financial assets (Notes 14 and 15) (cont'd)

The most significant input into this valuation approach is the selling price per square meter. If the selling price per square meter is 5% lower than the professional valuers' estimate, the impairment charge would have increased by $Nil and $Nil (2016: $2,328,000 and $8,592,000) for investment properties and property, plant and equipment respectively.

Further details are disclosed in Notes 14 and 15 to the consolidated financial statements.

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

2(b) Interpretations and amendments to published standards effective in 2016/2017

The directors do not anticipate that the adoption of the FRSs will have a material impact on the financial statements of the Group and the Company in the period of their initial adoption except for the following new or amended FRS and INT FRS issued and effective in year 2016:

Reference	Description
Amendments to FRS 1	Disclosure initiatives – Presentation of Financial Statements

The amendments to FRS 1 *Presentation of Financial Statements* clarify, rather than significantly change, existing FRS 1 requirements. The amendments clarify:

- The materiality requirements in FRS 1
- That specific line items in the statement(s) of profit or loss and other comprehensive income ("OCI") and the statement of financial position may be disaggregated
- That entities should adopt a systemic order in which they present the notes to financial statements
- That the share of OCI of associates and joint ventures accounted for using the equity method must be presented in aggregate as a single line item, and classified between those items that will or will not be subsequently reclassified to profit or loss

Furthermore, the amendments clarify the requirements that apply when additional subtotals are presented in the statement of financial position and the statement(s) of profit or loss and OCI. The amendments to FRS 1 are effective for annual periods beginning on or after 1 January 2016. As this is a disclosure standard, it will have no impact to the financial position of the Company and the Group and performance of the Group when applied in.

2(c) FRS issued but not yet effective

The Accounting Standards Council announced on 29 May 2014 that Singapore-incorporated companies listed on the SGX-ST will apply a new financial reporting framework identical to the International Financial Reporting Standards ("IFRS") for financial year ending 31 December 2018 onwards. Singapore-incorporated companies listed on the SGX-ST will have to assess the impact of IFRS 1 First-time adoption of IFRS when transitioning to the new reporting framework. The Group is currently assessing the impact of transitioning to the new reporting framework on its financial statements.

The following are the new or amended FRS issued that are not yet effective but may be early adopted for the current financial year:

Reference	**Description**	**Effective date (Annual periods beginning on or after)**
Amendments to:		
FRS 7	Disclosure Initiative – Statement of Cash Flows	1 January 2017
FRS 12	Recognition of Deferred Tax Assets for Unrealised Losses	1 January 2017
FRS 40	Transfers of Investment Property	1 January 2018
FRS 115	Revenue from Contracts with Customers	1 January 2018
Clarification to FRS 115	Revenue from Contracts with Customers	1 January 2018
FRS 109	Financial Instruments	1 January 2018
INT FRS 122	Foreign Currency Transactions and Advance Consideration	1 January 2018
FRS 116	Leases	1 January 2019

The directors do not anticipate that the adoption of the above FRSs in future periods will have a material impact on the financial statements of the Group and the Company in the period of their initial adoption, except the following:

<u>Amendments to FRS 7 *Statement of Cash Flows*</u>

The Amendments to FRS 7 *Statement of Cash Flows* required entities to reconcile cash flows arising from financing activities as reported in the statement of cash flows – excluding contributed equity – to the corresponding liabilities in the opening and closing statements of financial position and to disclose on any restrictions over the decisions of an entity to use cash and cash equivalent balances, in particular way - e.g. any tax liabilities that would arise on repatriation of foreign cash and cash equivalent balances. These amendments are effective on beginning or after 1 January 2017. As this is a disclosure standard, it will have no impact to the financial position and performance of the Group when applied in.

<u>FRS 115 *Revenue Contracts with Customers*</u>

FRS 115 *Revenue from Contracts with Customers* establishes a framework for determining when and how to recognise revenue. The objective of the standard is to establish the principles that an entity shall apply to report useful information about the nature, amount, timing and uncertainty of revenue and cash flows arising from a contract with a customer. It established a new five-step model that will apply to revenue arising from contracts with customers. Under FRS 115, revenue is recognised at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods and services to a customer.

2(c) FRS issued but not yet effective (Cont'd)

FRS 115 *Revenue Contracts with Customers* (cont'd)

The standard replaces FRS 11 *Construction Contracts*, FRS 18 *Revenue*, INT FRS 113 *Customer Loyalty Programmes*, INT FRS 115 *Agreements for Construction of Real Estate*, INT FRS 118 *Transfer of Assets from Customers* and INT FRS 31 *Revenue - Barter Transactions involving Advertising Services*. The new standard applies to contracts with customers. However, it does not apply to insurance contracts, financial instruments or lease contracts, which fall into the scope of other standards. FRS 115 is effective for annual periods beginning on or after 1 January 2018. The Group is currently assessing the impact to the consolidated financial statements.

Clarifications to FRS 115 *Revenue Contracts with Customers*

The amendments clarify how to:

- Identify a performance obligation (the promise to transfer a good or a service to a customer) in a contract
- Determine whether a company is a principal (the provider of a good or service) or an agent (responsible for arranging for the good or service to be provided)
- Determine whether the revenue from granting a licence should be recognised at a point in time or over time.

The amendments have the same effective date as the Standard, FRS 115, i.e. on 1 January 2018.

FRS 109 *Financial Instruments*

FRS 109 *Financial Instruments* replaces the FRS 39 and it is a package of improvements introduced by FRS 109 which includes a logical model for:

- Classification and measurement;
- A single, forward-looking "expected loss" impairment model; and
- A substantially reformed approach to hedge accounting.

FRS 109 is effective for annual periods beginning on or after 1 January 2018. The Group is currently assessing the impact to the consolidated financial statements.

INT FRS 112 *Foreign Currency Transactions and Advance Consideration*

This Interpretation provides requirements about which exchange rate to use in reporting foreign currency transactions (such as revenue transactions) when payment is made or received in advance. The Interpretations are effective from 1 January 2018.

On initial application, entities would have the option of applying the Interpretations either retrospectively or prospectively in accordance with FRS 8 *Accounting Policies, Changes in Accounting Estimates and Errors*. The Group is currently assessing the impact to the consolidated financial statements.

2(c) FRS issued but not yet effective (Cont'd)

FRS 116 *Leases*

FRS 116 *Leases* replaces accounting requirements introduced more than 30 years ago in accordance with FRS 17 *Leases* that are no longer considered fit for purpose, and is a major revision of the way in which companies where it is required lessees to recognise most leases on their balance sheets. Lessor accounting is substantially unchanged from current accounting in accordance with FRS 17. FRS 116 *Leases* will be effective for accounting periods beginning on or after 1 January 2019. Early adoption will be permitted, provided the company has adopted FRS 115. The Group is currently assessing the impact to the consolidated financial statements.

2(d) 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 13 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.

Losses and other comprehensive income are attributable to the non-controlling interest even if that results in a deficit balance.

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;

- re-classifies the Group's share of components previously recognised in other comprehensive income to profit or loss or retained earnings, as appropriate.

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

Consolidation (cont'd)

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 reassesses 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.

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 that 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.

<u>A change in the ownership interest</u>

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 FRSs).

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 FRS 39, when applicable, the cost on initial recognition of an investment in an associate or a joint venture.

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

Consolidation (cont'd)

Transactions with non-controlling interest

Non-controlling interest represents 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.

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

Investment properties

Investment properties include 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 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.

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 derecognised 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 are made to investment property when, and only when, there is a change in use, evidenced by ending of owner-occupation or commencement of an operating lease to another party. Transfers are made from investment property when and only when, there is a change in use, evidenced by the commencement of owner-occupation or commencement of development with a view to sell.

Property, plant and equipment and depreciation

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:

Freehold property (hotel)	50 years
Plant, machinery and surveying equipment	5 to 20 years
Motor vehicles	4 to 10 years
Furniture, fittings and equipment	3 to 20 years
Renovation	10 years

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

Property, plant and equipment and depreciation (cont'd)

Leasehold properties are amortised on the straight-line method over the remaining period of the lease.

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.

Investment 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 disposed proceeds and the carrying amounts of the investments are recognised in profit or loss.

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.

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.

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

Investments in associates (cont'd)

Under the equity method, the investment in associates are carried in the balance sheet 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 transaction between the Group and the associate 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 investment in associate. 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 or joint control 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.

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 remeasure 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.

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

Joint arrangements (cont'd)

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 reassesses 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.

Investments in joint ventures at company level are stated at cost. The Group recognises its interest in a joint venture as an investment and accounts for the investment using the equity method. Refer to the accounting policy on "Investment in associates".

When financial statements of joint ventures with different reporting dates are used (not more than three months apart), if any, adjustments are made for the effects of any significant events or transactions between the investor and the joint ventures that occur between the date of the joint ventures' financial statements and the end of reporting period. Where this occurs, the reporting date of the financial statements of the joint venture shall be disclosed, together with the reason for using a different reporting period (see Note 11).

Financial assets

Financial assets, other than hedging instruments, if any, can be divided into the following categories: Financial assets at fair value through profit or loss, held-to-maturity investments, loans and receivables and available-for-sale financial assets. Financial assets are assigned to the different categories by management on initial recognition, depending on the purpose for which the assets were acquired. The designation of financial assets is re-evaluated and classification may be changed at the reporting date with the exception that the designation of financial assets at fair value through profit or loss is not revocable.

All financial assets are recognised on their trade date - the date on which the Company and the Group commit to purchase or sell the asset. Financial assets are initially recognised at fair value, plus directly attributable transaction costs, except for financial assets at fair value through profit or loss, which are recognised at fair value.

Derecognition of financial instruments occurs when the rights to receive cash flows from the investments expire or are transferred and substantially all of the risks and rewards of ownership have been transferred.

An assessment for impairment is undertaken at least at the end of each reporting period whether or not there is objective evidence that a financial asset or a group of financial assets is impaired.

Financial assets and financial liabilities are offset and the net amount presented in the statements of financial position when, and only when, the Group currently has a legally enforceable right to set off the recognised amounts; and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Non-compounding interest and other cash flows resulting from holding financial assets are recognised in profit or loss when received, regardless of how the related carrying amount of financial assets is measured.

As at 31 January 2017, the Company and the Group has loans and receivables, financial assets at fair value through profit or loss and available-for-sale financial assets. The Company and the Group do not designate any held-to-maturity investments.

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

Financial assets (cont'd)

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They arise when the Group provides money, goods or services directly to a debtor with no intention of trading the receivables. They are included in current assets, except for maturities greater than 12 months after the end of reporting period. These are classified as non-current assets.

Loans and receivables include other investments, trade and other receivables, related party balances and deposits held in banks. They are subsequently measured at amortised cost using the effective interest method, less provision for impairment. If there is objective evidence that the asset has been impaired, the financial asset is measured at the present value of the estimated future cash flows discounted at the original effective interest rate. Impairment losses are reversed in subsequent periods when an increase in the asset's recoverable amount can be related objectively to an event occurring after the impairment was recognised, subject to a restriction that the carrying amount of the asset at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised. The impairment or write-back is recognised in the profit or loss.

Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss include financial assets that are either classified as held for trading or are designated by the entity to be carried at fair value through profit or loss upon initial recognition. In addition, derivative financial instruments that do not qualify for hedge accounting are classified as held for trading. Assets in this category are classified as current assets if they are either held for trading or are expected to be realised within 12 months of the end of reporting period.

Subsequent to initial recognition, the financial assets included in this category are measured at fair value with changes in fair value recognised in profit or loss.

Available-for-sale financial assets

Available-for-sale financial assets include non-derivative financial assets that do not qualify for inclusion in any of the other categories of financial assets. They are included in non-current assets unless management intends to dispose of the investment within 12 months of the end of reporting period.

All financial assets within this category are subsequently measured at fair value with changes in value recognised in equity, net of any effects arising from income taxes, until the financial assets is disposed of or is determined to be impaired, at which time the cumulative gains or losses previously recognised in equity is included in the consolidated income statement for the period.

When a decline in the fair value of an available-for-sale financial asset has been recognised directly in equity and there is objective evidence that the asset is impaired, the cumulative loss that had been recognised directly in equity shall be removed from the equity and recognised in the profit or loss even though the financial asset has not been derecognised.

The amount of the cumulative loss that is removed from equity and recognised in profit or loss shall be the difference between the acquisition cost (net of any principal repayment and amortisation) and current fair value, less any impairment loss on that financial asset previously recognised in profit or loss.

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

Financial assets (cont'd)

Available-for-sale financial assets (cont'd)

Impairment losses recognised in profit or loss statement for equity investments classified as available-for-sale are not subsequently reversed through profit or loss. Impairment losses recognised in profit or loss for debt instruments classified as available-for-sale are subsequently reversed in profit or loss if an increase in the fair value of the instrument can be objectively related to an event occurring after the recognition of the impairment loss.

Impairment losses recognised in a previous interim period in respect of available-for-sale equity investments are not reversed even if the impairment losses would have been reduced or avoided had the impairment assessment been made at a subsequent reporting period or end of reporting period.

Determination of fair value

The fair values of quoted financial assets are based on current bid prices. If the market for a financial asset is not active, the Group establishes fair value by using valuation techniques. These include the use of recent arm's length transactions, reference to other instruments that are substantially the same, discounted cash flow analysis, and option pricing and valuation models, making maximum use of market inputs. Where fair value of unquoted instruments cannot be measured reliably, fair value is determined by the transaction price.

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 on issue of Temporary Occupation Permit. 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.

Unsold development properties

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

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

Development properties (cont'd)

Sold development properties

The sales of which are recognised using the completion of construction method. Revenue and cost on development properties that have been sold are recognised using the completion of construction method. Payments received from purchasers prior to completion are included in trade and other payables as "monies received in advance".

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.

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.

Construction work-in-progress

When the outcome of a construction contract cannot be estimated reliably, contract revenue is recognised to the extent of contract costs incurred where it is probable those costs will be recoverable. Contract costs are recognised when incurred. When the outcome of a construction contract can be estimated reliably, contract revenue and contract costs are recognised by using the percentage of completion method. Contract costs comprise materials, direct labour, sub-contractors' costs and an appropriate proportion of overheads.

The percentage of completion is based on architect's certification of construction work completed.

When it is probable that total contract costs will exceed total contract revenue, the expected loss is recognised as an expense immediately, irrespective of whether or not work has commenced.

The aggregated costs incurred and the profit/loss recognised on each contract are compared against progress billings up to the financial year end. Where costs incurred and recognised profit (less recognised losses) exceed progress billings, the balance is shown as due from customers on construction contracts under "construction work-in-progress". Where progress billings exceed costs incurred plus recognised profits (less recognised losses), the balance is shown as due to customers on construction contracts under "trade and other payables". Customers advances, if any, are presented as "trade and other payables" in the statements of financial position.

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

Cash and cash equivalents

Cash and cash equivalents comprise cash balances and bank deposits which are readily convertible to cash and which are subject to an insignificant risk of changes in value.

Share capital

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

Financial liabilities

The Group's financial liabilities include bank borrowings, trade and other payables, and related party balances.

Financial liabilities are recognised when the Group becomes a party to the contractual agreements of the instrument. All interest-related charges are recognised as an expense in "finance costs" in the profit or loss. Financial liabilities are derecognised if the Group's obligations specified in the contract expire or are discharged or cancelled.

Financial assets and financial liabilities are offset and the net amount presented in the statements of financial position when, and only when, the Group currently has a legally enforceable right to set off the recognised amounts; and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Borrowings are recognised initially at fair value of proceeds received less attributable transaction costs, if any. Borrowings are subsequently stated at amortised cost which is the initial fair value less any principal repayments. Any difference between the proceeds (net of transaction costs) and the redemption value is taken to the profit or loss over the period of the borrowings using the effective interest method. The interest expense is chargeable on the amortised cost over the period of the borrowings using the effective interest method.

Gains and losses are recognised in the profit or loss when the liabilities are derecognised as well as through the amortisation process.

Borrowings which are due to be settled within 12 months after the end of reporting period are included in current borrowings in the statements of financial position even though the original terms was for a period longer than twelve months and an agreement to refinance, or to reschedule payments, on a long-term basis is completed after the end of reporting period. Borrowings to be settled within the Group's operating cycle are classified as current. Other borrowings due to be settled more than twelve months after the end of reporting period are included in non-current borrowings in the statements of financial position.

<u>Trade and other payables</u>

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

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

Financial liabilities (cont'd)

Financial guarantees

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

Financial guarantee contracts are initially recognised at their fair value plus transaction costs in the statements of financial position.

Financial guarantee contracts are subsequently amortised to the profit or loss over the period of the subsidiaries' borrowings, unless the Company has incurred an obligation to reimburse the bank for an amount higher than the unamortised amount. In this case, the financial guarantee contracts shall be carried at the expected amount payable to the bank.

Provisions

Provisions are recognised when the Company and the Group have 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 time value.

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 consolidated income statement immediately.

The management 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(d) Summary of significant accounting policies (Cont'd)

Leases

Where the Group is the lessee

Finance leases

Where assets are financed by lease agreements that give rights approximating to ownership, the assets are capitalised as if they had been purchased outright at values equivalent to the lower of the fair values of the leased assets and the present value of the total minimum lease payments during the periods of the leases. The corresponding lease commitments are included under liabilities. The excess of lease payments over the recorded lease obligations are treated as finance charges which are amortised over each lease to give a constant effective rate of charge on the remaining balance of the obligation.

The leased assets are depreciated on a straight-line basis over their estimated useful lives as detailed in the accounting policy on "Property, plant and equipment".

Operating leases

Rentals on operating leases are charged to profit or loss on a straight-line basis over the lease term. 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 the profit or loss when incurred.

Where the Group is the lessor

Operating leases

Assets leased out under operating leases are included in investment properties and are stated at revalued amounts and not depreciated. Rental income (net of any incentives given to the lessees) is recognised on a straight-line basis over the lease term.

Government grants

Government grants are recognised at their fair value where there is reasonable assurance that the grant will be received and all attaching conditions are complied with. When the grant is related to an expense item, it is recognised in the consolidated income statement over the period necessary to match them on a systematic basis to the costs that it is intended to compensate.

Employee benefits

Pension obligations

The Company and the Group participate in the defined contribution national pension schemes as provided by the laws of the countries in which it has 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(d) Summary of significant accounting policies (Cont'd)

Employee benefits (cont'd)

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.

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 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 date of the financial position; and

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

Current and deferred income taxes are recognised as income or expense in the 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(d) Summary of significant accounting policies (Cont'd)

Impairment of non-financial assets

The carrying amounts of the Company's and Group's non-financial assets subject to impairment are reviewed at the end of each reporting period to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated.

If it is not possible to estimate the recoverable amount of the individual asset, then the recoverable amount of the cash-generating unit to which the assets belong will be identified.

For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). As a result, some assets are tested individually for impairment and some are tested at cash-generating unit level.

Individual assets or cash-generating units are tested for impairment at least annually. All individual assets or cash-generating units are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable.

An impairment loss is recognised for the amount by which the asset's or cash-generating unit's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of fair value, reflecting market conditions less costs to sell and value-in-use, based on an internal discounted cash flow evaluation. All assets are subsequently reassessed for indications that an impairment loss previously recognised may no longer exist.

Any impairment loss is charged to the profit or loss unless it reverses a previous revaluation in which case it is charged to equity.

An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount or when there is an indication that the impairment loss recognised for the asset no longer exists or decreases.

An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined if no impairment loss had been recognised.

A reversal of an impairment loss on a revalued asset, if any, is credited directly to equity under the heading revaluation surplus. However, to the extent that an impairment loss on the same revalued asset was previously recognised as an expense in the consolidated income statement, a reversal of that impairment loss is recognised as income in profit or loss.

Revenue recognition

Revenue is recognised when the significant risks and rewards of ownership have been transferred or services rendered to the buyer. Revenue excludes goods and services taxes or value-added taxes and is arrived at after deduction of trade discounts, if any. No revenue is recognised if there are significant uncertainties regarding recovery of the consideration due, associated costs or the possible return of goods.

<u>Construction contracts</u>

Revenue from construction contracts is recognised based on architect's certification of construction work completed.

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

Revenue recognition (cont'd)

Hotel management services

Fees from hotel management services are recognised when services are rendered.

Rental income

Revenue from rental is recognised on a monthly basis upon acceptance of tenancy. Rental incentives, if any, are considered an integral part of total rental cost.

Development properties for sale

Using the completion of construction method

Revenue from sales of development properties is recognised using the completion of construction method. Revenue is recognised when the Group has delivered the relevant properties to the purchaser and collectability of related receivable is reasonably assured. Deposits and instalments received on properties sold prior to the date of revenue recognition are included in the statements of financial position under current liabilities - trade and other payables.

Hotel and restaurant operations

Revenue from hotel and restaurant operations is recognised when services are rendered.

Interest income

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

Rental income

Rental and related income from investment properties are recognised on a straight-line basis over the lease term. Lease incentives, if any, are recognised as an integral part of total lease income. Penalty payments on early termination, if any, are recognised when incurred. These leases are for terms of one and a half to five years with options to review at market rates thereafter.

Dividend income

Dividend income from investments is recognised gross when the right to receive the dividend has been established.

Government grant

Cash grant received from the government is recognised as income upon receipt.

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

Functional currencies

Functional and presentation currency

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

Conversion of foreign currencies

Transactions and balances

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

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

Foreign exchange gains and losses that relate to borrowings are presented in the income statement within "finance costs". Foreign currency gains and losses are reported on a net basis as either other income or other operating expense depending on whether foreign currency movements are in a net gain or net loss position.

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

Non-monetary items measured at historical cost in foreign currencies are translated using the exchange rates at the date of the transactions.

Group entities

The results and financial positions of all the Group entities that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

(i) Assets and liabilities are translated at the closing exchange rates at the end of that statement of financial position;

(ii) Income and expenses for each statement presenting profit or loss and other comprehensive income (i.e. including comparatives) shall be translated at the exchange rates at the dates of the transactions; and

(iii) All resulting currency translation differences are recognised in other comprehensive income and accumulated in the exchange fluctuation reserve.

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

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 of 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.

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.

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

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 joint managing directors who regularly review the segment results in order to allocate resources to the segments and to assess segment performance.

3 Cash and cash equivalents

	The Group		The Company	
	2017	2016	**2017**	2016
	$'000	$'000	**$'000**	$'000
Cash	**33**	66	**4**	4
Bank balances	**30,765**	54,341	**5,041**	12,630
	30,798	54,407	**5,045**	12,634
Fixed deposits				
(maturity of less than three months)	**219,776**	159,470	**210,310**	135,000
	250,574	213,877	**215,355**	147,634

Cash and cash equivalents are denominated in the following currencies:

	The Group		The Company	
	2017	2016	**2017**	2016
	$'000	$'000	**$'000**	$'000
Singapore dollar	**159,821**	196,026	**139,489**	143,666
Australian dollar	**16,413**	12,640	**7,374**	3,823
Malaysian Ringgit	**919**	1,024	**58**	129
Chinese Renminbi	**4,987**	3,397	**–**	–
Vietnamese Dong	**–**	528	**–**	–
United States dollar	**68,434**	262	**68,434**	16
	250,574	213,877	**215,355**	147,634

3 Cash and cash equivalents (Cont'd)

The Group

The fixed deposits earn an effective interest rate of 1.33% (2016 - 1.55%) per annum which mature on varying dates between the earliest, 1 February 2017 (2016 - 1 February 2016) and the latest, 30 March 2017 (2016 - 18 March 2016).

Cash and bank balances amounting to $991,000 (2016 - $6,832,000) for the Group are in project accounts. As required by the Ministry of National Development, the project accounts are maintained with financial institutions for housing development projects undertaken by the Group. The operation of projects is restricted to the specific project and governed by rules and regulations stipulated by the Ministry. Included in the project accounts is a sum of $123,000 (2016 - $5,361,000) which can only be applied in accordance with Housing Developers (Project Account) Rules 1997.

The Company

The fixed deposits earn an effective interest rate of 1.33% (2016 - 1.55%) per annum which mature on varying dates between the earliest, 1 February 2017 (2016 - 1 February 2016) and the latest, 30 March 2017 (2016 – 1 February 2016).

Fixed deposits that mature less than three months are classified as part of cash and cash equivalents.

4 Fixed deposits

Included in fixed deposits of $16,221,000 (2016 - $5,123,000) is a fixed deposit of $14,500,000 (2016 - $3,020,000) of a subsidiary pledged as security for bank borrowings of $193,260,000 granted to the said subsidiary (Note 21).

The fixed deposits earn interest at an effective interest rate of 0.64% (2016 - 1.03%) per annum and mature on 25 April 2017 (2016 - 21 April 2016), being the earliest date and 29 July 2017 (2016 - 29 July 2016), being the latest date.

Fixed deposits are denominated in the following currencies:

The Group	**2017** **$'000**	2016 $'000
Singapore dollar	**14,500**	3,020
Chinese Renminbi	**1,721**	2,103
	16,221	5,123

5 Investments

	Note	The Group 2017 $'000	The Group 2016 $'000	The Company 2017 $'000	The Company 2016 $'000
(a) Current					
Financial assets at fair value through profit or loss					
- Quoted equity investments					
Balance at beginning of year		**4,764**	5,441	**–**	–
Fair value gain/(loss) recognised in consolidated income statement	27,28(b), 29	**333**	(677)	**–**	–
Balance at end of year, at fair value		**5,097**	4,764	**–**	–
Market value of quoted equity investments		**5,097**	4,764	**–**	–
(b) Non-current					
Available-for-sale financial assets					
- Quoted equity investments					
Balance at beginning of year		**34,767**	43,449	**1,395**	2,104
Additions		**12,383**	199	**–**	–
Fair value gain/(loss) recognised in other comprehensive income	24	**4,545**	(8,779)	**91**	(650)
Exchange translation difference		**6**	(102)	**(53)**	(59)
Balance at end of year, at fair value		**51,701**	34,767	**1,433**	1,395
Market value of quoted equity investments		**51,701**	34,767	**1,433**	1,395

The fair value of quoted equity investments is determined by reference to stock exchange quoted bid closing prices.

(c) Other investments

Other investments relate to unquoted debt instrument for funding a business opportunity when Huatland Development Pte. Ltd. ("Huatland"), a wholly-owned subsidiary of the Company, executed a letter of participation. This is in connection with the acquisition of 20% equity interest in Perennial Shenton Investors Pte. Ltd. ("PSI") for the acquisition of AXA Tower located at 8 Shenton Way, Singapore 068811. The total purchase consideration was $1,170,000,000, translating to $1,735 per square feet based on the existing net lettable area of 674,000 square feet. AXA Tower is on a site with balance lease term of about 64.5 years. The acquisition was undertaken in a consortium of investors led by Perennial Real Estate Holdings Limited.

On 24 April 2015, arising from this acquisition, Huatland agreed and accepted to subscribe for unquoted junior bonds issued by PSI with a principal amount of $32,000,000 managed by PSI. The unquoted junior bonds are expected to mature in a single lump sum in 2025, subject to the inclination of disposing AXA Tower property should there be possible business opportunities arisen. The bonds carry interest at the rate of 10% per annum and secured by a legal mortgage over the AXA Tower property but subordinated to all senior borrowings of PSI. In respect of the financial year ended 31 January 2017, the effective interest rate of bonds is 7.5% (2016 – 6.1%) per annum.

6 Amounts owing by/to non-controlling shareholders of subsidiaries (non-trade)

(a) Amounts owing by non-controlling shareholders of subsidiaries (non-trade)

The non-trade amounts of $Nil (2016 - $350,000) owing by non-controlling shareholders of subsidiaries represent advances which were unsecured and interest-free. The amount was fully received during the financial year.

The non-trade amounts owing by non-controlling shareholders of subsidiaries were denominated in Chinese Reminbi.

(b) Amounts owing to non-controlling shareholders of subsidiaries (non-trade)

The Group	2017 $'000	2016 $'000
Non-trade amounts owing to non-controlling shareholders of subsidiaries		
- Advances	**440**	415
- Non-interest bearing loans	**50,333**	50,908
- Notional interest on loans	**4,588**	2,335
- Interest on loans	**3,236**	3,236
	58,597	56,894
Amount repayable:		
Not later than one year	**440**	415
Later than one year and not later than five years	**58,157**	56,479
	58,597	56,894

Advances

The advances of $440,000 (2016 - $415,000) owing to a non-controlling shareholder of a subsidiary, are unsecured, interest-free and repayable on demand.

Non-interest bearing loans

Interest is imputed on the non-interest bearing loans. A notional discount rate of 4% per annum has been applied to calculate the notional interest on an annual re-pricing basis up till the repayment dates, 28 February 2019, being the earliest date and 3 January 2020, being the latest date. The carrying amount approximates its fair value.

The non-trade amounts owing to non-controlling shareholders of subsidiaries are denominated in the following currencies:

The Group	2017 $'000	2016 $'000
Singapore dollar	**58,157**	56,479
Australian dollar	**440**	415
	58,597	56,894

7 Trade and other receivables

	Note	The Group 2017 $'000	The Group 2016 $'000	The Company 2017 $'000	The Company 2016 $'000
Due within one year					
Trade receivables		**1,940**	5,147	**2,349**	2,985
Accrued rental income		**1,100**	1,697	**704**	110
Accrued billings		**777**	103	**74**	25
Accrued receivables		**56,911**	115,896	**–**	–
Retention money					
- Third parties		**3,811**	5,375	**3,811**	5,375
- Subsidiaries		**–**	–	**6,212**	8,401
	8	**3,811**	5,375	**10,023**	13,776
		64,539	128,218	**13,150**	16,896
Allowance for impairment loss of trade receivables					
Balance at beginning of year		**(166)**	–	**–**	–
Allowance during the year	28(b),29	**(79)**	(166)	**–**	–
Allowance no longer required	28(b),29	**92**	–	**–**	–
Balance at end of year		**(153)**	(166)	**–**	–
Net trade receivables	(i)	**64,386**	128,052	**13,150**	16,896
Other receivables					
Advances to an employee		**–**	526	**–**	–
GST receivable		**167**	54	**381**	–
Staff loans		**–**	25	**–**	25
Interest receivable					
- Unquoted junior bonds		**1,282**	1,959	**–**	–
- Banks		**387**	143	**355**	128
		1,669	2,102	**355**	128
Dividend receivable		**–**	–	**–**	53
Receivable from disposal of joint venture and subsidiary		**8,103**	–	**–**	–
Deposits		**15,410**	492	**141**	197
Prepayments		**530**	644	**15**	93
Recoverable expenses		**57**	12	**–**	4
Tax recoverable		**–**	138	**–**	–
Sundry debtors		**107**	368	**117**	80
		26,043	4,361	**1,009**	580
Allowance for impairment loss of other receivables					
Balance at beginning of year		**(9)**	(378)	**–**	(369)
Allowance during the year	28(b),29	**(165)**	–	**(91)**	–
Allowance no longer required	27,29	**–**	369	**–**	369
Balance at end of year		**(174)**	(9)	**(91)**	–
Net other receivables	(ii)	**25,869**	4,352	**918**	580
	(i) + (ii)	**90,255**	132,404	**14,068**	17,476
Due after one year					
Other receivables	(iii)	**–**	72	**–**	–
Total	(i)+(ii)+(iii)	**90,255**	132,476	**14,068**	17,476

7 Trade and other receivables (Cont'd)

Trade and other receivables are denominated in the following currencies:

	The Group		The Company	
	2017	2016	**2017**	2016
	$'000	$'000	**$'000**	$'000
Singapore dollar	**88,294**	129,253	**14,068**	17,476
Australian dollar	**1,957**	1,719	**–**	–
Malaysian Ringgit	**3**	3	**–**	–
Chinese Renminbi	**1**	1	**–**	–
Vietnamese Dong	**–**	1,428	**–**	–
United States dollar	**–**	72	**–**	–
	90,255	132,476	**14,068**	17,476

The receivable from disposal of joint venture and subsidiary consists of balances outstanding from the proceeds from disposal of OSC-Duxton (Vietnam) Joint Venture Company Limited ("OSC-Duxton") of $3,583,000 (Note 11) and Shanghai Xinfeng Realty Development Co., Ltd of $4,520,000 (Note 13).

All loans and receivables are subject to credit risk exposure where the credit terms are generally between 30 days and 90 days (2016 - 30 days and 90 days). However, 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 (2016 - 30 days and 90 days), excluding the retention money withheld. Retention money from construction works withheld will be paid upon the issuance of maintenance certificates from architects.

The ageing analysis of trade receivables, excluding accrued rental income, accrued billings, accrued receivables and retention money, is as follows:

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

Trade receivables that are neither past due nor impaired are substantially customers with a good track collection record with the Group and the Company.

	The Group		The Company	
	2017	2016	**2017**	2016
	$'000	$'000	**$'000**	$'000
Current	**1,552**	3,333	**993**	2,473

Other receivables of the Group and the Company of $25,172,000 (2016 - $3,516,000) and $522,000 (2016 - $487,000) respectively, that are not impaired and categorised as financial assets as disclosed in this report, are considered current and not past due.

7 Trade and other receivables (Cont'd)

(ii) Financial assets that are past due but not impaired

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

	The Group		The Company	
	2017	2016	**2017**	2016
	$'000	$'000	**$'000**	$'000
Past due 0 to 3 months	**77**	1,477	**1,356**	512
Past due 3 to 6 months	**11**	166	**–**	–
Past due over 6 months	**147**	5	**–**	–
	235	1,648	**1,356**	512

Based on historical default rates, the directors of the Company are of the opinion that no impairment is necessary in respect of trade receivables not past due or past due but not impaired as these receivables are mainly arising from customers that have a good credit record with the Group and the Company.

(iii) Financial assets that are past due and impaired

The ageing analysis of trade and other receivables past due and impaired is as follows:

	The Group		The Company	
	2017	2016	**2017**	2016
	$'000	$'000	**$'000**	$'000
Trade receivables				
- Past due 0 to 3 months	**4**	16	**–**	–
- Past due 3 to 6 months	**75**	107	**–**	–
- Past due over 6 months	**74**	43	**–**	–
	153	166	**–**	–
Other receivables				
- Past due 0 to 3 months	**59**	–	**59**	–
- Past due 3 to 6 months	**–**	–	**–**	–
- Past due over 6 months	**115**	9	**32**	–
	174	9	**91**	–

Impairment on trade and other receivables is made on specific debts for which the directors of the Company are of the opinion that these debts are long outstanding and are not recoverable.

Accrued rental income relates to the apportionment of free rental period over lease term.

Accrued billings relate to work done that has yet to be billed as at the end of the reporting period.

Accrued receivables represent mainly the remaining balances of sales consideration not yet billed on completed development properties sold.

Interest receivable from unquoted junior bonds of $1,282,000 (2016 - $1,959,000) is at an effective interest rate of 7.5% (2016 - 6.1%) per annum.

Deposits represent mainly of tender deposit and stamp duty of $15,217,000 paid for the tender of a plot of land along Perumal Road during the financial year ended 31 January 2017.

8 Construction work-in-progress

	The Group		The Company	
	2017	2016	**2017**	2016
	$'000	$'000	**$'000**	$'000
Construction costs	**158,259**	159,669	**313,137**	308,830
Attributable profits	**15,197**	13,325	**85,783**	80,866
	173,456	172,994	**398,920**	389,696
Progress billings received and receivable	**(173,456)**	(172,994)	**(398,211)**	(389,582)
	–	–	**709**	114
Presented as:				
Due from customers on construction contracts	**–**	–	**709**	114
Due to customers on construction contracts	**–**	–	**–**	–
	–	–	**709**	114

		The Group		The Company	
		2017	2016	**2017**	2016
		$'000	$'000	**$'000**	$'000
(i)	Contract revenue recognised during the year	**575**	19,669	**8,629**	23,552
(ii)	Retentions on construction contracts (Note 7)	**3,811**	5,375	**10,023**	13,776
(iii)	Included in construction costs are the following:				
	Depreciation of property, plant and equipment (Note 15)	**122**	119	**122**	119
	Directors' remuneration	**305**	304	**305**	304

9 Inventories

The Group	**2017** **$'000**	2016 $'000
At cost,		
Hotel supplies	**163**	205
Restaurant supplies	**257**	282
	420	487
Cost of inventories included in cost of sales	**2,960**	4,008

10(a) Completed development properties for sale

The Group	2017 $'000	2016 $'000
Balance at beginning of year	**9,661**	15,302
Disposal of subsidiary	**(870)**	–
Reversal of cost no longer required	**(1)**	–
Exchange difference	**–**	(15)
Sales during the year	**(858)**	(5,626)
Balance at end of year, cost	**7,932**	9,661
Write-down on completed development properties for sale		
Balance at beginning of year	**(870)**	(885)
Provision no longer required due to disposal	**870**	–
Exchange difference	**–**	15
Balance at end of year	**–**	(870)
	7,932	8,791
Cost of development properties included in cost of sales	**858**	5,626

The related subsidiary – Shanghai Xinfeng Realty Development Co., Ltd was disposed during the year (Note 13). Hence the provision made on its completed development properties was no longer required.

The details 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)	Date of TOP [1]
(1) Parkland Residences Upper Serangoon Crescent, Singapore	4 tower blocks of 18-storey with a total of 680 residential units	103-year leasehold land /100%	20,000	70,000	29 October 2014
(2) Paya Lebar Square 60 Paya Lebar Road, Singapore	10-storey office tower above a 3-storey retail podium	99-year leasehold land /80%	14,852	62,378	3 November 2014

[1] Temporary Occupancy Permit

10(b) Development properties

The Group	Note	**2017 $'000**	2016 $'000
Properties in the course of development			
- Land and other related costs		**96,689**	93,907
- Development costs		**10,765**	2,698
		107,454	96,605
Properties for development			
- Land and other related costs		**–**	165,872
Transfer to property, plant and equipment	15	**–**	(124,404)
Transfer to investment properties	14	**–**	(41,468)
		–	–
Write-down of development property			
Balance at beginning of year		**–**	(23,200)
Transfer to property, plant and equipment	15	**–**	17,400
Transfer to investment properties	14	**–**	5,800
Balance at end of year		**–**	–
		107,454	96,605

Interest costs of $4,098,000 (2016 - $4,101,000) have been capitalised during the financial year ended 31 January 2017 at effective interest rates ranging from 2.26% to 4.00% (2016 - 2.32% to 4.00%) per annum based on actual borrowing costs.

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
Kismis Residence Lorong Kismis, Singapore	Mixed residential development with 31 units of landed terrace houses and 7 units of strata-landed (cluster) houses	Freehold land/ 70%	6,530	17,920	28% Q3 FY2019

All the development properties are expected to be completed more than 12 months after reporting period.

As at the end of reporting period, the development properties have been pledged to a financial institution to secure bank borrowings (Note 21).

In financial year ended 31 January 2016, the Group transferred its properties for development, Balestier Towers to investment property [Note 14(c)(4)] and property, plant and equipment [Note 15(iii)] arising from a change in use of property. The development is changed to mixed commercial/serviced apartments from mixed commercial/residential apartments. It will comprise of a 5-storey retail podium and one tower block of serviced apartments. The commercial podium will be leased to third parties and serviced apartments will be operated by a third party in the hospitality business.

11 Joint ventures

	Note	The Group 2017 $'000	The Group 2016 $'000	The Company 2017 $'000	The Company 2016 $'000
Contributions made towards joint ventures:					
- Joint ventures		**2,363**	7,331	**2,363**	2,363
- Exchange fluctuation difference		**(179)**	17	**–**	–
Discount implicit in non-current loans to joint ventures		**11,272**	11,272	**11,272**	11,272
Amounts owing by joint ventures (non-trade):					
- Interest-free		**8,881**	8,906	**8,881**	8,906
- Exchange fluctuation difference		**(595)**	(571)	**(595)**	(571)
		21,742	26,955	**21,921**	21,970
Share of retained profits in joint ventures		**(13,614)**	(14,841)	**5,107**	5,107
Exchange fluctuation difference		**370**	426	**–**	–
Impairment loss on joint ventures					
Balance at beginning of year		**–**	(4,968)	**(15,210)**	(5,709)
Impairment loss during the year		**–**	–	**–**	(9,989)
Impairment loss no longer required	27,29	**–**	4,968	**–**	–
Impairment loss written off		**–**	–	**–**	488
Balance at end of year		**–**	–	**(15,210)**	(15,210)
	(i)	**8,498**	12,540	**11,818**	11,867
Non-interest bearing loans owing by joint ventures (non-trade):					
- Non-interest bearing loans		**73,276**	73,276	**73,276**	73,276
- Notional interest on loans		**9,330**	6,203	**9,330**	6,203
		82,606	79,479	**82,606**	79,479
Impairment loss on joint ventures					
Balance at beginning of year		**–**	–	**(1,888)**	–
Impairment loss during the year		**–**	–	**–**	(1,888)
Balance at end of year		**–**	–	**(1,888)**	(1,888)
	(ii)	**82,606**	79,479	**80,718**	77,591
Total	(i) + (ii)	**91,104**	92,019	**92,536**	89,458
Share of results in joint ventures, net of tax		**(3,435)**	(13,774)	**–**	–

11 Joint ventures (Cont'd)

The non-trade amounts owing by joint ventures are regarded as an extension of the Company's net investment 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 and interest-free.

During the financial year ended 31 January 2016, the Company assessed the carrying amounts of its investments in joint ventures for indications of impairment. Based on this assessment, the Company recognised an impairment loss totalling $9,989,000 due to its investments in joint ventures incurring losses from their business activities. The recoverable amounts of the investments had been determined based on the revalued net asset position of these joint ventures as at 31 January 2016 which is classified under Level 3 of the fair value hierarchy. During the financial year ended 31 January 2017, there were no indications of impairment.

During the financial year ended 31 January 2016, the impairment loss on joint ventures of $4,968,000 was reversed as the Group did not recognise further losses that exceed its interests in these joint ventures where the Group did not incurred further obligations to these joint ventures.

Non-interest bearing loans

Interest is imputed on the non-interest bearing loans. A notional discount rate of 4% per annum has been applied to calculate the financial asset to its fair value on an annual re-pricing basis, up till the repayment dates, 31 March 2018, being the earliest date and 31 March 2019, being the latest date. These loans are subordinated to all bank borrowings of the respective companies. The carrying amount approximates its fair value.

All amounts owing by joint ventures are denominated in Singapore dollar.

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	Different statutory reporting period other than 31 January
			2017	2016		
			%	%		
(1), (7)	Duchess Walk Pte. Ltd.	Singapore	**30**	30	Developed Duchess Residences on a parcel of land at Duchess Avenue	31 December
(2), (8)	Peak Garden Pte. Ltd.	Singapore	**40**	40	Developed the Minton on a parcel of land at Hougang Street 11	31 December
(3)	Bina Meganmas Sdn. Bhd.	Malaysia	**49**	49	To build bungalow lots at Bandar Seri Alam, Johor	–

11 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	Different statutory reporting period other than 31 January
			2017	2016		
			%	%		
(4), (7)	Promatik Emas Sdn. Bhd.	Malaysia	**25**	25	Developed Panaroma, a parcel of land at Persiaran Hampshire, Kuala Lumpur	31 December
(4), (7)	Suasana Simfoni Sdn. Bhd.	Malaysia	**20**	20	In liquidation	31 December
(6), (9)	OSC - Duxton (Vietnam) Joint Venture Company Limited	Socialist Republic of Vietnam	**–**	75	To develop residential apartments, office building and a five-star hotel at Front Beach, Vung Tau City, Socialist Republic of Vietnam	31 December
(5)	Westgate Tower Pte. Ltd.	Singapore	**40**	40	Property investment	–
(5)	Westgate Commercial Pte. Ltd.	Singapore	**40**	40	Property investment	–

(1) Audited by PricewaterhouseCoopers LLP, Singapore

(2) Audited by KPMG LLP, Singapore

(3) Audited by Crowe Horwath, Malaysia

(4) Audited by PricewaterhouseCoopers, Malaysia

(5) Audited by Foo Kon Tan LLP

(6) Interest is held through a subsidiary and audited by Ernst & Young LLP, Socialist Republic of Vietnam. Not consolidated as the entity is not controlled by the Group and deemed to be a joint venture as the Group shares the control of the entity. The Group had disposed all of its equity interest on 30 June 2016.

(7) These joint ventures are subsidiaries of a public company, UOL Group Limited, listed with The Singapore Exchange. The results of these joint ventures are based on audited results to 31 December 2016, all within three months of the year-end of the Group. 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.

(8) The results of this joint venture is based on audited results to 31 December 2016, all within three months of the year-end of the Group. No adjustments were made to this 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.

(9) The Group had a 75% equity interest at a cost of $4,968,000 in OSC-Duxton (Vietnam) Joint Venture Company Limited ("OSC-Duxton") in prior year, which was to develop residential apartments, office building and a five-star hotel at Front Beach, Vung Tau City in Vietnam. OSC-Duxton was deemed to be a joint venture of the Group, accounted using the equity method of accounting as the strategic, operating, investing and financing key decisions required the unanimous approval of its venturers.

On 30 June 2016, the Group disposed of its 75% equity interest held in OSC-Duxton for an aggregate consideration of approximately $3,583,000 (USD 2.53 million). Accordingly, the Group recognised a gain on disposal of $3,105,000. The consideration of $3,583,000 on which was outstanding as at 31 January 2017 was received in full by the Group on 14 March 2017.

11 Joint ventures (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 joint ventures would not compromise the standard and effectiveness of the audit of the Group and of the Company.

Details of material joint ventures

Summarised financial information in respect 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 FRSs (adjusted by the Group for equity accounting purposes).

Summarised statement of financial position

	Westgate Commercial Pte. Ltd.	Westgate Tower Pte. Ltd.	Total
	$'000	$'000	$'000
2017			
Current assets	**15,532**	**5,689**	**21,221**
Includes			
- Cash and cash equivalents	**12,641**	**5,404**	**18,045**
Non-current assets	**294,738**	**288,635**	**583,373**
Current liabilities	**(2,877)**	**(2,774)**	**(5,651)**
Includes			
- Financial liabilities (excluding trade and other payables and provisions)	**–**	**(1,600)**	**(1,600)**
Non-current liabilities	**(316,503)**	**(290,947)**	**(607,450)**
Includes			
- Financial liabilities (excluding trade and other payables and provisions)	**(316,503)**	**(290,947)**	**(607,450)**
Net (liabilities)/assets	**(9,110)**	**603**	**(8,507)**

11 Joint ventures (Cont'd)

Details of material joint ventures (cont'd)

Summarised statement of comprehensive income

	Westgate Commercial Pte. Ltd. $'000	Westgate Tower Pte. Ltd. $'000
2017		
Revenue	**10,176**	**9,810**
Net loss and total comprehensive expenses for the year	**(4,351)**	**(3,769)**

The above loss for the year includes the following:

	Westgate Commercial Pte. Ltd. $'000	Westgate Tower Pte. Ltd. $'000
2017		
Depreciation	**(3,262)**	**(3,112)**
Interest income	**20**	**6**
Interest expense	**(8,203)**	**(7,788)**

Summarised statement of financial position

	Westgate Commercial Pte. Ltd. $'000	Westgate Tower Pte. Ltd. $'000	Total $'000
2016			
Current assets	12,831	3,897	16,728
Includes			
- Cash and cash equivalents	9,222	3,424	12,646
Non-current assets	298,000	291,853	589,853
Current liabilities	(32,899)	(30,841)	(63,740)
Includes			
- Financial liabilities (excluding trade and other payables and provisions)	–	(1,600)	(1,600)
Non-current liabilities	(282,690)	(260,536)	(543,226)
Includes			
- Financial liabilities (excluding trade and other payables and provisions)	(282,690)	(260,536)	(543,226)
Net (liabilities)/assets	(4,758)	4,373	(385)

11 Joint ventures (Cont'd)

Details of material joint ventures (cont'd)

Summarised statement of comprehensive income

	Westgate Commercial Pte. Ltd. $'000	Westgate Tower Pte. Ltd. $'000
2016		
Revenue	6,983	6,536
Net loss and total comprehensive expenses for the year	(14,203)	(7,498)

The above loss for the year includes the following:

	Westgate Commercial Pte. Ltd. $'000	Westgate Tower Pte. Ltd. $'000
2016		
Depreciation	(3,239)	(3,092)
Interest expense	(8,248)	(7,861)

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:

The Group	**2017 $'000**	2016 $'000
Net liabilities of material joint ventures	**(8,507)**	(385)
Proportion of the Group's ownership interests in the joint ventures	**(3,402)**	(154)
Other adjustment		
- Advances to material joint venture	**63**	–
- Impairment loss on material joint ventures	**–**	29
- Amounts owing by joint ventures	**82,606**	79,479
Carrying amount of material joint ventures	**79,267**	79,354
Carrying amount of individually immaterial joint ventures	**11,837**	12,665
Carrying amount of Group's interest in joint ventures	**91,104**	92,019

Aggregate information of joint ventures that are not individually material

The Group	**2017 $'000**	2016 $'000
Share of loss after taxation and total comprehensive expenses for the year	**(187)**	(5,123)

12 Associated companies

		The Group		The Company	
		2017	2016	**2017**	2016
	Note	**$'000**	$'000	**$'000**	$'000
Unquoted equity investments		**46,270**	46,270	**–**	–
Amounts owing by associated companies (non-trade)					
- Interest-free loans		**3,555**	3,305	**56**	56
	(i)	**49,825**	49,575	**56**	56
Share of post-acquisition profits		**3,592**	2,518	**–**	–
Exchange fluctuation difference		**(2,591)**	(1,969)	**–**	–
	(ii)	**1,001**	549	**–**	–
	(i)+(ii)	**50,826**	50,124	**56**	56
Share of associated companies' results, net of tax		**1,414**	(2,884)	**–**	–

The non-trade amounts owing by joint ventures are regarded as an extension of the Group's net investment in the associated 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.

The non-trade loans owing by associated companies are denominated in the following currencies:

	The Group		The Company	
	2017	2016	**2017**	2016
	$'000	$'000	**$'000**	$'000
Singapore dollars	**56**	56	**56**	56
Malaysian ringgit	**3,499**	3,249	**–**	–
	3,555	3,305	**56**	56

12 Associated companies (Cont'd)

Details of the associated companies at the end of the reporting period are as follows:

	Name	Country of incorporation/ principal place of business	Proportion of ownership interests and voting rights held by the Group		Principal activities
			2017	2016	
			%	%	
	Held by Prodev Pte Ltd				
(1)	Binakawa Sdn. Bhd.	Malaysia	**49**	49	Property development and investment holding
	Held by Huatland Development Pte. Ltd.				
(2),(3)	Perennial Shenton Investors Pte. Ltd. ("PSI")	Singapore	**20**	20	Investment holding
	Held by PSI				
(2),(3)	Perennial Shenton Holding Pte. Ltd.	Singapore	**20**	20	Investment holding
(2),(3)	Perennial Shenton Properties Pte. Ltd.	Singapore	**20**	20	Property investment

(1) Audited by Crowe Horwath, Malaysia, reporting period 31 January

(2) Audited by KPMG LLP, Singapore, reporting period 31 December

(3) The associated company is an associated company of a public company, Perennial Real Estate Holdings Limited, listed with The Singapore Exchange. The results of the company is based on audited results at 31 December 2016 with adjustments made to 31 January 2017 for the Group consolidation purpose.

These associated companies are accounted for using the equity method in these consolidated financial statements of the Group.

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 associated companies would not compromise the standard and effectiveness of the audit of the Group and of the Company.

Details of material associated company

Summarised financial information in respect of the Group's material associated company is set out below. The summarised financial information below represents amounts shown in the associated company's consolidated financial statements prepared in accordance with FRSs (adjusted by the Group for equity accounting purposes).

12 Associated companies (Cont'd)

Details of material associated company (cont'd)

Summarised statement of financial position

	PSI and its subsidiaries	
	2017	2016
	$'000	$'000
Current Assets	**1,197,116**	24,523
Includes		
- Cash and cash equivalents	**51,897**	21,253
Non-Current Assets	**104,394**	1,246,919
Current Liabilities	**(29,624)**	(26,945)
Includes		
- Financial liabilities (excluding trade and other payables and provisions)	**–**	–
Non-Current Liabilities	**(999,685)**	(982,416)
Includes		
- Financial liabilities (excluding trade and other payables and provisions)	**(832,439)**	(971,765)
Net Assets	**272,201**	262,081

Summarised statement of comprehensive income

	PSI and its subsidiaries	
	2017	2016
	$'000	$'000
Revenue	**69,002**	99,983
Net profit and total comprehensive income for the year	**8,371**	57,280

The above profit for the year include the following:

	PSI and its subsidiaries	
	2017	2016
	$'000	$'000
Interest income	**138**	64
Interest expense	**(31,832)**	(27,912)
Income tax expense	**(7)**	(724)

12 Associated companies (Cont'd)

Details of material associated company (cont'd)

Reconciliation of the above summarised financial information to the carrying amount of the interest in the associated companies recognised in the consolidated financial statements is as follows:

The Group	2017 $'000	2016 $'000
Net assets of material associated companies	**272,201**	262,081
Proportion of the Group's ownership interests in the associated companies	**54,440**	52,416
Other adjustment		
- Adjustment for fair value gain and depreciation expense of investment property for the difference in group's accounting policy for investment properties	**(14,289)**	(13,939)
Carrying amount of material associated companies	**40,151**	38,477
Carrying amount of an individually immaterial associated company	**10,675**	11,647
Carrying amount of Group's interest in associated companies	**50,826**	50,124

Aggregate information of associated company that is not individually material

The Group	2017 $'000	2016 $'000
Share of loss and total comprehensive expense	**(261)**	(401)

Commitments for expenditure

The Group's commitments, including its share of commitments made jointly with associated companies, are as follows:

The Group	2017 $'000	2016 $'000
Capital expenditure	**18,859**	1,068

13 Subsidiaries

The Company	Note	2017 $'000	2016 $'000
Unquoted equity investments		**10,301**	10,301
Discount implicit in non-current loan to subsidiaries		**46,797**	44,181
Amounts owing by subsidiaries (non-trade):			
- Interest-free		**66,361**	68,591
		123,459	123,073
Impairment loss on investments in subsidiaries			
Balance at beginning of year		**(19,287)**	(14,363)
Allowance for the year		**(3,691)**	(5,984)
Allowance no longer required		**–**	1,060
Balance at end of year		**(22,978)**	(19,287)
	(i)	**100,481**	103,786
Non-interest bearing loans owing by subsidiaries (non-trade):			
- Non-interest bearing loans		**172,236**	169,001
- Notional interest on loans		**15,539**	7,470
		187,775	176,471
Impairment loss on receivables			
Balance at beginning of year		**–**	(1,189)
Allowance no longer required		**–**	1,189
Balance at end of year		**–**	–
	(ii)	**187,775**	176,471
Total	(i) + (ii)	**288,256**	280,257

The non-trade amounts owing by subsidiaries are regarded as an extension of the Company's net investment 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 owing are unsecured and interest-free.

During the financial year ended 31 January 2017, the Company assessed the carrying amounts of its investments in subsidiaries for indications of impairment. Based on this assessment, the Company recognised an impairment loss totalling $3,691,000 (2016 - $5,984,000) mainly due to its investments in subsidiaries incurring losses from their business activities. The recoverable amounts of the investments have been determined based on the revalued net asset position of these subsidiaries as at 31 January 2017 which is classified under Level 3 of the fair value hierarchy.

The impairment loss on investments in subsidiaries of $Nil (2016 - $1,060,000) has been reversed as a result of an increase in the recoverable amounts of certain subsidiaries.

<u>Non-interest bearing loans</u>

Interest is imputed on the non-interest bearing loans. A notional discount rate of 4% per annum has been applied to calculate the financial asset to its fair value on an annual re-pricing basis, up till the repayment dates, 31 December 2018 to 24 April 2025. The carrying amount approximates its fair value.

All amounts owing by subsidiaries are denominated in Singapore dollar.

13 Subsidiaries (Cont'd)

Disposal of a wholly-owned subsidiary, Vinametric Limited

On 12 May 2016, the Group disposed of its 100% owned subsidiary, Vinametric Limited to New Life Real Estate Business Company Limited for an aggregate consideration of approximately $67,425,000 (USD 49.3 million). Accordingly, the Group recognised a gain on disposal of $49,875,000.

Disposal of a 60% owned subsidiary, Shanghai Xinfeng Realty Development Co., Ltd

On 26 August 2016, the Group disposed of its subsidiary, Shanghai Xinfeng Realty Development Co., Ltd to Shanghai Xinchuan Investment Management Co., Ltd. for an aggregate consideration of approximately $6,827,000 (RMB 33 million). Accordingly, the Group recognised a gain on disposal of $5,663,000.

As at the 31 January 2017, the Group had received $2,069,000 and the remaining consideration of $4,758,000 (before bank charges of $238,000) was kept in the Company's escrow account in Shanghai.

Incorporation of Perumal Development Pte. Ltd.

On 26 January 2017, the Group incorporated Perumal Development Pte. Ltd. as its wholly-owned subsidiary for the purpose of real estate development. Perumal Development Pte. Ltd. has an issued and paid-up capital of S$1.00 consisting of 1 ordinary share.

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
		2017	2016	**2017**	2016	
		$'000	$'000	**%**	%	
Subsidiaries held by the Company						
Kwan Hwee Investment Pte Ltd	Singapore	**3,230**	3,230	**100**	100	Property development and investment holding
Low Keng Huat International Pte Ltd	Singapore	**3,000**	3,000	**100**	100	Investment holding
Quality Investments Pte Ltd	Singapore	**500**	500	**100**	100	Investment holding
Prodev Pte Ltd	Singapore	**10**	10	**100**	100	Investment holding
LKH (Saigon) Pte. Ltd.	Singapore	**10**	10	**100**	100	Investment holding
Balance carried forward		**6,750**	6,750			

13 Subsidiaries (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
			2017	2016	**2017**	2016	
			$'000	$'000	**%**	%	
	Subsidiaries held by the Company						
	Balance brought forward		**6,750**	6,750			
	Bali Investment Pte. Ltd.	Singapore	*****	*	**100**	100	Investment holding
	Dalton Investment Pte. Ltd.	Singapore	*****	*	**100**	100	Investment holding
	Duxton Hotel (Pte.) Ltd.	Singapore	*****	*	**100**	100	Hotel management services
	Domitian Investment Pte. Ltd.	Singapore	*****	*	**100**	100	Investment holding
	Balestier Tower Pte. Ltd.	Singapore	**2,000**	2,000	**100**	100	Property investment
	Low Keng Huat (Construction) Pte. Ltd.	Singapore	*****	*	**100**	100	Investment holding
	Starworth Pte. Ltd.	Singapore	*****	*	**100**	100	Investment holding
	Siong Feng Development Pte. Ltd.	Singapore	*****	*	**100**	100	Investment holding
	Huatland Development Pte. Ltd.	Singapore	**1,000**	1,000	**100**	100	Investment holding
	East Peak Development Pte. Ltd.	Singapore	*****	*	**100**	100	Investment holding
	Kendall Pte Ltd	Singapore	**1**	1	**75**	75	Investment holding
	Paya Lebar Square Pte. Ltd.	Singapore	**550**	550	**55**	55	Property investment
(1)	Perumal Development Pte. Ltd.	Singapore	*****	-	**100**	-	Property development
	Subsidiary held by Bali Investment Pte. Ltd.						
(2)	Vista Mutiara Sdn Bhd	Malaysia	**+**	+	**100**	100	Investment holding
	Subsidiaries held by Starworth Pte. Ltd.						
	Carnivore Brazilian Churrascaria Pte. Ltd.	Singapore	**+**	+	**100**	100	Restaurant
	22 Dempsey Pte. Ltd.	Singapore	**+**	+	**100**	100	Inactive
	Subsidiary held by Dalton Investment Pte. Ltd.						
(3), (4)	Vinametric Limited	Socialist Republic of Vietnam	**-**	+	**-**	100	Disposed
	Balance carried forward		**10,301**	10,301			

13 Subsidiaries (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
			2017	2016	**2017**	2016	
			$'000	$'000	**%**	%	
	Balance brought forward		**10,301**	10,301			
	Subsidiaries held by Duxton Hotel (Pte.) Ltd.						
	Duxton Hotels International Pty Ltd	Australia	**+**	+	**100**	100	Owner of trademark
	Subsidiaries held by Kendall Pte Ltd						
(5)	Amuret Pty Ltd	Australia	**+**	+	**75**	75	Investment holding
	Subsidiaries held by Low Keng Huat International Pte Ltd						
(5)	Narymal Pty Ltd	Australia	**+**	+	**75**	75	Hotel management services
(6)	Shanghai Nova Realty Development Co., Ltd	People's Republic of China	**-**	+	**63**	63	Investment holding
(6), (7)	Shanghai Xinfeng Realty Development Co., Ltd	People's Republic of China	**+**	+	**-**	60	Disposed
	Subsidiary held by Quality Investments Pte Ltd						
	Herman Investments Pte Ltd	Singapore	**+**	+	**100**	100	Investment holding
	Subsidiary held by Siong Feng Development Pte. Ltd.						
	Paya Lebar Development Pte. Ltd.	Singapore	**+**	+	**80**	80	Property development
	Subsidiary held by East Peak Development Pte. Ltd.						
	Newfort Alliance (Kismis) Pte. Ltd.	Singapore	**+**	+	**70**	70	Property development
			10,301	10,301			

* Represents amount less than $500
(1) Incorporated on 26 January 2017
(2) Audited by Crowe Horwath, Malaysia
(3) Audited by Ernst & Young LLP, Socialist Republic of Vietnam
(4) Disposed on 12 May 2016
(5) Audited by PricewaterhouseCoopers LLP, Australia
(6) Audited by Shanghai Credential Certified Public Accountants Co., Ltd, People's Republic of China
(7) Disposed on 26 August 2016
\+ Interest held through subsidiaries

13 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 interest	Profit allocated to non-controlling interests	Accumulated non-controlling interests	Dividends paid to non-controlling interests
		%	$'000	$'000	$'000
2017					
Held by the Company					
Paya Lebar Square Pte. Ltd.	Singapore	**45**	**167**	**9,889**	**–**
Kendall Pte Ltd	Singapore	**25**	**7,281**	**7,460**	**–**
Held by a subsidiary					
Narymal Pty Ltd	Australia	**25**	**358**	**1,918**	**(954)**
2016					
Held by the Company					
Paya Lebar Square Pte. Ltd.	Singapore	45	162	9,722	–
Held by a subsidiary					
Narymal Pty Ltd	Australia	25	789	3,203	–

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.

Summarised statement of financial position

	Kendall Pte Ltd	Paya Lebar Square Pte. Ltd.	Narymal Pty Ltd
	$'000	$'000	$'000
2017			
Non-current assets	**26,302**	**310,053**	**332**
Current assets	**4,619**	**23,453**	**11,002**
Non-current liabilities	**–**	**(298,648)**	**(1,716)**
Current liabilities	**(1,079)**	**(12,883)**	**(1,947)**
Equity attributable to owners of the Company	**22,382**	**12,086**	**5,753**
Non-controlling interests	**7,460**	**9,889**	**1,918**

13 Subsidiaries (Cont'd)

Details of non-wholly owned subsidiaries that have material non-controlling interests (cont'd)

	Paya Lebar Square Pte. Ltd. $'000	Narymal Pty Ltd $'000
2016		
Non-current assets	313,406	305
Current assets	22,435	15,123
Non-current liabilities	(274,744)	–
Current liabilities	(39,493)	(2,615)
Equity attributable to owners of the Company	11,882	9,609
Non-controlling interests	9,722	3,203

Summarised statement of comprehensive income

	Kendall Pte Ltd $'000	Paya Lebar Square Pte. Ltd. $'000	Narymal Pty Ltd $'000
2017			
Revenue	**30,108**	**17,335**	**56,858**
Expenses	**(981)**	**(16,964)**	**(55,423)**
Profit for the year	**29,127**	**371**	**1,435**
Net profit and total comprehensive income attributable to			
- Owners of the Company	**21,845**	**204**	**1,076**
- Non-controlling interests	**7,282**	**167**	**359**
Net profit and total comprehensive income for the year	**29,127**	**371**	**1,435**

	Paya Lebar Square Pte. Ltd. $'000	Narymal Pty Ltd $'000
2016		
Revenue	17,811	26,932
Expenses	(17,451)	(23,775)
Profit for the year	360	3,157
Net profit and total comprehensive income attributable to		
- Owners of the Company	198	2,368
- Non-controlling interests	162	789
Net profit and total comprehensive income for the year	360	3,157

13 Subsidiaries (Cont'd)

Details of non-wholly owned subsidiaries that have material non-controlling interests (cont'd)

Other summarised information

	Kendall Pte Ltd	Paya Lebar Square Pte. Ltd.	Narymal Pty Ltd
	$'000	$'000	$'000
2017			
Net cash (outflow)/inflow from operating activities	**(2,810)**	**(14,637)**	**490**
Net cash inflow from investing activities	**–**	**38**	**–**
Net cash inflow/(outflow) from financing activities	**2,766**	**4,779**	**(796)**
Net cash outflow	**(44)**	**(9,820)**	**(306)**

	Paya Lebar Square Pte. Ltd.	Narymal Pty Ltd
	$'000	$'000
2016		
Net cash inflow from operating activities	10,690	2,872
Net cash outflow from investing activities	(6,076)	–
Net cash (outflow)/inflow from financing activities	(3,621)	2,438
Net cash inflow	993	5,310

14 Investment properties

		The Group		The Company	
		2017	2016	**2017**	2016
	Note	**$'000**	$'000	**$'000**	$'000
Cost					
Balance at beginning of year		**325,962**	291,697	**19,061**	27,845
Additions		**801**	–	**–**	–
Disposals		**–**	(8,784)	**–**	(8,784)
Reversal of cost no longer required		**(2,631)**	–	**–**	–
Transfer from development properties	10(b)	**–**	41,468	**–**	–
Transfer from property, plant and equipment	15	**–**	1,581	**–**	–
Balance at end of year		**324,132**	325,962	**19,061**	19,061

14 Investment properties (Cont'd)

	Note	The Group 2017 $'000	The Group 2016 $'000	The Company 2017 $'000	The Company 2016 $'000
Accumulated depreciation					
Balance at beginning of year		**4,247**	7,871	**249**	7,180
Depreciation for the year	29	**2,973**	3,358	**199**	602
Disposals		**–**	(7,533)	**–**	(7,533)
Transfer from property, plant and equipment	15	**–**	551	**–**	–
Balance at end of year		**7,220**	4,247	**448**	249
Accumulated impairment loss					
Balance at beginning of year		**5,800**	–	**–**	–
Impairment loss for prior year (note c)	29	**1,113**	–	**–**	–
Transfer from development properties	10(b)	**–**	5,800	**–**	–
Balance at end of year		**6,913**	5,800	**–**	–
Net book value		**309,999**	315,915	**18,613**	18,812
Fair value		**455,809**	457,280	**19,791**	22,089

(a) Investment properties are leased to third parties under operating leases [Note 34.1(b)].

(b) The following amounts are recognised in the consolidated income statement:

The Group	Note	2017 $'000	2016 $'000
Income			
Rental income included in:			
- Revenue		**17,335**	17,810
- Other operating income	27	**898**	2,617
Expenses			
Direct operating expenses arising from:			
- Investment properties that generated rental income		**6,768**	7,330
- Investment properties that did not generate rental income		**52**	53

14 Investment properties (Cont'd)

(c) The investment properties as at the end of reporting period held by the Group comprise:

	Location	Description	Area (sq. metres)	Tenure	Net book value 2017 $'000	Net book value 2016 $'000
(1)	80 Marine Parade Road, 18th Floor of Parkway Parade, Singapore	2 office units	234	Leasehold 99 years commencing 17 August 1979	**1,012**	1,030
(2)	60 Paya Lebar Road, Paya Lebar Square Retail Podium, Singapore	159 retail units	12,374	Leasehold 99 years commencing 25 July 2011	**261,457**	264,224
(3)	60 Paya Lebar Road, Paya Lebar Square Retail Podium, Singapore	4 office units	1,002	Leasehold 99 years commencing 25 July 2011	**14,834**	14,993
(4)	207 Balestier Road Balestier Towers, Singapore	Commercial retail units	2,546	Freehold	**32,696**	35,668
					309,999	315,915

Notes:

(1) During the financial year ended 31 January 2016, two office units were transferred from property, plant and equipment to investment properties because they were no longer used by the Group and was decided that these office units would be leased to third parties.

On 31 January 2017, the directors of the Company estimated the fair value to be $3,667,000 (January 2016 - $3,841,000) for the 2 office units located at 80 Marine Parade Road based on the current market trend and with reference to indicative prices for similar office units in the area.

(2) On 31 January 2017, a firm of independent professional valuers, Savills Valuation & Professional Services (S) Pte Ltd, valued the retail units to be $397,000,000 (2016 - $396,000,000) as at 31 January 2017 based on the property's highest-and-best use using the Direct Comparison Method and Income Capitalisation Method.

At the end of reporting period, this property had been pledged to a financial institution to secure bank borrowings granted to a subsidiary (Note 21).

(3) On 31 January 2017, the directors of the Company estimated the fair value to be $19,791,000 (2016 - $22,089,000) for these 4 office units located at 60 Paya Lebar Road based on the current market trend and with reference to indicative prices for similar office units in the area.

(4) On 31 January 2016, the Group reclassified $35,668,000 being the net book value of retail component from development property [Note 10(b)] to investment property due to change in use of property.

On 31 January 2017, a firm of independent professional valuers, Savills Valuation & Professional Services (S) Pte Ltd, valued the property under development to be $141,400,000 (2016 - $141,400,000) as at 31 January 2017 based on the property's fair value of a mixed commercial cum serviced apartment development using the Direct Comparison Method. The amount consist of $106,050,000 (2016 - $106,050,000) and $35,350,000 (2016 - $35,350,000) allocated to property, plant and equipment and investment property respectively. Accordingly, there is no impairment required in financial year ended 31 January 2017.

However during the financial year ended 31 January 2017, an impairment loss of $1,113,000 was recognised and it represents the write-down of this freehold property to its recoverable value for losses not recognised in previous year because the amount was not material to the Group. The recoverable amount was determined at the cash generating unit level (the freehold property) and is based on the market price determined by the independent valuer with respect to amounts received in selling this property.

The fair value measurement was categorized as a Level 2 fair value based on the inputs in the valuation technique use.

At the end of reporting period, this property has been pledged to a financial institution to secure bank borrowings granted to a subsidiary (Note 21).

15 Property, plant and equipment

The Group	Note	Freehold property $'000	Leasehold properties $'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 2015		24,294	41,647	39,512	2,420	4,294	1,420	–	113,587
Additions		–	310	477	–	797	680	–	2,264
Reclassification		–	(360)	–	–	360	–	–	–
Transfer from development properties	10(b)	–	–	–	–	–	–	124,404	124,404
Transfer to investment properties	14	–	(1,581)	–	–	–	–	–	(1,581)
Disposals		–	(4,220)	(105)	–	(123)	(5)	–	(4,453)
Exchange translation difference		(816)	639	(1,425)	(1)	(18)	–	–	(1,621)
At 31 January 2016		23,478	36,435	38,459	2,419	5,310	2,095	124,404	232,600
Additions		–	–	125	1,043	18	27	–	1,213
Reclassification		–	–	163	–	297	(52)	–	408
Reversal of cost no longer required		–	–	–	–	–	–	(5,580)	(5,580)
Disposals+		–	(28,603)	–	(541)	(2,973)	–	–	(32,117)
Exchange translation difference		1,293	(68)	2,345	2	92	–	–	3,664
At 31 January 2017		**24,771**	**7,764**	**41,092**	**2,923**	**2,744**	**2,070**	**118,824**	**200,188**
Accumulated depreciation									
At 1 February 2015		2,947	19,188	27,305	782	2,753	581	–	53,556
Depreciation for the year		204	1,141	2,124	243	635	217	–	4,564
Transfer to investment properties		–	(551)	–	–	–	–	–	(551)
Disposals		–	(4,133)	(92)	–	(123)	(4)	–	(4,352)
Exchange translation difference		(115)	331	(950)	(1)	(11)	–	–	(746)
At 31 January 2016		3,036	15,976	28,387	1,024	3,254	794	–	52,471
Depreciation for the year		206	216	1,847	276	231	228	–	3,004
Reclassification		–	–	113	–	297	(2)	–	408
Disposals+		–	(13,877)	–	(336)	(1,826)	–	–	(16,039)
Exchange translation difference		199	(12)	1,881	1	80	–	–	2,149
At 31 January 2017		**3,441**	**2,303**	**32,228**	**965**	**2,036**	**1,020**	**–**	**41,993**

+ Included in disposal of property, plant and equipment are cost of $31,576,000, accumulated depreciation of $15,584,000 and net book value $15,992,000 relating to the disposal of subsidiaries.

15 Property, plant and equipment (Cont'd)

The Group	Note	Freehold property $'000	Leasehold properties $'000	Plant, machinery and surveying equipment $'000	Motor vehicles $'000	Furniture, fittings and equipment $'000	Renovation $'000	Construction-in-progress $'000	Total $'000
Accumulated impairment loss									
At 1 February 2015		–	–	52	–	29	170	–	251
Written-off		–	–	–	–	–	(1)	–	(1)
Impairment loss for the year	28(b), 29	–	–	–	–	–	16	–	16
Transfer from development properties	10(b)	–	–	–	–	–	–	17,400	17,400
At 31 January 2016		**–**	**–**	**52**	**–**	**29**	**185**	**17,400**	**17,666**
Impairment loss for prior year (note iii)	28(b), 29	**–**	**–**	**–**	**–**	**–**	**–**	**3,338**	**3,338**
At 31 January 2017		**–**	**–**	**52**	**–**	**29**	**185**	**20,738**	**21,004**
Net book value									
At 31 January 2017		**21,330**	**5,461**	**8,812**	**1,958**	**679**	**865**	**98,086**	**137,191**
At 31 January 2016		20,442	20,459	10,020	1,395	2,027	1,116	107,004	162,463

15 Property, plant and equipment (Cont'd)

The Company	Leasehold properties $'000	Plant, machinery and surveying equipment $'000	Motor vehicles $'000	Furniture, fittings and equipment $'000	Renovation $'000	Total $'000
Cost						
At 1 February 2015	8,207	131	2,386	587	–	11,311
Additions	–	–	–	126	633	759
Written-off	–	(47)	–	(30)	–	(77)
Disposals	(4,198)	–	–	(17)	–	(4,215)
At 31 January 2016	**4,009**	**84**	**2,386**	**666**	**633**	**7,778**
Additions	**–**	**–**	**1,121**	**18**	**22**	**1,161**
Disposals	**–**	**–**	**(618)**	**–**	**–**	**(618)**
At 31 January 2017	**4,009**	**84**	**2,889**	**684**	**655**	**8,321**
Accumulated depreciation						
At 1 February 2015	5,173	108	769	189	–	6,239
Depreciation for the year	207	8	239	126	10	590
Written-off	–	(47)	–	(30)	–	(77)
Disposals	(4,112)	–	–	(17)	–	(4,129)
At 31 January 2016	**1,268**	**69**	**1,008**	**268**	**10**	**2,623**
Depreciation for the year	**44**	**8**	**280**	**124**	**65**	**521**
Disposals	**–**	**–**	**(344)**	**–**	**–**	**(344)**
At 31 January 2017	**1,312**	**77**	**944**	**392**	**75**	**2,800**
Net book value						
At 31 January 2017	**2,697**	**7**	**1,945**	**292**	**580**	**5,521**
At 31 January 2016	2,741	15	1,378	398	623	5,155

15 Property, plant and equipment (Cont'd)

		The Group		The Company	
		2017	2016	**2017**	2016
	Note	**$'000**	$'000	**$'000**	$'000
Depreciation expense charged to:					
Construction costs					
- Current year	8	**122**	119	**122**	119
Income statement		**2,882**	4,445	**399**	471
		3,004	4,564	**521**	590

(i) The freehold property comprises:

Location	Description	Land area (sq. metres)	Tenure
No.1 St. George's Terrace Perth Western Australia Australia	306-room Duxton Hotel, Perth	3,410	Freehold

(ii) The leasehold properties as at the end of the reporting period comprise:

	Location	Description	Area (sq. metres)	Tenure	Net book value 2017 $'000	2016 $'000
(1)	63 Nguyen Hue, Ho Chi Minh City Socialist Republic of Vietnam	198-room hotel	2,002	50 years lease commencing 25 September 1992	**–**	14,862
(2)	80 Marine Parade Road 18th Floor of Parkway Parade Singapore	7 office units	804	99 years lease commencing 17 August 1979	**3,629**	3,745
(3)	60 Paya Lebar Road 4th Floor of Paya Lebar Square Singapore	1 office unit	123	99 years lease commencing 25 July 2011	**1,832**	1,852
					5,461	20,459

Notes:

(1) During the financial year, Dalton Investments Pte. Ltd., a wholly-subsidiary of the Company, entered into a Capital Assignment Agreement with a third party to assign and transfer 100% of the undivided right, title and interests in and to the charter capital of its wholly-owned subsidiary, Vinametric Limited who owns the leasehold property, Duxton Hotel Saigon located at 63 Nguyuen Hue, District 51, Ho Chi Minh City, Vietnam for an aggregate consideration of approximately $67,425,000 (US$49,000,000) (Note 13).

(2) On 31 January 2017, the directors of the Company estimated the fair value to be $12,599,000 (January 2016 - $13,194,000) for these 7 office units located at 80 Marine Parade Road based on the current market trend and with reference to indicative prices for similar office units in the area.

(3) On 31 January 2017, the directors of the Company estimated the fair value to be $2,429,000 (January 2016 - $2,710,000) for the office unit located at 60 Paya Lebar Road based on the current market trend and with reference to indicative prices for similar office units in the area.

15 Property, plant and equipment (Cont'd)

(iii) The property under construction-in-progress comprises:

Location	Description	Land area (sq. metres)	Tenure
207 Balestier Road, Singapore	Serviced apartments	7,657	Freehold

The freehold property located at Balestier Road has been reclassified and transferred from development property [Note 10(b)] to property, plant and equipment and investment property [Note 14(c)(4)] during FY2016.

A valuation carried out by a firm of independent professional valuers, Savills Valuation & Professional Services (S) Pte Ltd using the Direct Comparison Method and Residual Method valued the land to be $141,400,000 (2016 - $141,400,000) as at 31 January 2017. The amount consist of $106,050,000 (2016 - $106,050,000) and $35,350,000 (2016 - $35,350,000) allocated to property, plant and equipment and investment property respectively. Accordingly, there is no impairment required in financial year ended 31 January 2017.

However during the financial year ended 31 January 2017, an impairment loss of $3,338,000 was recognised and it represents the write-down of this freehold property to its recoverable value for losses not recognised in previous year because the amount was not material to the Group. The recoverable amount was determined at the cash generating unit level (the freehold property) and is based on the market price determined by the independent valuer with respect to amounts received in selling this property.

The fair value measurement was categorized as a Level 2 fair value based on the inputs in the valuation technique use.

At the end of the reporting period, this property has been pledged to a financial institution to secure bank borrowings granted to a subsidiary (Note 21).

(iv) Motor vehicles costing $2,888,000 (2016 - $2,386,000) for the Company and $1,043,000 (2016 - $Nil) for the Group are registered in the names of certain directors and employees. These are held in trust for the Company and for the respective companies in the Group.

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

The Group	2017 $'000	2016 $'000
Deferred tax assets		
To be recovered		
- Within one year	**332**	212
- After one year	**–**	377
	332	589
Deferred tax liabilities		
To be settled		
- Within one year	**42**	977
- After one year	**2,121**	14
	2,163	991

The Group	2017 $'000	2016 $'000
Deferred tax assets		
Balance at beginning of year	**589**	313
Transfer to income statement (Note 30)	**(276)**	280
Exchange fluctuation difference	**19**	(4)
Balance at end of year	**332**	589

The Group	2017 $'000	2016 $'000
Deferred tax liabilities		
Balance at beginning of year	**991**	14
Transfer to gain on disposal of a subsidiary	**212**	–
Transfer to income statement (Note 30)	**960**	977
Balance at end of year	**2,163**	991

16 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	Recognition of costs on uncompleted projects $'000	Total $'000
At 1 February 2015	241	72	313
Credited to income statement	280	–	280
Exchange fluctuation difference	(4)	–	(4)
At 31 January 2016	**517**	**72**	**589**
Charged to income statement	**(204)**	**(72)**	**(276)**
Exchange fluctuation difference	**19**	**–**	**19**
At 31 January 2017	**332**	**–**	**332**

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	Dividends and interest income not remitted $'000	Total $'000
At 1 February 2015	–	14	14
Charged to income statement	977	–	977
At 31 January 2016	**977**	**14**	**991**
Charged/(credited) to income statement	**1,186**	**(14)**	**1,172**
At 31 January 2017	**2,163**	**–**	**2,163**

17 Trade and other payables

	The Group		The Company	
	2017	2016	**2017**	2016
	$'000	$'000	**$'000**	$'000
Trade payables	**18,304**	43,486	**16,925**	33,493
Other payables				
Accruals	**1,129**	4,753	**707**	3,141
Deposits received from third parties	**4,881**	4,657	**85**	85
Monies received in advance	**1,102**	839	**–**	–
Payables for directors' profit sharing	**3,149**	3,586	**3,149**	3,586
Dividend payable	**–**	18	**–**	–
Rental received in advance	**82**	59	**11**	12
Interest payable	**593**	754	**–**	–
GST payable	**94**	800	**–**	417
Liabilities owing to tax authorities for business tax	**–**	223	**–**	–
Advances from employees	**–**	535	**–**	–
Amount owing to a related party	**–**	6	**–**	–
Provision for staff leave	**814**	–	**–**	–
Sundry payables	**1,476**	3,566	**294**	165
	13,320	19,796	**4,246**	7,406
	31,624	63,282	**21,171**	40,899

Trade and other payables are denominated in the following currencies:

	The Group		The Company	
	2017	2016	**2017**	2016
	$'000	$'000	**$'000**	$'000
Singapore dollar	**29,534**	59,436	**21,171**	40,899
Australian dollar	**2,012**	2,395	**–**	–
Chinese Renminbi	**73**	77	**–**	–
Malaysian Ringgit	**5**	6	**–**	–
Vietnamese Dong	**–**	1,368	**–**	–
	31,624	63,282	**21,171**	40,899

The liabilities owing to tax authorities relate to business tax liability payable to Vietnamese tax authorities for operating gaming centre which ceased operations since 2010. The related subsidiary – Vinametric Limited was disposed of during the year (Note 13).

18 Amounts owing to subsidiaries (non-trade)

The Company

The non-trade amounts of $55,855,000 (2016 - $14,478,000) 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 the following currencies:

The Company	**2017** **$'000**	2016 $'000
Singapore dollar	**16,246**	13,278
United States dollar	**38,491**	–
Malaysian Ringgit	**1,118**	1,200
	55,855	14,478

19 Amounts owing to joint ventures (non-trade)

The Group and the Company

The amounts owing to joint ventures represent advances which are unsecured and interest-free. They are repayable on demand.

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

20 Provisions

		The Group		The Company	
	Note	**2017** **$'000**	2016 $'000	**2017** **$'000**	2016 $'000
Current					
Onerous contracts in respect of operating leases	(a)	**–**	118	**–**	–
Reinstatement of premises	(b)	**77**	75	**–**	–
Employee termination benefits	(c)	**–**	–	**–**	–
		77	193	**–**	–
Non-current					
Onerous contracts in respect of operating leases	(a)	**–**	–	**–**	–
Severance pay	(d)	**–**	256	**–**	–
		–	256	**–**	–
Total		**77**	449	**–**	–

20 Provisions (Cont'd)

(a) Onerous contracts in respect of operating leases

In prior year, resulting from the closures of certain food and beverage outlets, the Group had negotiated with the landlords for early termination before the expiry of the operating leases and had made provision for the early termination based on discounted net present value of the future office operating lease rental payments.

Movement in provision for onerous contracts in respect of operating leases is as follows:

		The Group		The Company	
		2017	2016	**2017**	2016
	Note	**$'000**	$'000	**$'000**	$'000
Current					
Balance at beginning of year		**118**	791	**–**	–
Provision for the year	29	**18**	–	**–**	–
Provision utilised		**(136)**	(412)	**–**	–
Provision no longer required	27,29	**–**	(261)	**–**	–
Balance at end of year		**–**	118	**–**	–
Non-current					
Balance at beginning of year		**–**	392	**–**	–
Provision no longer required	27,29	**–**	(392)	**–**	–
Balance at end of year		**–**	–	**–**	–

(b) Reinstatement of premises

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 over the next one year.

Movement in provision for reinstatement of premises is as follows:

		The Group		The Company	
		2017	2016	**2017**	2016
	Note	**$'000**	$'000	**$'000**	$'000
Balance at beginning of year		**75**	221	**–**	–
Amortisation of discount		**2**	2	**–**	–
Provision utilised		**–**	(53)	**–**	–
Provision no longer required	27,29	**–**	(95)	**–**	–
Balance at end of year		**77**	75	**–**	–

20 Provisions (Cont'd)

(c) Employee termination benefits

Provision for employee termination benefits was provided in connection with the Group's decision to terminate the employment of certain employees of the Company due to scale down of construction activities.

Movement in provision for employee termination benefits is as follows:

		The Group		The Company	
		2017	2016	**2017**	2016
	Note	**$'000**	$'000	**$'000**	$'000
Balance at beginning of year		**–**	1,800	**–**	1,800
Provision utilised		**–**	(289)	**–**	(289)
Provision no longer required	27,29	**–**	(1,511)	**–**	(1,511)
Balance at end of year		**–**	–	**–**	–

(d) Severance pay

Provision for severance pay relates amount payable to employees of a subsidiary, Vinametric Limited, upon termination of their labour contract following Article 42 of the Labour Code in Socialist Republic of Vietnam. During the year, the related subsidiary – Vinametric Limited was disposed (Note 13).

Movement in provision for severance pay is as follows:

		The Group		The Company	
		2017	2016	**2017**	2016
	Note	**$'000**	$'000	**$'000**	$'000
Balance at beginning of year		**256**	267	**–**	–
Provision for the year	29	**–**	22	**–**	–
Provision no longer required	27,29	**–**	(38)	**–**	–
Provision no longer required due to disposal		**(256)**	–	**–**	–
Exchange difference		**–**	5	**–**	–
Balance at end of year		**–**	256	**–**	–

21 Bank borrowings

	2017	2016
The Group	**$'000**	$'000
Term loans - secured	**360,284**	341,075
Amount repayable:		
Not later than one year	**7,200**	9,360
Later than one year and not later than five years	**353,084**	331,715
	360,284	341,075

All bank borrowings are denominated in Singapore dollar.

21 Bank borrowings (Cont'd)

Term loans totalling $360,284,000 (2016 - $341,075,000) are secured by mortgages over the development properties [Note 10(b)], investment properties [Notes 14(c)(2) and 14(c)(4)] and one freehold property [Note 15(iii)] of certain subsidiaries and charges on all new assignments of tenancy, sales agreements and construction contracts and a fixed deposit of $14,500,000 (2016 - $3,020,000) of a subsidiary (Note 4).

The maturity dates of bank borrowings are as follows:

Repayable on/by	**2017 Loan amount $'000**	2016 Loan amount $'000
28 February 2019	**68,135**	–
31 December 2018	**98,889**	–
3 January 2020	**193,260**	177,000
31 March 2017	**–**	65,186
30 September 2018	**–**	98,889
	360,284	341,075

The Group has financial covenants attached to all term loans granted to certain subsidiaries which relate to restriction of limits imposed on certain ratios to be maintained by the said subsidiaries. During the financial year ended 31 January 2017, there are no known instances of any breach of loan covenants of the Group and its subsidiaries.

The effective interest rate per annum for the Group's borrowings is 2.08% (2016 - 2.32%) per annum.

The interest rates are repriced monthly.

The carrying amounts of the Group's borrowings approximate their fair values.

The Group manages the liquidity risk by maintaining sufficient cash to enable them to meet its normal operating commitments and having an adequate amount of committed credit facilities.

22 Share capital

	Number of ordinary shares		Amount	
	2017	2016	**2017**	2016
The Company and The Group			**$'000**	$'000
Issued and fully paid, with no par value				
Balance at beginning and at 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.

23 Capital reserve

The Group	2017 $'000	2016 $'000
Balance at beginning and at end of year	**(2,005)**	(2,005)

Capital reserve represents excess of consideration paid in the acquisition of the non-controlling interest in a subsidiary.

24 Fair value reserve

	The Group		The Company	
	2017 $'000	2016 $'000	**2017 $'000**	2016 $'000
Fair value reserve				
- available-for-sale financial assets				
Balance at beginning of year	**2,569**	11,348	**622**	1,272
Reclassification of cumulative fair value loss to profit or loss [Note 29]	**650**	–	**–**	–
Net fair value gain/(loss) recognised in other comprehensive income [Note 5(b)]	**4,545**	(8,779)	**91**	(650)
	5,195	(8,779)	**91**	(650)
Balance at end of year	**7,764**	2,569	**713**	622

Fair value reserve arises from surplus on revaluation of available-for-sale financial assets held as at the end of reporting period.

25 Currency translation reserve

The Group	2017 $'000	2016 $'000
Balance at beginning of year	**(2,475)**	(68)
Translation reserve transferred to profit or loss during the year	**(3,481)**	–
Exchange fluctuation difference during the year	**7,995**	(2,407)
Reserves arising from non-interest bearing loans from non-controlling shareholders	**(5)**	–
Balance at end of year	**2,034**	(2,475)

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, associated companies and joint ventures. Currency translation reserve transfer to profit or loss relates to disposal of foreign subsidiary and joint venture during the year.

26 Revenue

Revenue of the Group includes revenue from construction building and engineering work, sale of development properties, hotel management services and operations, rental income, dividend income from investments and excludes inter-company transactions, and applicable goods and services taxes or value-added taxes. The segment analysis of the Group is disclosed in Note 35 to the financial statements.

27 Other operating income

The Group	Note	2017 $'000	2016 $'000
Change in fair value of derivative financial instrument	29	**–**	304
Dividend income from quoted equity investments	29	**1,914**	1,575
Exchange gain	29	**1,684**	–
Fair value gain on financial assets at fair value through profit or loss	5(a),29	**333**	–
Gain on disposal of subsidiaries	29	**55,538**	–
Gain on disposal of joint venture	29	**3,105**	–
Gain on disposal of property, plant and equipment	29	**15**	3,827
Gain on disposal of investment properties	29	**–**	4,024
Impairment loss on receivables no longer required	7,29	**–**	203
Impairment loss on unquoted equity investment in a joint venture no longer required	11,29	**–**	4,968
Provisions no longer required	20	**–**	2,297
Interest income			
- Banks		**360**	348
- Fixed deposits		**3,356**	2,254
- Joint ventures		**3,127**	3,252
- Non-controlling interest		**19**	–
- Unquoted junior bonds		**2,400**	1,959
- Others		**28**	23
		9,290	7,836
Rental income			
- Investment properties	14(b)	**898**	1,472
- Development properties		**–**	1,145
		898	2,617
Management fee		**224**	224
Sundry income		**1,172**	1,721
		74,173	29,596

28(a) Administrative costs

The Group	Note	2017 $'000	2016 $'000
Employee benefit costs		**7,480**	8,468
Depreciation of property, plant and equipment		**520**	815
Depreciation of investment property		**159**	442
Directors' fee	29	**245**	288
Credit card commission expenses		**127**	197
Property tax		**89**	269
Operating lease rentals		**388**	21
Sponsorships		**–**	2
Travelling and transportation expenses		**155**	168
Others		**2,969**	4,082
		12,132	14,752

28(b) Other operating expenses

The Group	Note	2017 $'000	2016 $'000
Exchange loss	29	**–**	573
Hotel maintenance and utilities		**1,512**	1,527
Impairment loss on property, plant and equipment	15,29	**3,338**	16
Impairment loss on investment properties	14,29	**1,113**	–
Impairment loss on available-for-sale financial assets	24,29	**650**	–
Impairment loss on receivables (net)	7,29	**152**	–
Fair value loss on financial assets at fair value through profit or loss	5(a),29	**–**	677
Bad debts written off	29	**–**	43
Others		**48**	–
		6,813	2,836

28(c) Finance costs

The Group	2017 $'000	2016 $'000
Interest expense		
- loans	**3,862**	4,168
- non-controlling shareholders	**1,934**	2,011
	5,796	6,179

Finance costs relate to interest expense on bank loans (see Note 21) and shareholder's loan.

29 Profit before taxation

The Group	Note	**2017 $'000**	2016 $'000
Profit before taxation has been arrived at after charging/(crediting):			
Audit fee:			
- Auditors of the Company			
- Current year		**216**	252
- Overprovision in respect of prior years		**(56)**	(3)
- Other auditors			
- Current year		**65**	112
- Underprovision in respect of prior years		**2**	–
Non-audit fees:			
- Auditors of the Company			
- Current year		**1**	13
- Underprovision in respect of prior years		**2**	–
- Other auditors			
- Current year		**109**	104
- Under/(over) provision in respect of prior years		**2**	(6)
Depreciation of:			
- Investment properties	14	**2,973**	3,358
- Property, plant and equipment	15	**3,004**	4,564
Exchange (gain)/loss	27,28(b)	**(1,684)**	573
Fair value (gain)/loss on financial assets at fair value through profit or loss	27,28(b)	**(333)**	677
Change in fair value of derivative financial instrument	27	**–**	(304)
Gain on disposal of:			
- Investment properties	27	**–**	(4,024)
- Property, plant and equipment	27	**(15)**	(3,827)
Gain on disposal of joint venture	27	**(3,105)**	–
Gain on disposal of subsidiaries	27	**(55,538)**	–
Dividend income from quoted equity investments	27	**(1,914)**	(1,575)
Bad debts written off	28(b)	**–**	43
Impairment loss on:			
- Receivables (net)	7,28(b)	**152**	–
- Available-for-sale financial assets	28(b)	**650**	–
- Investment properties	14,28(b)	**1,113**	–
- Property, plant and equipment	15,28(b)	**3,338**	16
Impairment loss no longer required for:			
- Receivables (net)	7,27	**–**	(203)
- Completed development properties for sale	10(a)	**870**	–
- Unquoted equity investment in a joint venture	11,27	**–**	(4,968)
Operating lease rentals	34.1(a)	**1,919**	1,364
Provisions no longer required for:			
- Onerous contracts in respect of operating leases	20(a)	**–**	(653)
- Reinstatement of premises	20(b)	**–**	(95)
- Employee termination benefits	20(c)	**–**	(1,511)
- Severance pay	20(d)	**–**	(38)
		–	(2,297)
Provision for:			
- Onerous contracts in respect of operating leases	20(a)	**18**	–
- Severance pay	20(d)	**–**	22
		18	22

29 Profit before taxation (Cont'd)

The Group	Note	2017 $'000	2016 $'000
Employee benefit costs:			
Directors' fee	28(a)	**245**	288
Directors of the Company			
- Salaries and other related costs		**4,701**	5,116
- CPF contributions and other equivalent contributions		**25**	22
Key management personnel (other than directors)			
- Salaries, wages and other related costs		**1,510**	1,480
- CPF contributions and other equivalent contributions		**39**	37
		6,520	6,943
Other than key management personnel			
- Salaries, wages and other related costs		**13,278**	16,065
- CPF contributions and other equivalent contributions		**1,353**	1,394
		21,151	24,402
Cost of sales:			
- Current		**28,864**	56,176
- Project costs written back		***(3,663)**	*(52,685)
		25,201	3,491

* Included in project costs written back of $3,663,000 (2016 - $52,685,000) is a sum of $Nil (2016 - $45,337,000) that resulted from the change in building enhancement works no longer required for a project that obtained Certificate of Statutory Completion during the financial year ended 31 January 2017. In the prior year, the remaining balance of $7,348,000 mainly relates to project rectification works that have been completed and finalised upon completion of projects during the financial year ended 31 January 2016.

30 Taxation

The Group	Note	2017 $'000	2016 $'000
Tax recognised in profit or loss			
Current taxation			
- Singapore		**1,453**	9,486
- Foreign		**1,419**	1,648
		2,872	11,134
Deferred taxation			
- Credited to income statement	16	**947**	876
Tax expense		**3,819**	12,010
Under/(over) provision in respect of prior years			
- Current taxation		**(3)**	565
- Deferred taxation	16	**289**	(179)
		286	386
		4,105	12,396

30 Taxation (Cont'd)

The tax expense on the results of the financial year varies from the amount of income tax determined by applying the applicable corporate tax rates of income tax on the Group's profits as a result of the following:

The Group	2017 $'000	2016 $'000
Profit before taxation	**67,824**	70,225
Share of results of joint ventures and associated companies	**2,021**	16,658
	69,845	86,883
Tax at domestic rate applicable to profits in the countries concerned[(1)]	**32,227**	14,968
Tax effect on non-deductible expenses[(2)]	**1,500**	641
Tax effect on non-taxable income[(3)]	**(30,812)**	(3,983)
Tax effect on temporary differences not recognised in prior years	**249**	48
Tax incentives	**(32)**	(102)
Singapore statutory stepped income exemption	**(91)**	(138)
Foreign tax	**778**	576
Underprovision of taxation in respect of prior years	**286**	386
	4,105	12,396

(1) This is prepared by aggregating separate reconciliations for each national jurisdiction.

(2) This relates to disallowed expenditures incurred in the ordinary course of business which includes impairment loss on unquoted equity investment in its fellow subsidiaries.

(3) This relates to non-taxable income occurred in the ordinary course of business which includes gain on disposals of property, plant and equipment and investment property, impairment losses no longer required for unquoted equity investment in a joint venture and notional interest income charged to joint ventures.

On 29 June 2011, the interest of a subsidiary, 22 Dempsey Pte. Ltd. was acquired by Starworth Pte. Ltd. In accordance with Sections 23 and 37 of the Singapore Income Tax Act, the Group may lose its ability to carry forward these unabsorbed capital allowances and unutilised tax losses as a result of this change in ownership of the subsidiary. The Group intends to apply to the Inland Revenue Authority of Singapore for waiver to carry forward such capital allowances and tax losses on grounds that such ownership change is not executed for the purpose of deriving any tax benefit or to obtain any tax advantage. As at the reporting date, it is uncertain whether the Group will be successful in applying for the unabsorbed capital allowances and tax losses to be carried forward.

30 Taxation (Cont'd)

As at the end of reporting period, the Group had unabsorbed capital allowances and tax losses amounting to $2,036,000 (2016 - $2,000,000) and $3,854,000 (2016 - $2,424,000) respectively in relation to certain subsidiaries incorporated in Singapore, which are subject to agreement with the tax authorities. These unabsorbed capital allowances and 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, Cap. 134 are complied with.

Unutilised tax benefits totalling $1,001,000 (2016 - $752,000) arising from these unabsorbed capital allowances and tax losses have not been recognised as there is no reasonable certainty of their realisation in future periods.

The effective tax rate of the Group is 6.1% (2016 - 17.7%).

31 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	**2017** **$'000**	2016 $'000
Net profit attributable to equity holders of the Group	**55,704**	55,745
Weighted average number of ordinary shares for purpose of calculating basic and diluted earnings per share (Note 22)	**738,816,000**	738,816,000
Basic and diluted earnings per share (cents)	**7.54**	7.55

As there are no dilutive potential ordinary shares that were outstanding during the year, the basic earnings per share is the same as the diluted earnings per share.

32 Related party transactions

Other than the related party information disclosed elsewhere in the financial statements, the following are significant transactions entered into with related parties at mutually agreed amounts:

The Group	**2017 $'000**	2016 $'000
Charged by non-controlling shareholders of subsidiaries		
- Interest	**2,235**	2,335
- Executive directors service fee	**18**	18
Charged by a related party of a non-controlling shareholder of a subsidiary		
- Subcontractor costs	**2,521**	736
Subcontractor costs charged to a related party of a non-controlling shareholder of a subsidiary	**–**	1
Shareholders' loans from non-controlling shareholders of subsidiaries	**–**	600
Repayment of advances by non-controlling shareholders of a subsidiary	**20,500**	4,000
Dividends to non-controlling shareholders of subsidiaries	**21,454**	4,000
Dividend income from joint ventures	**400**	70,446
Shareholders' loans to joint ventures	**483**	1,279
Interest income charged to joint ventures	**3,127**	3,252
Settlement of liabilities on behalf of joint ventures	**164**	217
Advances from a joint venture	**–**	400
Advances to a joint venture	**490**	56
Repayment of advances by joint ventures	**101**	265
Charged by a related party of an associated company		
- Rental expense	**501**	493
- General expense	**2**	7
Management fee charged to an associated company	**224**	224
Subscription of junior bonds issued by an associated company	**–**	32,000
Interest on junior bonds receivable from an associated company	**1,282**	1,959

33 Dividends

The Company	2017 $'000	2016 $'000
Dividends proposed		
- Ordinary dividends:		
First and final dividend of 3.0 (2016 - 3.0) cents per share, tax exempt	**22,164**	22,164
- Special dividends:		
First and final dividend of 1.0 (2016 - 1.0) cents per share, tax exempt	**7,388**	7,388
	29,552	29,552
Dividends paid		
- Ordinary dividends:		
First and final dividend of 3.0 (2016 - 3.0) cents per share, tax exempt paid in respect of the previous financial year	**22,164**	22,164
- Special dividends:		
First and final dividend of 1.0 (2016 – 2.0) cents per share, tax exempt paid in respect of the previous financial year	**7,388**	14,777
	29,552	36,941

At the forthcoming Annual General Meeting, a first and final tax-exempt (one-tier) ordinary and special dividend of 3.0 cents (2016 - 3.0 cents) and 1.0 cents (2016 - 1.0 cents) per share respectively amounting to $22,164,000 (2016 - $22,164,000) and $7,388,000 (2016 - $7,388,000) respectively 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 2018.

34 Commitments

34.1 Operating lease commitments (non-cancellable)

(a) *Where Group and Company are the lessees*

Rental expense of the Group and the Company for the financial year ended 31 January 2017 amounted to $1,919,000 (2016 - $1,364,000) and $62,000 (2016 - $110,000) respectively. Certain leases have varying terms, escalation clauses and renewal rights. At the end of reporting period, the Group and the Company were committed to making payments in respect of rental of premises and office equipment with remaining contractual terms ranging from 1 year to 6 years as follows:

	The Group		The Company	
	2017 $'000	2016 $'000	**2017 $'000**	2016 $'000
Not later than one year	**1,130**	1,473	**81**	67
Later than one year and not later than five years	**417**	454	**207**	267
Later than five years	**–**	603	**–**	–
	1,547	2,530	**288**	334

34 Commitments (Cont'd)

34.1 Operating lease commitments (non-cancellable) (cont'd)

(b) *Where Group and Company are the lessors*

The Group and the Company lease out a portion of their office and retail units to third parties under non-cancellable operating lease. Rental income of the Group and the Company for the financial year ended 31 January 2017 amounted to $18,233,000 (2016 - $20,428,000) and $833,000 (2016 - $1,472,000) respectively.

The future minimum lease receivable under non-cancellable operating leases of office and retail units contracted for at the end of reporting period but not recognised as receivable, is as follows:

	The Group		The Company	
	2017	2016	**2017**	2016
	$'000	$'000	**$'000**	$'000
Not later than one year	**17,294**	18,944	**865**	868
Later than one year and not later than five years	**7,004**	19,091	**1,286**	2,151
Later than five years	**–**	–	**–**	–
	24,298	38,035	**2,151**	3,019

34.2 Capital commitments

Capital expenditures contracted for at the balance sheet date but not recognised in the financial statements, excluding those relating to investments in associated companies (Note 12) and investment in a joint venture (Note 11), are as follows:

	2017	2016
The Group	**$'000**	$'000
Capital expenditure contracted but not provided for in the financial statements	**166,331**	1,456

The capital commitments principally relate to:

- consultancy, architectural services and construction cost on the proposed development of Kismis Residence by Newfort Alliance (Kismis) Pte. Ltd. of $366,000 (2016 - $499,000);

- consultancy and architectural services and construction cost on the proposed development of Balestier Tower by Balestier Tower Pte. Ltd. $1,885,000 (2016 - $957,000); and

- acquisition cost of the land parcel at Perumal Road for the proposed Perumal Development Road by Perumal Development Pte. Ltd. $164,080,000 (2016 - $Nil).

34 Commitments (Cont'd)

34.3 Other commitments

(a) Uncalled capital contribution

The Group	2017 $'000	2016 $'000
Uncalled capital contribution in respect of joint venture with OSC - Duxton (Vietnam) Joint Venture Company Limited (US$5,350,000)	–	7,601

(b) Letters of undertaking

The Company

The Company has given letters of undertaking to provide financial support for the following subsidiaries which had aggregate net tangible deficits of $35,441,000 (2016 - $33,652,000) and for subsidiaries with aggregate net current liabilities of $59,603,000 (2016 - $71,466,000) as at 31 January 2017 to enable them to continue to operate as a going concern and to meet their respective obligations as and when they fall due:

Amuret Pty Ltd
Bali Investment Pte. Ltd.
Balestier Tower Pte. Ltd.
Carnivore Brazillian Churrascaria Pte. Ltd.
Domitian Investment Pte. Ltd.
Duxton Hotel (Pte.) Ltd.
East Peak Development Pte. Ltd.
LKH (Saigon) Pte. Ltd.
Prodev Pte Ltd
Quality Investments Pte Ltd
Siong Feng Development Pte. Ltd.
Starworth Pte. Ltd.
22 Dempsey Pte. Ltd.

(c) Corporate guarantees

The Company has provided corporate guarantees to banks for credit facilities totalling $423,349,000 (2016 - $433,553,000) granted to certain subsidiaries for which the Company is exposed to liability which is capped at $368,702,000 (2016 - $349,493,000). As at the reporting date, the banking facilities utilised stood at $368,702,000 (2016 - $349,493,000).

The Company has provided corporate guarantees to banks for credit facilities totalling $160,961,000 (2016 - $161,601,000) granted to certain joint ventures for which the Company is exposed to liability which is capped at $160,959,000 (2016 - $138,422,000). As at the reporting date, the banking facilities utilised stood at $160,959,000 (2016 - $138,422,000).

As at 31 January 2017 and at 31 January 2016, the fair values of the corporate guarantees determined based on the expected loss arising from the risk of default are insignificant.

35 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) Construction

Activities in this segment comprise building and engineering work.

(ii) Development

Activities in this segment comprise the development of properties.

(iii) Hotels

Activities in this segment comprise owning and operating hotels and restaurants.

(iv) Investments

Activities in this segment relate mainly to investment 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 joint managing directors 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.

Transfer pricing between operating segments are at terms agreed between the parties.

35 Operating segments (Cont'd)

The Group

(a) Business Segments

	Construction		Development		Hotels		Investments		Consolidated	
	2017	2016	**2017**	2016	**2017**	2016	**2017**	2016	**2017**	2016
	$'000	$'000	**$'000**	$'000	**$'000**	$'000	**$'000**	$'000	**$'000**	$'000
REVENUE										
Total sales	**8,629**	23,552	**1,800**	8,201	**65,854**	43,984	**17,508**	19,824	**93,791**	95,561
Inter-segment sales	**(8,054)**	(3,883)	**–**	–	**(38,520)**	(4,915)	**(173)**	(139)	**(46,747)**	(8,937)
External sales	**575**	19,669	**1,800**	8,201	**27,334**	39,069	**17,335**	19,685	**47,044**	86,624
RESULTS										
Segment results	**2,455**	60,088	**8,524**	10,193	**51,121**	7,114	**13,541**	15,667	**75,641**	93,062
Finance costs	**(29)**	(97)	**–**	–	**(1)**	–	**(5,766)**	(6,082)	**(5,796)**	(6,179)
	2,426	59,991	**8,524**	10,193	**51,120**	7,114	**7,775**	9,585	**69,845**	86,883
Share of results of joint ventures and associated companies	**–**	–	**(418)**	(5,524)	**–**	–	**(1,603)**	(11,134)	**(2,021)**	(16,658)
	2,426	59,991	**8,106**	4,669	**51,120**	7,114	**6,172**	(1,549)	**67,824**	70,225
Taxation									**(4,105)**	(12,396)
Non-controlling interests									**(8,015)**	(2,084)
Net profit									**55,704**	55,745
OTHER INFORMATION										
Segment assets	**243,698**	177,338	**210,848**	403,099	**142,204**	61,943	**411,927**	365,046	**1,008,677**	1,007,426
Investment in associated companies and joint ventures under equity method	**–**	–	**22,511**	24,311	**–**	–	**119,419**	117,832	**141,930**	142,143
Consolidated total assets (excluding taxation)	**243,698**	177,338	**233,359**	427,410	**142,204**	61,943	**531,346**	482,878	**1,150,607**	1,149,569
Consolidated total liabilities (excluding taxation)	**21,892**	39,694	**79,561**	187,129	**77,061**	4,748	**272,689**	230,222	**451,203**	461,793

35 Operating segments (Cont'd)

The Group

(a) Business Segments (cont'd)

	Construction		Development		Hotels		Investments		Consolidated	
	2017	2016	**2017**	2016	**2017**	2016	**2017**	2016	**2017**	2016
	$'000	$'000	**$'000**	$'000	**$'000**	$'000	**$'000**	$'000	**$'000**	$'000
OTHER INFORMATION (CONT'D)										
Capital expenditure										
- Property, plant and equipment	**1,083**	760	**–**	–	**130**	1,470	**–**	34	**1,213**	2,264
- Investment properties	**–**	–	**–**	–	**–**	–	**801**	–	**801**	–
Depreciation										
- Property, plant and equipment	**513**	590	**133**	–	**2,251**	3,843	**107**	131	**3,004**	4,564
- Investment properties	**159**	561	**–**	–	**–**	–	**2,814**	2,797	**2,973**	3,358
Project costs written back	**3,500**	52,685	**–**	–	**–**	–	**–**	–	**3,500**	52,685
Impairment loss on										
- Property, plant and equipment	**–**	–	**–**	–	**3,338**	16	**–**	–	**3,338**	16
- Investment properties	**–**	–	**–**	–	**–**	–	**1,113**	–	**1,113**	–
Change in fair value of derivative financial instrument	**–**	304	**–**	–	**–**	–	**–**	–	**–**	304
(Gain)/loss on disposal of										
- Property, plant and equipment	**(15)**	(3,840)	**–**	–	**–**	13	**–**	–	**(15)**	(3,827)
- Investment properties	**–**	(4,024)	**–**	–	**–**	–	**–**	–	**–**	(4,024)
- Subsidiaries	**–**	–	**5,663**	–	**49,875**	–	**–**	–	**55,538**	–
- Joint Venture	**–**	–	**3,105**	–	**–**	–	**–**	–	**3,105**	–

35 Operating segments (Cont'd)

The Group

(a) Business Segments (cont'd)

	Construction		Development		Hotels		Investments		Consolidated	
	2017	2016	**2017**	2016	**2017**	2016	**2017**	2016	**2017**	2016
	$'000	$'000	**$'000**	$'000	**$'000**	$'000	**$'000**	$'000	**$'000**	$'000
OTHER INFORMATION (CONT'D)										
Fair value gains reclassified from fair value reserve to profit or loss on impairment of available-for-sale financial assets	**–**	–	**–**	–	**–**	–	**650**	–	**650**	–
Fair value gain/(loss) on financial assets at fair value through profit or loss	**–**	–	**–**	–	**–**	–	**(333)**	677	**(333)**	677
Bad debts written off	**–**	–	**–**	–	**–**	43	**–**	–	**–**	43
Impairment loss on unquoted equity investment in a joint venture no longer required	**–**	–	**–**	(4,968)	**–**	–	**–**	–	**–**	(4,968)

35 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	
	2017	2016	**2017**	2016
The Group	**$'000**	$'000	**$'000**	$'000
Singapore	**23,754**	52,433	**455,917**	472,165
Australia	**23,290**	26,932	**30,292**	30,664
Vietnam	**–**	7,259	**–**	16,566
Others	**–**	–	**20,305**	21,647
	47,044	86,624	**506,514**	541,042

(c) Information about major customers

Revenue from transactions with Nil (2016 - 2) external customers that each amount to 10% or more of the Group's revenue attributable to sales in the following operating segment, is as follows:

Construction

- $Nil (2016 - $4,610,000); and
- $Nil (2016 - $14,735,000).

(d) Reconciliation of segments total assets and total liabilities

	2017	2016
The Group	**$'000**	$'000
Reportable segments' assets are reconciled to total assets as follows:		
Segment assets	**1,150,607**	1,149,569
Deferred tax assets	**332**	589
GST receivable	**167**	54
Tax recoverable	**–**	138
Total assets	**1,151,106**	1,150,350
Reportable segments' liabilities are reconciled to total liabilities as follows:		
Segment liabilities	**451,203**	461,793
Liabilities owing to tax authorities for business tax	**–**	223
Deferred tax liabilities	**2,163**	991
GST payable	**94**	800
Current tax payable	**3,388**	11,619
Total liabilities	**456,848**	475,426

36 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	
	2017	2016
Above $2,000,000	**1**	2
$1,750,000 to $1,999,999	**1**	–
$1,000,000 to $1,249,999	**–**	–
$250,000 to $499,999	**1**	1
Below $250,000	**5**	5
Total	**8**	8

37 Financial risk management objectives and policies

The Company and the Group financial risk management policies set out the Company's and the Group'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 Company's and the Group'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 does not hold or issue derivative financial instruments for speculative purposes.

As at 31 January 2017, the Group's and the Company's financial instruments mainly consisted of cash and cash equivalents, receivables and payables.

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.

37.1 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 and liabilities are denominated in foreign currencies which give rise to foreign exchange risk, particularly among the hotels which are located overseas. The currencies giving rise to this risk are primarily Australian dollar (AUD), Malaysian Ringgit (RM), Chinese Renminbi (RMB), Vietnamese Dong (VND) and United States dollar (USD).

In terms of operations, the sales and purchases are denominated in the same currency as much as 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.

37 Financial risk management objectives and policies (Cont'd)

37.1 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 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. At the end of reporting period, such foreign currency balances are disclosed below:

The Group	SGD $'000	USD $'000	AUD $'000	RM $'000	RMB $'000	VND $'000	Total $'000
2017							
Cash and cash equivalents	**159,821**	**68,434**	**16,413**	**919**	**4,987**	**–**	**250,574**
Fixed deposits	**14,500**	**–**	**–**	**–**	**1,721**	**–**	**16,221**
Amount owing to non-controlling shareholders of subsidiaries (non-trade)	**(58,157)**	**–**	**(440)**	**–**	**–**	**–**	**(58,597)**
Trade and other receivables	**88,294**	**–**	**1,957**	**3**	**1**	**–**	**90,255**
Amount owing by joint ventures	**82,606**	**–**	**–**	**–**	**–**	**–**	**82,606**
Amount owing by associates	**56**	**–**	**–**	**3,499**	**–**	**–**	**3,555**
Trade and other payables	**(29,534)**	**–**	**(2,012)**	**(5)**	**(73)**	**–**	**(31,624)**
Amount owing to joint ventures	**–**	**(470)**	**–**	**–**	**–**	**–**	**(470)**
Provision for directors' fee	**(245)**	**–**	**–**	**–**	**–**	**–**	**(245)**
Provisions	**(77)**	**–**	**–**	**–**	**–**	**–**	**(77)**
Borrowings	**(360,284)**	**–**	**–**	**–**	**–**	**–**	**(360,284)**
	(103,020)	**67,964**	**15,918**	**4,416**	**6,636**	**–**	**(8,086)**

37 Financial risk management objectives and policies (Cont'd)

37.1 Currency risk (cont'd)

The Group	SGD $'000	USD $'000	AUD $'000	RM $'000	RMB $'000	VND $'000	Total $'000
2016							
Cash and cash equivalents	196,026	262	12,640	1,024	3,397	528	213,877
Fixed deposits	3,020	–	–	–	2,103	–	5,123
Amount owing by non-controlling shareholders of subsidiaries (non-trade)	–	–	–	–	350	–	350
Amount owing to non-controlling shareholders of subsidiaries (non-trade)	(56,479)	–	(415)	–	–	–	(56,894)
Trade and other receivables	129,253	72	1,719	3	1	1,428	132,476
Amount owing by joint ventures	79,479	–	–	–	–	–	79,479
Amount owing by associates	56	–	–	3,249	–	–	3,305
Trade and other payables	(59,436)	–	(2,395)	(6)	(77)	(1,368)	(63,282)
Amount owing to joint ventures	(400)	(471)	–	–	–	–	(871)
Provision for directors' fee	(245)	–	–	–	–	–	(245)
Provisions	(449)	–	–	–	–	–	(449)
Borrowings	(341,075)	–	–	–	–	–	(341,075)
	(50,250)	(137)	11,549	4,270	5,774	588	(28,206)

37 Financial risk management objectives and policies (Cont'd)

37.1 Currency risk (cont'd)

The Company	SGD $'000	USD $'000	AUD $'000	RM $'000	Total $'000
2017					
Cash and cash equivalents	**139,489**	**68,434**	**7,374**	**58**	**215,355**
Trade and other receivables	**14,068**	**–**	**–**	**–**	**14,068**
Amount owing by joint ventures	**82,606**	**–**	**–**	**–**	**82,606**
Amount owing by associate	**56**	**–**	**–**	**–**	**56**
Amount owing by subsidiaries	**187,775**	**–**	**–**	**–**	**187,775**
Trade and other payables	**(21,171)**	**–**	**–**	**–**	**(21,171)**
Amount owing to subsidiaries	**(16,246)**	**(38,491)**	**–**	**(1,118)**	**(55,855)**
Amount owing to joint ventures	**–**	**(197)**	**–**	**–**	**(197)**
Provision for directors' fee	**(245)**	**–**	**–**	**–**	**(245)**
	386,332	**29,746**	**7,374**	**(1,060)**	**422,392**

The Company	SGD $'000	USD $'000	AUD $'000	RM $'000	Total $'000
2016					
Cash and cash equivalents	143,666	16	3,823	129	147,634
Trade and other receivables	17,476	–	–	–	17,476
Amount owing by joint ventures	79,479	–	–	–	79,479
Amount owing by associate	56	–	–	–	56
Amount owing by subsidiaries	176,471	–	–	–	176,471
Trade and other payables	(40,899)	–	–	–	(40,899)
Amount owing to subsidiaries	(13,278)	–	–	(1,200)	(14,478)
Amount owing to joint ventures	(400)	(197)	–	–	(597)
Provision for directors' fee	(245)	–	–	–	(245)
	362,326	(181)	3,823	(1,071)	364,897

37 Financial risk management objectives and policies (Cont'd)

37.1 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 Singapore dollar), with all other variables held constant, of the Group's results net of tax and equity.

The Group	2017 Profit after taxation $'000	2017 Equity $'000	2016 Profit after taxation $'000	2016 Equity $'000
Australian Dollar				
- strengthened 5% (2016 - 5%)	**661**	**661**	479	479
- weakened 5% (2016 - 5%)	**(661)**	**(661)**	(479)	(479)
Malaysian Ringgit				
- strengthened 5% (2016 - 5%)	**183**	**183**	177	177
- weakened 5% (2016 - 5%)	**(183)**	**(183)**	(177)	(177)
Chinese Renminbi				
- strengthened 5% (2016 - 5%)	**275**	**275**	240	240
- weakened 5% (2016 - 5%)	**(275)**	**(275)**	(240)	(240)
Vietnamese Dong				
- strengthened 5% (2016 - 5%)	**–**	**–**	24	24
- weakened 5% (2016 - 5%)	**–**	**–**	(24)	(24)
United States Dollar				
- strengthened 5% (2016 - 5%)	**2,821**	**2,821**	(6)	(6)
- weakened 5% (2016 - 5%)	**(2,821)**	**(2,821)**	6	6

The Company	2017 Profit after taxation $'000	2017 Equity $'000	2016 Profit after taxation $'000	2016 Equity $'000
Australian Dollar				
- strengthened 5% (2016 - 5%)	**306**	**306**	159	159
- weakened 5% (2016 - 5%)	**(306)**	**(306)**	(159)	(159)
Malaysian Ringgit				
- strengthened 5% (2016 - 5%)	**(44)**	**(44)**	(44)	(44)
- weakened 5% (2016 - 5%)	**44**	**44**	44	44
United States Dollar				
- strengthened 5% (2016 - 5%)	**1,234**	**1,234**	(8)	(8)
- weakened 5% (2016 - 5%)	**(1,234)**	**(1,234)**	8	8

37 Financial risk management objectives and policies (Cont'd)

37.2 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 instrument 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, other investments in securities, notional interest charged on non-interest bearing loans owing to non-controlling shareholders of subsidiaries, notional interest charged on non-interest bearing loans owing by joint ventures and subsidiaries, and bank borrowings are disclosed in Notes 3, 4, 5(c), 6, 11 and 21 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:

The Group	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
2017							
Floating rate							
Bank balances and fixed deposits	**250,541**	**–**	**–**	**–**	**–**	**–**	**250,541**
Fixed deposits	**16,221**	**–**	**–**	**–**	**–**	**–**	**16,221**
Other investments	**–**	**–**	**–**	**–**	**–**	**32,000**	**32,000**
Non-interest bearing loans owing by joint ventures	**–**	**38,360**	**34,916**	**–**	**–**	**–**	**73,276**
Non-interest bearing loans owing to non-controlling shareholders of subsidiaries	**–**	**–**	**(50,333)**	**–**	**–**	**–**	**(50,333)**
Bank borrowings	**(7,200)**	**(106,089)**	**(246,995)**	**–**	**–**	**–**	**(360,284)**
	259,562	**(67,729)**	**(262,412)**	**–**	**–**	**32,000**	**(38,579)**
2016							
Floating rate							
Bank balances and fixed deposits	213,811	–	–	–	–	–	213,811
Fixed deposits	5,123	–	–	–	–	–	5,123
Other investments	–	–	–	–	–	32,000	32,000
Non-interest bearing loans owing by joint ventures	–	–	38,360	34,916	–	–	73,276
Non-interest bearing loans owing to non-controlling shareholders of subsidiaries	–	(7,929)	–	(42,979)	–	–	(50,908)
Bank borrowings	(9,360)	(74,786)	(108,489)	(148,440)	–	–	(341,075)
	209,574	(82,715)	(70,129)	(156,503)	–	32,000	(67,773)

37 Financial risk management objectives and policies (Cont'd)

37.2 Interest rate risk (cont'd)

The Company	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
2017							
Floating rate							
Bank balances and fixed deposits	**215,351**	**–**	**–**	**–**	**–**	**–**	**215,351**
Non-interest bearing loans owing by joint ventures	**–**	**38,360**	**34,916**	**–**	**–**	**–**	**73,276**
Non-interest bearing loans owing by subsidiaries	**–**	**50,927**	**74,770**	**–**	**–**	**46,539**	**172,236**
	215,351	**89,287**	**109,686**	**–**	**–**	**46,539**	**460,863**
2016							
Floating rate							
Bank balances and fixed deposits	147,630	–	–	–	–	–	147,630
Non-interest bearing joint ventures	–	–	38,360	34,916	–	–	73,276
Non-interest bearing loans owing by subsidiaries	–	18,499	48,682	52,531	–	49,289	169,001
	147,630	18,499	87,042	87,447	–	49,289	389,907

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.

37 Financial risk management objectives and policies (Cont'd)

37.2 Interest rate risk (cont'd)

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)			
	2017		2016	
The Group	**Profit after taxation $'000**	**Equity $'000**	Profit after taxation $'000	Equity $'000
Interest rate				
- decreased by 1% per annum	**320**	**320**	563	563
- increased by 1% per annum	**(320)**	**(320)**	(563)	(563)
The Company				
Interest rate				
- decreased by 1% per annum	**(3,825)**	**(3,825)**	(3,236)	(3,236)
- increased by 1% per annum	**3,825**	**3,825**	3,236	3,236

37.3 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 other 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 committed credit facilities available as disclosed in Note 21 to the financial statements.

37 Financial risk management objectives and policies (Cont'd)

37.3 Liquidity risk (cont'd)

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.

The Group	Less than 1 year $'000	Between 1 and 5 years $'000	More than 5 years $'000	Total $'000
At 31 January 2017				
Trade and other payables	**30,346**	**–**	**–**	**30,346**
Amounts owing to joint ventures (non-trade)	**470**	**–**	**–**	**470**
Amounts owing to non-controlling shareholders of subsidiaries (non-trade)	**440**	**64,150**	**–**	**64,590**
Provision for directors' fee	**245**	**–**	**–**	**245**
Provisions	**77**	**–**	**–**	**77**
Bank borrowings	**10,751**	**366,938**	**–**	**377,689**
Financial guarantees for joint ventures	**640**	**160,319**	**–**	**160,959**
	42,969	**591,407**	**–**	**634,376**
At 31 January 2016				
Trade and other payables	61,361	–	–	61,361
Amounts owing to joint ventures (non-trade)	871	–	–	871
Amounts owing to non-controlling shareholders of subsidiaries (non-trade)	415	64,150	–	64,565
Provisions for directors' fee	245	–	–	245
Provisions	193	256	–	449
Bank borrowings	13,388	350,310	–	363,698
Financial guarantees for joint ventures	640	137,782	–	138,422
	77,113	552,498	–	629,611

37 Financial risk management objectives and policies (Cont'd)

37.3 Liquidity risk (cont'd)

The Company	Less than 1 year $'000	Between 1 and 5 years $'000	More than 5 years $'000	Total $'000
At 31 January 2017				
Trade and other payables	**21,160**	**–**	**–**	**21,160**
Amounts owing to subsidiaries (non-trade)	**55,855**	**–**	**–**	**55,855**
Amounts owing to joint ventures (non-trade)	**197**	**–**	**–**	**197**
Provision for directors' fee	**245**	**–**	**–**	**245**
Financial guarantees for subsidiaries	**7,200**	**361,502**	**–**	**368,702**
Financial guarantees for joint ventures	**640**	**160,319**	**–**	**160,959**
	85,297	**521,821**	**–**	**607,118**
At 31 January 2016				
Trade and other payables	40,470	–	–	40,470
Amounts owing to subsidiaries (non-trade)	14,478	–	–	14,478
Amounts owing to joint ventures (non-trade)	597	–	–	597
Provision for directors' fee	245	–	–	245
Financial guarantees for subsidiaries	9,360	488,195	–	497,555
Financial guarantees for joint ventures	640	137,782	–	138,422
	65,790	625,977	–	691,767

37.4 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 available-for-sale financial assets and financial assets held at fair value through profit or loss. These securities are listed on the Singapore Exchange Securities and Bursa Malaysia Berhad.

	The Group		The Company	
	2017 $'000	2016 $'000	**2017 $'000**	2016 $'000
Available-for-sale financial assets				
- Listed in Singapore	**49,231**	32,363	**–**	–
- Listed in Malaysia	**2,470**	2,404	**1,433**	1,395
	51,701	34,767	**1,433**	1,395
Financial assets at fair value through profit or loss				
- Listed in Singapore	**5,097**	4,764	**–**	–
Total equity securities	**56,798**	39,531	**1,433**	1,395

37 Financial risk management objectives and policies (Cont'd)

37.4 Market price risk (cont'd)

The Group and the Company are not exposed to commodity price risk. 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.

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% (2016 - 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.

Investments

	Increase/(Decrease)					
	2017			2016		
	Profit after taxation $'000	**Other comprehensive income $'000**	**Equity $'000**	Profit after taxation $'000	Other comprehensive income $'000	Equity $'000
The Group						
Prices for quoted equity investments						
- increased by 2% per annum	**85**	**1,034**	**1,119**	79	695	774
- decreased by 2% per annum	**(85)**	**(1,034)**	**(1,119)**	(79)	(695)	(774)
The Company						
Prices for quoted equity investments						
- increased by 2% per annum	**–**	**29**	**29**	–	28	28
- decreased by 2% per annum	**–**	**(29)**	**(29)**	–	(28)	(28)

37.5 Credit risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the Group and the Company to incur a financial loss.

The Group's and the Company's exposure to credit risk arises primarily from trade and other receivables, related party balances and cash placed with financial institutions. Cash is held with financial institutions of 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.

37 Financial risk management objectives and policies (Cont'd)

37.5 Credit risk (cont'd)

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, associated companies, non-controlling shareholders of subsidiaries, and inter-company balances which are eliminated upon consolidation.

At the end of reporting period, approximately 6% (2016 - 6%) of the Group's trade receivables are due from customers in the construction and property development segments. The Group's single customer reported 1% (2016 - 17%) of the Group's revenue.

The Group carries out construction work mainly for private sectors. Credit risks are taken into consideration in the decision to participate in tenders for construction contracts.

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. An allowance for impairment on the receivables is made where there is an identified loss event which, based on previous experience, is evidence of a reduction in the recoverability of the cash flows.

The maximum exposure of the Company in respect of its intra-group financial guarantees [see Note 34.3(c)] at the reporting date as if the facilities are drawn down up to the amount of $584,310,000 (2016 - $595,154,000). 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.

As the Group does not hold any collateral, the maximum exposure to credit risk for each class of financial instruments is the carrying amount of that class of financial instruments presented in the statements of financial position.

Further details of credit risks on trade and other receivables are disclosed in Note 7.

38 Fair value measurement

Fair value

FRS 113 defines 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. In estimating the fair value of an asset or a liability, the Group takes into account the characteristics of the asset or liability which market participants would take into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these consolidated financial statements is determined on such a basis, except for leasing transactions that are within the scope of *FRS 17 Leases*, and measurements that have some similarities to fair value but are not fair value, such as net realisable value in *FRS 2 Inventories* or value-in-use in *FRS 36 Impairment of Assets*.

The carrying amount of financial assets and financial liabilities with a maturity of less than one year is assumed to approximate their fair values.

Information on fair values of investment in available-for-sale financial assets and financial assets at fair value through profit or loss are included in Note 5 to the financial statements.

38 Fair value measurement (Cont'd)

38.1 Fair value measurement of financial instruments

Financial assets and financial liabilities measured at fair value in the statements of financial position are grouped into three Levels of a fair value hierarchy. The three Levels are defined based on the observability of significant inputs to the measurement, 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).

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 2017 and 31 January 2016:

The Group	Level 1 $'000	Level 2 $'000	Level 3 $'000	Total $'000
As at 31 January 2017				
Assets/(liabilities)				
Financial assets, available-for-sale	**51,701**	**–**	**–**	**51,701**
Financial assets, at fair value through profit or loss	**5,097**	**–**	**–**	**5,097**
Provisions	**–**	**–**	**(77)**	**(77)**
As at 31 January 2016				
Assets/(liabilities)				
Financial assets, available-for-sale	34,767	–	–	34,767
Financial assets, at fair value through profit or loss	4,764	–	–	4,764
Provisions	–	–	(193)	(193)

The Company	Level 1 $'000	Level 2 $'000	Level 3 $'000	Total $'000
As at 31 January 2017				
Assets				
Financial assets, available-for-sale	**1,433**	**–**	**–**	**1,433**
As at 31 January 2016				
Assets				
Financial assets, available-for-sale	1,395	–	–	1,395

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 held by the Group and the Company is the current bid price. These instruments are included in Level 1.

38 Fair value measurement (Cont'd)

38.1 Fair value measurement of financial instruments (cont'd)

There were no transfers into or out of fair value hierarchy levels for financial years ended 31 January 2017 and 2016.

Financial instruments whose carrying amount approximate fair value

Management has determined that the carrying amounts of cash and short term deposits, current trade and other receivables, current trade and other payables, current bank loans based on their notional amounts, reasonably approximate their fair values because these are mostly short term in nature or are repriced frequently. The carrying amounts of non-current bank loans approximate fair values as they are repriced frequently.

39 Financial instruments

Accounting classifications of financial assets and financial liabilities

The carrying amount of the different categories of financial instrument is as disclosed on the face of the statements of financial position except as follows:

	The Group		The Company	
	2017	2016	**2017**	2016
	$'000	$'000	**$'000**	$'000
Available-for-sale financial assets, at fair value	**51,701**	34,767	**1,433**	1,395
Financial assets through profit or loss, at fair value	**5,097**	4,764	**–**	–
Cash and cash equivalents	**250,574**	213,877	**215,335**	147,634
Fixed deposits	**16,221**	5,123	**–**	–
Other investments	**32,000**	32,000	**–**	–
Amount owing by non-controlling shareholders of subsidiaries	**–**	350	**–**	–
Amount owing by joint ventures	**82,606**	79,479	**82,606**	79,479
Amount owing by subsidiaries	**–**	–	**187,775**	176,471
Trade and other receivables	**26,959**	8,569	**2,871**	3,472
Loans and receivables, at amortised cost	**408,360**	339,398	**488,587**	407,056
Amount owing to subsidiaries	**–**	–	**55,855**	14,478
Amount owing to joint ventures	**470**	871	**197**	597
Amount owing to non-controlling shareholders of subsidiaries	**58,597**	56,894	**–**	–
Provisions for directors' fee	**245**	245	**245**	245
Provisions	**77**	449	**–**	–
Bank borrowings	**360,284**	341,075	**–**	–
Trade and other payables	**30,346**	61,361	**21,160**	40,470
Financial liabilities, at amortised cost	**450,019**	460,895	**77,457**	55,790

40 Capital management

The Group's and the Company's objectives when managing capital are:

(a) To safeguard the Group's and the Company's ability to continue as going concern;

(b) To support the Group's and the Company's stability and growth;

(c) To provide capital for the purpose of strengthening the Group's and the Company's risk management capability; and

(d) To provide an adequate return to shareholders.

Having regards to its gearing exposure, the Group and the Company actively and regularly review and manage its capital structure to ensure optimal capital structure and shareholder's returns, taking into consideration the future capital requirements of the Group and the Company and capital efficiency, prevailing and projected profitability, projected operating cash flows, projected capital expenditures and projected strategic investment opportunities. The Group and the Company currently do not adopt any formal dividend policy.

Total capital is calculated as total equity plus net debt.

		The Group		The Company	
		2017	2016	**2017**	2016
	Note	**$'000**	$'000	**$'000**	$'000
Trade and other payables	17	**31,624**	63,282	**21,171**	40,899
Amounts owing to joint ventures	19	**470**	871	**197**	597
Amounts owing to non-controlling shareholders of subsidiaries (non-trade)	6(b)	**58,597**	56,894	**–**	–
Amounts owing to subsidiaries	18	**–**	–	**55,855**	14,478
Bank borrowings	21	**360,284**	341,075	**–**	–
		450,975	462,122	**77,223**	55,974
Less:					
Cash and cash equivalents	3	**(250,574)**	(213,877)	**(215,335)**	(147,634)
Net debt		**200,401**	248,245	**(138,112)**	(91,660)
Total equity		**694,258**	674,924	**558,776**	495,721
Total capital		**894,659**	923,169	**420,664**	404,061
Gearing ratio		**22%**	27%	**(33%)**	(23%)

Gearing has a significant influence on the Group's and the Company's capital structure and the Group monitors capital using a gearing ratio. The Group's policy is to keep the gearing ratio between 40% and 80%. The gearing ratio is calculated as net debt divided by total capital. Net debt is calculated as the sum of bank borrowings, trade and other payables, and amounts owing to related parties less cash and cash equivalents and short term deposits.

40 Capital management (Cont'd)

The Group and the Company have observed its covenant obligations, including maintaining capital ratios since the inception of the borrowings (Note 21).

There were no changes in the Group's and Company's approach to capital management during the financial year ended 31 January 2017.

The Group and the Company are not subject to externally imposed capital requirements.

STATISTICS OF SHAREHOLDINGS

As at 26 April 2017

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	12	0.42	375	0.00
100-1,000	64	2.15	47,821	0.01
1,001-10,000	1,178	41.54	7,399,386	1.00
10,001-1,000,000	1,553	54.76	102,258,603	13.84
1,000,001 and above	32	1.13	629,109,815	85.15
Total	2,839	100.00	738,816,000	100.00

TOP 20 LARGEST SHAREHOLDERS AS AT 26 APRIL 2017

No	Name	No of Shares	%
1	UNITED OVERSEAS BANK NOMINEES	396,543,745	53.67
2	EST OF LOW KENG HOO	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) LTD	13,363,400	1.81
6	DBS VICKERS SECS (S) PTE LTD	9,273,200	1.26
7	LOW CHIN HAN	9,000,000	1.22
8	DBS NOMINEES PTE LTD	7,482,100	1.01
9	CITIBANK NOMS S'PORE PTE LTD	7,012,900	0.95
10	ANGELA LOW SEOK FUN	7,000,000	0.95
11	LOW SEOK LING MONICA	7,000,000	0.95
12	PHILLIP SECURITIES PTE LTD	4,968,800	0.67
13	MAYBANK KIM ENG SECS PTE LTD	4,947,000	0.67
14	LEE CHO SENG @ LEE CHOO SEONG	3,204,300	0.43
15	SINGAPORE NOMINEES PTE LTD	3,000,000	0.41
16	OCBC SECURITIES PRIVATE LTD	2,431,600	0.33
17	LIM & TAN SECURITIES PTE LTD	2,341,000	0.32
18	OW-YONG SIM HIAN MABEL	2,310,000	0.31
19	LOW SEOK PENG	2,042,000	0.28
20	LOW POH KUAN	1,998,000	0.27
		612,581,797	82.92

SUBSTANTIAL SHAREHOLDERS AS AT 26 APRIL 2017

Name of Substantial Shareholder	No. of shares fully paid		
	Direct Interest	Deemed interest	Total
Consistent Record Sdn Bhd	–	395,194,345	395,194,345
Tan Sri Dato' Low Keng Huat	–	395,194,345	395,194,345
Dato' Marco Low Peng Kiat	300,000	397,945,345	398,245,345
Low Keng Boon @ Lau Boon Sen	52,773,806	23,000,000	75,773,806
Estate of Low Keng Hoo	52,889,946	–	52,889,946

Tan Sri Dato' Low Keng Huat is deemed to be interested in the 395,194,345 shares held by United Overseas Bank Nominees (Private) Limited ("UOBN") for account of Consistent Record Sdn Bhd ("CRSB").

Dato' Marco Low Peng Kiat is deemed to be interested in the 395,194,345 shares held by UOBN for account of CRSB and 2,751,000 shares held by Maybank Kim Eng Secs Pte. Ltd. for account of Dato' Marco Low Peng Kiat.

Low Keng Boon @ Lau Boon Sen is deemed to be interested in 23,000,000 shares held by his spouse.

PERCENTAGE OF SHAREHOLDINGS IN PUBLIC HANDS

Based on information available to the Company as at 26 April 2017, approximately 24.2% of the issued ordinary shares of the Company are held in the hands of the public. This in in compliance with Rule 723 of the Listing Manual issued by the Singapore Exchange Securities Trading Limited.

NOTICE OF FORTY-EIGHTH ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Forty-Eighth Annual General Meeting of the Company will be held at Grand Mercure Roxy Singapore, Brooke, Meyer & Frankel Room Level 3, 50 East Coast Road, Roxy Square, Singapore 428769 on Wednesday, 31 May 2017, at 11.00 a.m., for the following purposes:-

AS ORDINARY BUSINESS

1. To receive and adopt the Audited Financial Statements for the financial year ended 31 January 2017 together with the statements of the Directors and report of the Auditors thereon. **(Resolution 1)**

2. To declare a first and final tax exempt (one tier) dividend of 3.0 cents and a special tax exempt (one tier) dividend of 1.0 cents per ordinary share for the financial year ended 31 January 2017. **(Resolution 2)**

3. To re-elect Tan Sri Dato' Low Keng Huat, a Director retiring under Article 88 of the Constitution of the Company. **(Resolution 3)**

4. To re-elect Lee Han Yang, a Director retiring under Article 88 of the Constitution of the Company. **(Resolution 4)**

   Mr Lee Han Yang will, upon re-elected as Director of the Company, remain as a member of the Audit Committee and is considered independent pursuant to Rule 704(8) of the Listing Manual of the Singapore Exchange Securities Trading Limited. He will also remain as the Chairman of the Remuneration Committee and member of the Nominating Committee.

5. To approve the Directors' fee of $245,000 for the financial year ended 31 January 2017 (2016: $245,000). **(Resolution 5)**

6. To re-appoint Foo Kon Tan LLP, as Auditors of the Company and to authorise the Directors to fix their remuneration. **(Resolution 6)**

AS SPECIAL BUSINESS

To consider and, if thought fit, to pass the following as Ordinary Resolutions:-

7. Authority to issue shares

   "(a) That pursuant to Section 161 of the Companies Act, Cap. 50 and the listing rules of the Singapore Exchange Securities Trading Limited ("SGX-ST"), approval be and is hereby given to the Directors of the Company at any time to such persons and upon such terms and for such purposes as the Directors may in their absolute discretion deem fit, to:

   (i) issue shares in the capital of the Company whether by way of rights, bonus or otherwise;

   (ii) make or grant offers, agreements or options that might or would require shares to be issued or other transferable rights to subscribe for or purchase shares (collectively, "Instruments") including but not limited to the creation and issue of warrants, debentures or other instruments convertible into shares;

   (iii) issue additional Instruments arising from adjustments made to the number of Instruments previously issued in the event of rights, bonus or capitalisation issues; and

(b) (notwithstanding the authority conferred by the shareholders may have ceased to be in force) issue shares in pursuance of any Instrument made or granted by the Directors while the authority was in force,

provided always that

(i) the aggregate number of shares to be issued pursuant to this resolution (including shares to be issued in pursuance of Instruments made or granted pursuant to this resolution) does not exceed 50% of the Company's total number of issued shares excluding treasury shares, of which the aggregate number of shares (including shares to be issued in pursuance of Instruments made or granted pursuant to this resolution) to be issued other than on a pro rata basis to shareholders of the Company does not exceed 20% of the total number of issued shares excluding treasury shares of the Company, and for the purpose of this resolution, the total number of issued shares excluding treasury shares shall be the Company's total number of issued shares excluding treasury shares at the time this resolution is passed, after adjusting for;

(a) new shares arising from the conversion or exercise of convertible securities, or

(b) new shares arising from exercising share options or vesting of share awards outstanding or subsisting at the time this resolution is passed provided the options or awards were granted in compliance with Part VIII of Chapter 8 of the Listing Manual of the SGX-ST, and

(c) any subsequent bonus issue, consolidation or subdivision of the Company's shares, and

(ii) such authority shall, unless revoked or varied by the Company at a general meeting, continue in force until the conclusion of the next Annual General Meeting or the date by which the next Annual General Meeting of the Company is required by law to be held, whichever is the earlier." **(Resolution 7)**
(See Explanatory Note 1)

ANY OTHER BUSINESS

8. To transact any other business that may be transacted at an Annual General Meeting.

NOTICE OF BOOKS CLOSURE DATE AND DIVIDEND PAYMENT DATE

NOTICE IS HEREBY GIVEN that the Share Transfer Books and the Register of Members of the Company will be closed on 12 June 2017 after 5.00 p.m. for the preparation of determining the Members' entitlements to the first and final dividend and the special dividend (the "**Dividends**") to be proposed at the Annual General Meeting of the Company to be held on 31 May 2017.

Duly completed registrable transfers in respect of shares of the Company received by the Company's Share Registrar, KCK CorpServe Pte. Ltd., 333 North Bridge Road #08-00, KH KEA Building, Singapore 188721 up to 5.00 p.m. on 12 June 2017 will be registered to determine shareholders' entitlements to the Dividends. Members whose Securities Accounts with The Central Depository (Pte) Limited are credited with shares at 5.00 p.m. on 12 June 2017 will be entitled to such proposed dividend.

NOTICE OF FORTY-EIGHTH ANNUAL GENERAL MEETING

Payment of the Dividends, if approved by the shareholders at the Annual General Meeting to be held on 31 May 2017, will be made on 21 June 2017.

By Order of the Board

Chin Yeok Yuen
Company Secretary
Singapore, 15 May 2017

Explanatory note:

1. The Ordinary Resolution 7 is to authorise the Directors of the Company from the date of the above meeting until the next Annual General Meeting 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 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 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 of the Company for this purpose shall be the total number of issued shares excluding treasury shares 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 Annual General Meeting of the Company.

Notes:

1. A Depositor's name must appear on the Depository Register not less than 48 hours before the time of the Meeting.

2. A member entitled to attend and vote at the Meeting is entitled to appoint not more than two proxies to attend and vote in his stead and any such proxy need not be a member of the Company.

3. The instrument appointing a proxy must be lodged at the registered office of the Company not less than 48 hours before the time appointed for the Meeting.

Personal data privacy: By submitting an instrument appointing a proxy(ies) and/or representative(s) to attend, speak and vote at the Annual General Meeting and/or any adjournment thereof, a member of the Company (i) consents to the collection, use and disclosure of the member's personal data by the Company (or its agents) for the purpose of the processing and administration by the Company (or its agents) of proxies and representatives appointed for the Annual General Meeting (including any adjournment thereof) and the preparation and compilation of the attendance lists, minutes and other documents relating to the Annual General Meeting (including any adjournment thereof), and in order for the Company (or its agents) to comply with any applicable laws, listing rules, regulations and/or guidelines (collectively, the "**Purposes**"), (ii) warrants that where the member discloses the personal data of the member's proxy(ies) and/or representative(s) to the Company (or its agents) of the personal data of such proxy(ies) and/or representative(s) for the Purposes, and (iii) agrees that the member will indemnify the Company in respect of any penalties, liabilities, claims, demands, losses and damages as a result of the member's breach of warranty.

LOW KENG HUAT (SINGAPORE) LIMITED
Co. Registration No. 196900209G
(Incorporated in the Republic of Singapore)

IMPORTANT
1. Relevant intermediaries as defined in Section 181 of the Companies Act, Chapter 50 may appoint more than two proxies to attend the Meeting and vote.
2. For investors who have used their CPF monies to buy Low Keng Huat (Singapore) Limited shares, the Annual Report is forwarded to them at the request of their CPF Approved Nominees.
3. This Proxy Form is not valid for use by CPF investors and shall be ineffective for all intents and purposes if used or purported to be used by them.

PROXY FORM

*I/We ______________________________ (Name) ______________________________ (NRIC/Passport/ Co. Reg. No(s))

of ____ (Address)

being a *member/members of Low Keng Huat (Singapore) Limited (the "Company") hereby appoint:-

Name	Address	NRIC/ Passport No.	Proportion of Shareholdings to be represented by proxy	
			No. of Shares	%

*and/or (delete as appropriate)

Name	Address	NRIC/ Passport No.	Proportion of Shareholdings to be represented by proxy	
			No. of Shares	%

as *my/our *proxy/proxies to attend and vote for *me/us on *my/our behalf and, if necessary, to demand a poll, at the Annual General Meeting ("AGM") of the Company to be held at Grand Mercure Roxy Singapore, Brooke, Meyer & Frankel Room, Level 3, 50 East Coast Road, Roxy Square, Singapore 428769 on Wednesday, 31 May 2017, at 11.00 a.m. and at any adjournment thereof.

*I/We direct *my/our *proxy/proxies to vote for or against the Resolutions to be proposed at the AGM as indicated with an (x) or (√) in the spaces provided hereunder. If no specific directions as to voting are given, the *proxy/proxies will vote or abstain from voting as the *proxy/proxies deem fit.

	Resolutions	No of Votes or indicate with a tick (√) or cross (x)**	
		For	Against
	Ordinary business		
1.	To receive and adopt the Audited Financial Statements, Directors' Statement and Auditors' Report for the financial year ended 31 January 2017.		
2.	To declare a first and final tax exempt (one tier) dividend of 3.0 cents and a special tax exempt (one tier) dividend of 1.0 cents per ordinary share for the financial year ended 31 January 2017.		
3.	To re-elect Mr Tan Sri Dato' Low Keng Huat as a Director.		
4.	To re-elect Mr Lee Han Yang as a Director.		
5.	To approve Directors' fee of S$245,000 for the financial year ended 31 January 2017.		
6.	To re-appoint Foo Kon Tan LLP as Auditors and to authorise the Directors to fix their remuneration.		
	Special business		
7.	To authorise Directors to issue shares pursuant to Section 161 of the Companies Act, Chapter 50.		

* Delete accordingly

* delete where applicable

** All resolutions would be put to vote by poll in accordance with listing rule of the Singapore Exchange Securities Limited.
Please tick (√) or cross (X))the number of votes within the box provided. A tick or cross would represent you are exercising all your votes "For" or "Against" the relevant resolution.

Dated this ______________ day of ____________________ 2017

Total number of Shares held in:	Number of shares
(a) CDP Register	
(b) Register of Members	

____
Signature(s) or Common Seal of member(s)

IMPORTANT: PLEASE READ NOTES OVERLEAF

IMPORTANT: PLEASE READ NOTES BEFORE COMPLETING THE PROXY FORM

Notes:

1. A member who is not a relevant intermediary is entitled to appoint not more than two proxies to attend, speak and vote at the Annual General Meeting ("**AGM**"). Where such member's form of proxy appoints more than one proxy, the proportion of the shareholding concerned to be represented by each proxy shall be specified in the form of proxy.

2. A member who is a relevant intermediary is entitled to appoint more than two proxies to attend, speak and vote at the 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 form of proxy appoints more than two proxies, the number of shares in relation to which each proxy has been appointed shall be specified in the form of proxy.

   "Relevant intermediary" has the meaning ascribed to it in Section 181 of the Companies Act, Chapter 50 (the "Companies Act").

3. A proxy need not be a member of the Company.

4. An investor who buys shares using CPF monies ("CPF Investor") and/or SRS monies ("SRS Investor") (as may be applicable) may attend and cast his/her vote(s) at the AGM in person. CPF and SRS Investors who are unable to attend the AGM but would like to vote, may inform their CPF and/or SRS Approved Nominees to appoint the Chairman of the Meeting to act as their proxy, in which case, the CPF and SRS Investors shall be precluded from attending the AGM.

5. Completion and return of this instrument appointing a proxy or proxies shall not preclude a member from attending and voting at the AGM. Any appointment of a proxy or proxies shall be deemed to be revoked if a member attends the AGM in person and in such event, the Company reserves the right to refuse to admit any person or persons appointed under the instrument of proxy to the AGM.

6. This instrument appointing a proxy or proxies must be under the hand of the appointor or his attorney duly authorized in writing. Where the instrument appointing a proxy or proxies is executed by a corporation, it must be executed under its common seal or under the hand of its attorney or duly authorised officer.

7. A corporation which is a member of the Company may authorize by resolution of its directors or other governing body such person as it thinks fit to act as its representative at the Annual General Meeting, in accordance with its Articles of the Constitution of the Company and Section 179 of the Companies Act, Chapter 50 of Singapore.

8. The instrument appointing proxy or proxies, together with the power of attorney or other authority (if any) under which it is signed, or notarially certified copy thereof, must be deposited at the registered office of the Company at 991A Alexandra Road #02-06/07, Singapore 119969 not later than 48 hours before the time set for the Annual General Meeting.

9. A member should insert the total number of shares held. If the member has shares entered against his name in the Depository Register maintained by the Central Depository (Pte) Limited (as defined in Section 130A of the Companies Act, Chapter 50 of Singapore), he should insert that number of shares. If the member has shares registered in his name in the Register of Members of the Company, he should insert the number of shares. If the member has shares entered against his name in the Depository Register and shares registered in his name in the Register of Members of the Company, he 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.

10. The Company shall be entitled to reject the instrument appointing a proxy or proxies if it is incomplete, improperly completed or illegible or where the true intentions of the appointor are not ascertainable from the instructions of the appointor specified in the instrument appointing a proxy or proxies. In addition, in the case of members of the Company whose shares are entered against their names in the Depository Register, the Company may reject any instrument appointing a proxy or proxies lodged if such members are not shown to have shares entered against their names in the Depository Register 72 hours before the time appointed for holding the Annual General Meeting as certified by The Central Depository (Pte) Limited to the Company.

11. A Depositor shall not be regarded as a member of the Company entitled to attend the Annual General Meeting and to speak and vote thereat unless his name appears on the Depository Register 72 hours before the time set for the AGM.

12. Personal data privacy: By submitting an instrument appointing a proxy(ies) or representative(s), the member accepts and agrees to the personal data privacy terms set out in the Notice of AGM.

LOW KENG HUAT
(SINGAPORE) LIMITED
(Regn. No.: 196900209G)

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