LOW KENG HUAT
(SINGAPORE) LIMITED

GROWING RESILIENCE BUILDING STRENGTH

ANNUAL REPORT 2019/2020


citadines
citadines
BT CENTRE

CORPORATE PROFILE

Low Keng Huat (Singapore) Limited ("LKHS") is a builder established since 1969. Today its business has grown to encompass property development, hotels and investments. It focuses on constructing in-house development and investment projects. LKHS owns and operates deluxe hotel in Perth (Australia) under the in-house brand Duxton Hotel. In addition LKHS owns serviced apartments in Singapore, Citadines Balestier and Lyf @ Farrer, and both are operated and managed by The Ascott Group. Its other hospitality related business in Singapore is the food and beverage business under our in-house brand name Carnivore. Its main investment properties include retail malls at Paya Lebar Square and BT Centre and office building at Westgate Tower in Singapore.

CONTENTS

Westgate Tower

"For FY2020, the Group achieved net profit attributable to shareholders of $12.8M, a decrease of $2.7M compared to $15.4M previous financial year. The Group's shareholders' funds increased by $1.8M to $657.0M as at 31 January 2020 from $655.2M as at 31 January 2019. "

Mr Low Keng Boon @ Lau Boon Sen

2019 REVIEW

The Singapore economy grew by 0.7% in 2019, the slowest pace in a decade and lower than the 3.1% growth in 2018. It is forecasted to slip into a recession in 2020 due to both local and global economic impact of COVID-19. IMF announced that the global economy is forecasted to decline sharply by 3% in 2020, much worse than the 2008-09 financial crisis. The global recession could not only be much deeper, but more prolonged depending on how the pandemic evolves.

Prices of new private residential properties increased by 2.7% and 7.9% in 2019 and 2018 respectively. The increase in 2018 was due mainly to increases recorded in the first two quarters before the cooling measures were implemented in July 2018. Prices of private residential properties decreased by a sharper 1.2% in Q1 2020 compared to 0.5% increase in Q4 2019. Overall sales volume of new homes increased by 1,117 units to 9,912 units in 2019 compared to 8,795 units in 2018. In Q1 2020 developers launched 2,093 uncompleted residential units (excluding ECs) and sold 2,149 units. With lower economic growth, office rents decreased by 3.1% in 2019 compared with the increase of 7.4% in 2018. However rentals of office space decreased by 0.8% in Q1 2020 compared with 3.2% decrease in previous quarter. Retail rents increased by 2.9% in 2019 compared with the decrease of 1.0% in 2018 as retail scene shows signs of recovery. Retail rental decreased by 2.6% in Q1 2019 compared to 2.3% increase in previous quarter.

REVIEW OF FINANCIAL PERFORMANCE

For the financial year ended 31 January 2020, the group net profit attributable to shareholders was $12.8M, a decrease of $2.6M as compared with $15.4M in the previous financial year. The decrease was mainly due to the lower profits from development and investment segments offset with higher profit from hotel segment.

Group shareholders' funds increased by $1.8M to $657.0M as at 31 January 2020 from $655.2M as at 31 January 2019. The net tangible asset per ordinary share of the Group remained at $0.89 as at 31 January 2020 and 31 January 2019. Cash and cash equivalents and fixed deposits decreased by $56.7M to $68.6M as at

CHAIRMAN'S STATEMENT

Klimt Cairnhill

31 January 2020 from $125.3M as at 31 January 2019. Bank borrowings increased by $293.2M to $740.4M as at 31 January 2020 from $447.2M as at 31 January 2019. The decrease in cash and cash equivalents and fixed deposits and the increase in bank borrowings were due to the funding of the legal completion of 69 Cairnhill Road. Gearing was 1.03 as at 31 January 2020 compared to 0.49 as at 31 January 2019.

DEVELOPMENT

Development revenue decreased by $127.0M to $8.0M in current year from $135.0M in previous year. The decrease was due to lower sales this year as Kismis was fully sold last year and Uptown @ Farrer was launched for sale in Q3 current year. 16 units were sold as at 31 January 2020 and another 6 units were sold as at 24 March 2020. Uptown @ Farrer, a 116-units residential condominium, is 46% completed as at 31 January 2020 and it is expected to obtain TOP by Q4 FY2022. Legal completion of 69 Cairnhill Road took place in May 2019 and handover of units by owners was completed in November 2019. Construction for the amalgamated site of 67 and 69 Cairnhill Road has commenced in February 2020. The amalgamated site will be redeveloped into a freehold high end condominium development called Klimt Cairnhill. It will have approximately 138 residential units and is expected to launch for sales by Q4 FY2021 and obtain TOP by Q3 FY2024. Dalvey Breeze Development Pte Ltd, our 40% owned associated company, is the developer of Dalvey Haus, a 27-units freehold condominium development at Dalvey Road. KOP Limited owns the remaining 60% shareholding in Dalvey Breeze Development Pte Ltd. Dalvey Haus is expected to commence construction in Q1 FY2021 and is expected to obtain TOP by Q2 FY2024. 1 unit of Dalvey Haus was sold as at 31 March 2020. Net profit before tax and non-controlling interests for development segment was negative $1.7M in current year and $10.6M in previous year. The decrease was due to lower revenue as Uptown @ Farrer was only launched in Q3 current year and higher costs incurred due to higher finance cost.

Paya Lebar Square

INVESTMENT

Investment revenue increased by $0.2M to $17.7M in current year from $17.5M in previous year. The increase was mainly due to new revenue from BT Centre and management service fee earned by HThree Capital Pte Ltd ("HThree Capital"). BT Centre is part of a 27-storey freehold mixed development at 207 Balestier Road with carpark and communal facilities. The mixed development consists of BT Centre, a 5-storey retail mall with 26 shops and 5 restaurants and Citadines Balestier, a 166-units serviced apartment. The development obtained TOP on 26 June 2019. BT Centre commenced business in October 2019 and 52% of lettable space have been leased as at 31 January 2020. In 2019, the Group invested a one-third stake in HThree City Australia Pte Ltd ("HThree City Australia"). HThree City Australia, together with HThree Capital (a 51% subsidiary of the Group), will provide property fund management services. HThree City Australia is in the process of establishing a real estate fund. Our other major investment property is the retail mall at Paya Lebar Square which is generating consistent positive cash flow and it had achieved 97% committed occupancy as at 31 March 2020. Investment properties Westgate Tower and AXA Tower, held by joint venture companies, are also generating stable positive cashflow with occupancy rates of 94.4% and 94.8% respectively as of 24 March 2020. Net profit before tax and non-controlling interests for investment segment decreased by $6.4M to $2.8M in current year from $9.2M in previous year. The decrease was mainly due to higher finance costs and higher administrative costs as BT Centre commenced business in October 2019.

HOTEL AND F&B

Revenue from hotel segment increased by $2.1M to $21.0M in current year from $18.9M in previous year. The increase was mainly due to new revenue generated from the 166-units Citadines Balestier serviced apartments. Citadines Balestier, operated by Ascott International Management Pte Ltd "Ascott" commenced business in September 2019. It achieved occupancy of approximately 85% as at 15 April 2020. Net profit before tax and non-controlling interests for hotel segment increased by $10.9M to $12.6M in current year from $1.7M in previous year. The increase was mainly due to the write back of provision for

CHAIRMAN'S STATEMENT

BT Centre and Citadines Balestier

impairment offset by decreased profitability at Duxton Hotel Perth. Provision for impairment of $14.9M for Citadines Balestier was written back as it is no longer required since it commenced business in current year. This provision for impairment were booked in prior years when its market value were less than its net book value then. During the year business condition remains challenging in Perth. Operating profit at Duxton Hotel Perth decreased significantly due to higher operating costs with room occupancy at 63% as at 31 January 2020. It has also embarked on major room renovations taking advantage of the low economic activity. Lyf @ Farrer, a 240-unit serviced apartment at Perumal Road operated by Ascott, is expected to obtain TOP by Q4 FY2022 and be operational by Q2 FY2023.

DIVIDEND

The Board is pleased to recommend a first and final dividend of 1.5 cents per share. The dividend is tax exempt (one-tier) and total dividend payment will amount to $11.1M. The proposed dividend represents 88% of our earnings per share of 1.7 cents. This dividend recommendation is subject to the approval of shareholders at the Annual General Meeting to be held on 16 June 2020. The proposed dividend, if approved by shareholders will be paid by 7 July 2020.

OUTLOOK

The global economy, including Singapore, is severely affected by the precautionary measures undertaken to prevent and contain the spread of COVID-19. The property and hotel businesses are expected to slow down due to labour shortage and disruption in supply chain caused by quarantines and lockdowns in many countries. The Group will focus on the successful completion and sales of our development projects and optimising operational requirements in investment and hotel segments. We will continue to be selective and strategic in our business acquisitions and remain disciplined in capital management.

CHAIRMAN'S STATEMENT

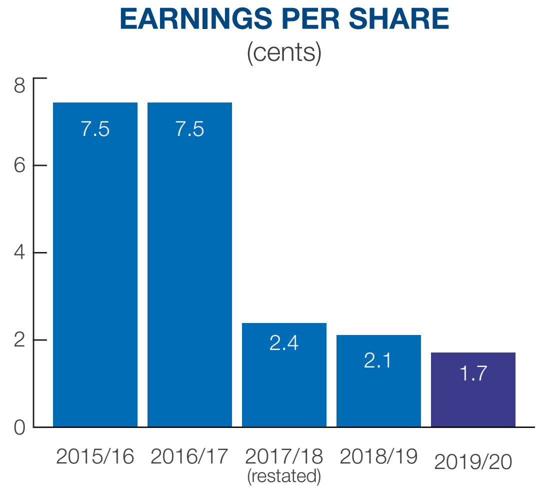
APPRECIATION

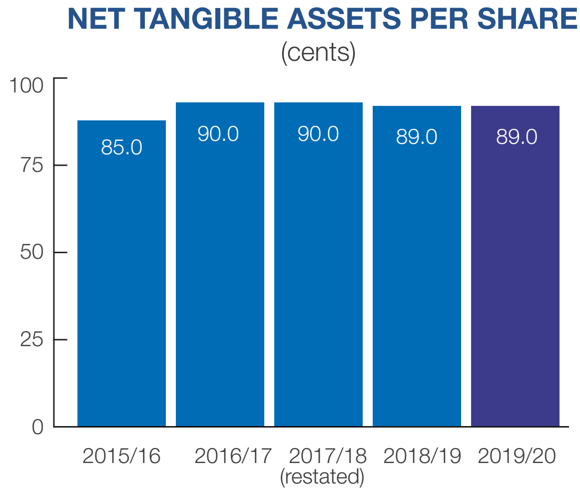
On behalf of the Board, I would like to express my sincere appreciation to our stakeholders, including our shareholders, customers and business associates, for their continued support of the Group and to the management and staff of the Group for their hard work, dedication and commitment in the past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

LOW KENG BOON @ LAU BOON SEN
Executive Chairman
May 2020

Uptown @ Farrer

5 YEARS FINANCIAL HIGHLIGHTS





FINANCIAL YEAR	2015/16	2016/17	2017/18 (restated)	2018/19	2019/20
OPERATING RESULTS					
Revenue ($'000)	86,624	47,044	72,669	171,396	46,710
EBITDA ($'000)	84,326	79,597	35,016	33,976	30,463
Pretax profit ($'000)	70,225	67,824	22,905	21,511	13,708
Net Profit ($'000)	57,829	63,719	18,958	18,746	12,198
EBITDA margin (%)	97.3	169.2	48.2	19.8	65.2
Pretax margin (%)	81.1	144.2	31.5	12.6	29.3
Net margin (%)	66.8	135.5	26.1	10.9	26.1
FINANCIAL POSITION					
Total assets ($'000)	1,150,350	1,151,106	1,156,958	1,213,119	1,511,942
Total borrowings ($'000)	341,075	360,284	373,084	447,197	740,408
Shareholders' equity ($'000)	627,558	666,895	664,082	655,216	657,013
Net debt : equity (times)	0.19	0.14	0.35	0.49	1.03
PER SHARE DATA					
Earnings (cents)	7.5	7.5	2.4	2.1	1.7
Dividends (cents)	4.0	4.0	2.0	1.5	1.5
Net tangible assets (cents)	85.0	90.0	90.0	89.0	89.0
Year end share price (cents)	62.5	58.0	69.5	57.5	43.0
SHAREHOLDERS' RETURN					
Return on equity (%)	9.2	9.6	2.9	2.9	1.9
Return on asset (%)	5.0	5.5	1.6	1.5	0.8
Dividend yield (%)	6.4	6.9	2.9	2.6	3.5
Dividend payout ratio (%)	53.3	53.3	83.3	71.4	88.2

5 YEARS FINANCIAL HIGHLIGHTS

REVENUE ($'000) | **PROFIT BEFORE TAX** ($'000) | **TOTAL ASSETS** ($'000)

FINANCIAL YEAR	2015/16	2016/17	2017/18 (restated)	2018/19	2019/20
	$'000	$'000	$'000	$'000	$'000
REVENUE					
Construction	19,669	575	-	-	-
Development	8,201	1,800	32,100	135,030	8,020
Hotels	39,069	27,334	23,282	18,817	20,986
Investments	19,685	17,335	17,287	17,549	17,704
Total	**86,624**	**47,044**	**72,669**	**171,396**	**46,710**
PROFIT BEFORE TAX					
Construction	59,991	2,426	-	-	-
Development	4,669	8,106	8,510	10,592	(1,687)
Hotels	7,114	51,120	1,361	1,705	12,602
Investments	(1,549)	6,172	13,034	9,214	2,793
Total	**70,225**	**67,824**	**22,905**	**21,511**	**13,708**
TOTAL ASSETS *					
Construction	177,338	243,698	-	-	-
Development	427,410	233,354	378,653	454,712	655,728
Hotels	61,943	142,205	148,287	166,363	134,055
Investments	482,878	531,346	629,616	591,674	721,379
Total	**1,149,569**	**1,150,603**	**1,156,556**	**1,212,749**	**1,511,162**

** Excluding deferred tax asset and any GST receivables*
 # With effect from Q1FY2018, construction business is included in investment segment as the construction division provides construction service for internal property development and investment project.

OPERATING & FINANCIAL REVIEW


Uptown @ Farrer


Uptown @ Farrer


Uptown @ Farrer

OVERALL

The Group's three business segments are property development, investment and hotel. The Group achieved net profit attributable to shareholders of $12.8M in current year compared to $15.4M in previous year. The decrease was mainly due to lower profit from development and investment segments.

Revenue decreased by $124.7M to $46.7M in current year from $171.4M in previous year. The decrease was mainly due to the lower sales in development segment offset by increase in hotel revenue. Development revenue decreased by $127.0M to $8.0M in current year from $135.0M in previous year due to lower sales at Uptown @ Farrer, a 116-units condominium at Perumal Road launched in September 2019. 16 units were sold as at 31 January 2020 and another 6 units were sold as at 24 March 2020. Uptown @ Farrer is 46% completed as at 31 January 2020. Hotel revenue increased by $2.1M to $21.0M in current year from $18.9M in previous year mainly due to the commencement of business at serviced apartment, Citadines Balestier Singapore ("Citadines Balestier") in September 2019. Lyf @ Farrer, serviced apartment at Perumal Road, is expected to obtain TOP by Q4 FY2022 and to commence business by Q2 FY2023. There was no significant change in revenue of investment segment.

Cost of sales decreased by $106.0M to $32.3M in current year from $138.3M in previous year. The decrease in cost of sales was mainly due to lower sales in development segment. Other operating income increased by $11.7M to $19.1M in current year from $7.4M in previous year. The increase is mainly due to the write back of provision for impairment of $14.9M no longer required at Citadines Balestier and higher imputed interest on shareholder loans extended to joint ventures offset by lower write off of fixed assets at Duxton Hotel Perth ("Duxton Perth") and lower unrealised exchange gain. The provisions for impairment at Citadine Balestier were booked in prior years due to its market value being less than net book value then. It is no longer required as business commenced in September 2019. Interest income increased by $2.0M to $7.1M in current year from $5.1M in previous year. The increase is mainly due higher interest income earned from shareholder loans to joint ventures and fixed deposit placed with financial institutions.

Distribution costs decreased by $5.3M to $1.6M in current year from $6.9M in previous year. The decrease was mainly due to decrease in sales commission and showflat costs in development segment.

Duxton Perth

Administrative costs decreased by $0.6M to $8.5M in current year from $9.1M in previous year. The decrease was mainly due to decrease in staff bonus offset by higher start-up costs at Citadines Balestier and BT Centre as business commenced in September 2019 and October 2019 respectively.

Other operating expenses decreased by $0.2M to $2.2M in current year from $2.4M in previous year. The decrease was mainly due to decrease in fair value loss of quoted equity investments measured at fair value through profit or loss and higher renovation costs incurred at Duxton Perth. Duxton Perth is undergoing major renovations to upgrade its rooms during the economic slowdown in Perth.

Finance costs increased by $2.1M to $9.8M in current year from $7.7M in previous year. The increase was mainly due to higher interest incurred at Paya Lebar Square retail mall, Citadines Balestier, BT Centre and Uptown @ Farrer. In accordance with SFRS (I) 15 and SFRS (I) 1-23, interest expense were expensed to profit and loss upon sales launch at Uptown @ Farrer in September 2019 and upon commencement of business at Citadines Balestier and BT Centre.

Share of results of associated companies and joint ventures was a loss of $4.9M in current year compared to a profit of $2.1M in previous year. The loss was mainly due to higher finance costs resulting from higher interest incurred at Westgate Tower and higher loss at Binakawa Sdn Bhd ("Binakawa"). AXA Tower and Westgate Tower are generating stable positive income with occupancy rates of 94% and 95% respectively as at 24 March 2020.

Taxation decreased by $1.3M to $1.5M in current year from $2.8M in previous year. The decrease was due to lower taxable profits from all business segments.

Net profit attributable to shareholders decreased by $2.6M to $12.8M in current year from $15.4M in previous year. The decrease was mainly due to lower profit from development and investment segments offset with higher profit from hotel segment. Only one development project, Uptown @ Farrer, was launched in September 2019. Lower profit in investment segment was mainly due to higher finance costs. Higher profit in hotel segment was mainly due to the write back of provision for impairment no longer required as business commenced at Citadines Balestier.

OPERATING & FINANCIAL REVIEW

DEVELOPMENT PROJECTS ON HAND	LOCATION	LKHS' SHARE (%)	TYPE	NO. OF UNITS	STATUS
1. Uptown @ Farrer	Perumal Road	100	Condominium	116	46% completed as at 31 January 2020 Launched in September 2019 and sold 19% as at April 2020 TOP by Q4 FY 2022
Lyf @ Farrer	Perumal Road		Serviced apartments Commercial units	240 7	Target to commence operations in Q2 FY 2023 TOP by Q4 FY 2022
2. Klimt Cairnhill	67, 69 Cairnhill Road	100	Freehold Condominium	Approximate 138	Expected TOP by Q3 FY 2024
3. Dalvey Haus	Dalvey Road	40	Freehold Condominium	Approximate 27	Expected TOP by Q2 FY 2024
4. Bina Park	Bandar Seri Alam, Johor	49	3 Storey Shops	31	Launched in January 2012 21 units sold 2 units held for own use 8 units unsold
5. Taman Rinting	Taman Rinting	49	Landed Terraces	89	Planning Stage

KEY INVESTMENT PROPERTIES	LOCATION	LKHS' SHARE (%)	TYPE	NO. OF UNITS	STATUS
1. Paya Lebar Square	60 Paya Lebar Road	55	Retail mall	159	Approximately 97% leased as at March 2020
2. Westgate Tower	3 Gateway Drive	40	Office units	295	Approximately 95% leased as at March 2020
3. AXA Tower	8 Shenton Way	20	Office units	674,000 sq feet	Approximately 94% leased as at March 2020
4. BT Centre	207 Balestier Road	100	Commercial retail units	31	Obtained TOP on 26 June 2019 Commenced operation in October 2019 and approximately 52% leased as at March 2020

PROPERTY, PLANT AND EQUIPMENT	LOCATION	LKHS' SHARE (%)	TYPE	NO. OF UNITS	STATUS
1. Duxton Hotel Perth	No. 1 St Georges Terrace	75	Freehold Hotel	306	Approximately 63% occupancy as at January 2020
2. Citadines Balestier	207 Balestier Road	100	Freehold Service Apartment	166	Obtained TOP on 26 June 2019 Commenced operation in September 2019 Approximately 85% occupancy as at April 2020

LAND BANK	LOCATION	LKHS' SHARE (%)	AREA (SQF)	USE
1. Bina Park	Bandar Seri Alam, Johor	49	66,100	Hotel Land Planning Stage
2. Unnamed	Bandar Seri Alam, Johor	49	3,298,458	Proposed Bungalow Lots Planning Stage
3. Tiram Park	Jalan Kota Tinggi, Johor	49	6,622,184	Proposed Industrial Development Planning Stage
4. Unnamed	Bandar Seri Alam, Johor	49	616,461	Proposed Mixed Development

CORPORATE INFORMATION

BOARD OF DIRECTORS
Low Keng Boon
@ Lau Boon Sen
(Executive Chairman)

Dato' Marco Low Peng Kiat
(Managing Director)

Low Poh Kuan
(Executive Director)

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

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

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

Cheo Chai Hong
(Independent,
Non-Executive Director)

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

NOMINATING COMMITTEE
Cheo Chai Hong (Chairman)
Jimmy Yim Wing Kuen
Chris Chia Woon Liat
Low Keng Boon
@ Lau Boon Sen
Dato' Marco Low Peng Kiat

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

COMPANY SECRETARY
Chin Yeok Yuen, FCPA

SOLICITORS
TSMP Law Corporation
6 Battery Road
Level 41
Singapore 049909

AUDITORS
External Auditor Foo Kon Tan LLP
Chartered Accountants
24 Raffles Place, #07-03
Clifford Centre
Singapore 048621
Partner-in-charge: Ong Soo Ann
(Year of appointment: Financial year ended 31 January 2020)

Internal Auditor
Noel Lee Sun Yen
Mckell Risk Management Pte. Ltd.

BANKERS
United Overseas Bank Limited
DBS Bank Limited
Oversea-Chinese Banking Corporation Limited
Malayan Banking Berhad
The Bank of East Asia, Limited
Standard Chartered Bank (Singapre) Limited
Bank of China Limited (Singapore branch)
The Hongkong and Shanghai
Banking Corporation Limited
CIMB Bank Berhad

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Fax : +65 6345 7841
Website: www.lkhs.com.sg

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

BOARD OF DIRECTORS

MR LOW KENG BOON @ LAU BOON SEN
Executive Chairman

Date of first appointment as a director
14 April 1969

Date of appointment as Chairman
25 March 2019

Date of last re-election as a director
29 May 2019

Length of service as a director (as at 31 January 2020)
50 years 10 months

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

Academic & Professional Qualification:
- Chung Ling High School

Present Directorships in other listed companies (as at 31 January 2020):
Nil

Major Appointments / Principal Commitments:
Nil

Past Directorships in other listed companies over the preceding five years (from 1 February 2015 to 31 January 2020):
Nil

DATO' MARCO LOW PENG KIAT
Managing Director

Date of first appointment as a director
7 November 2006

Date of last re-election as a director
29 May 2019

Length of service as a director (as at 31 January 2020)
13 years 3 months

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

Academic & Professional Qualification:
- Bachelor of Science in Management & Systems from City University, England

Present Directorships in other listed companies (as at 31 January 2020):
Nil

Major Appointments / Principal Commitments:
Nil

Past Directorships in other listed companies over the preceding five years (from 1 February 2015 to 31 January 2020):
Nil

MR LOW POH KUAN
Executive Director

Date of first appointment as a director
5 April 2004

Date of last re-election as a director
31 May 2018

Length of service as a director (as at 31 January 2020)
15 years 10 months

Low Keng Huat (Singapore) Limited Board Committee Membership:
Nil

Academic & Professional Qualification:
- Bachelor of Science in Marketing and Economics from the University of Indiana, Bloomington, USA

Present Directorships in other listed companies (as at 31 January 2020):
Nil

Major Appointments / Principal Commitments:
Nil

Past Directorship in other listed companies over the preceding five years (from 1 February 2015 to 31 January 2020):
Nil

MR JIMMY YIM WING KUEN
Non-Executive Lead Independent Director

Date of first appointment as a director
1 March 2009

Date of last re-election as a director
29 May 2019

Length of service as a director (as at 31 January 2020)
10 years 11 months

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

Academic & Professional Qualification:
- LL.B. (Hons), National University of Singapore
- LL.M., National University of Singapore
- Advocate & Solicitor, Singapore
- Solicitor, England & Wales
- Senior Counsel
- Regional Arbitrator at the Singapore International Arbitration Centre

Present Directorships in other listed companies (as at 31 January 2020):
- Singapore Medical Group Limited

Major Appointments / Principal Commitments:
- Drew & Napier LLC (Chairman)

Past Directorships in other listed companies over the preceding five years (from 1 February 2015 to 31 January 2020):
- ARA-CWT Trust Management (CACHE) Limited
- CWT Limited
- Celestial Life Limited

BOARD OF DIRECTORS

MR CHRIS CHIA WOON LIAT
Non-Executive Independent Director

Date of first appointment as a director
12 September 2018

Date of last re-election as a director
29 May 2019

Length of service as a director (as at 31 January 2020)
1 year 5 months

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

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

Present Directorships in other listed companies (as at 31 January 2020):
Nil

Major Appointments / Principal Commitments:
- Druk Holding & Investments Limited (Advisor)

Past Directorships in other listed companies over the preceding five years (from 1 February 2015 to 31 January 2020)
Nil

MR MICHAEL LEONG CHOON FAI
Non-Executive Independent Director

Date of first appointment as a director
7 December 2018

Date of last re-election as a director
29 May 2019

Length of service as a director (as at 31 January 2020)
1 year 2 months

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

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

Present Directorships in other listed companies (as at 31 January 2020):
Nil

Major Appointments / Principal Commitments:
Nil

Past Directorships in other listed companies over the preceding five years (from 1 February 2015 to 31 January 2020):
Nil

MR CHEO CHAI HONG
Non-Executive Independent Director

Date of first appointment as a director
7 December 2018

Date of last re-election as a director
29 May 2019

**Length of service as a director
(as at 31 January 2020)**
1 year 2 months

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

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

Present Directorships in other listed companies (as at 31 January 2020):
Nil

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

**Past Directorships in other listed companies over the preceding five years
(from 1 February 2015 to 31 January 2020):**
Nil

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 modernisation and mechanisation in the construction industry. Mr Lee has a Bachelor of Civil Engineering degree (First Class Honours) from the then University of Singapore and a 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 Yeok Yuen joined the Company in October 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
Senior Manager – Property Development

Mr Low Poh Kok joined the Company in July 2004. He is currently the Senior Manager of Property Development and is involved in all 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 was working with several investment banks in Singapore and Hong Kong in both equity capital markets and debt capital markets.

RIAZ MAHMOOD
General Manager
Duxton Hotel Perth

Mr Riaz Mahmood joined Duxton Hotel Perth in January 2019. He has more than 20 years of experience in hospitality industry. Before joining Duxton Hotel Perth as General Manager, he was the General Manager at Ayers Rock Resort, Australia. Prior to that, he also worked at Orchard Hotel (Singapore), Sheraton Dammam Hotel and Towers (Dammam Saudi Arabia), The Regency Hotel and Convention Center (Kuwait), Raffles Beijing Hotel (China) and Raffles Hotels & Resorts (Indo-China). Mr Riaz has a National Diploma in Hotel Management from Institute of Hotel Management at Calcutta, India and a Bachelor Degree in Commerce from the Calcutta University. Mr Riaz also attended General Manager Program at Cornell University in 2007.

The Board of Directors of Low Keng Huat (Singapore) Limited ("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 2018 Code of Corporate Governance ("Code").

STATEMENT OF COMPLIANCE

The Board of Directors ("Board") of the Company confirms that for the financial year ended 31 January 2020, the Company has complied in all material aspects with the principles and guidelines of the Code.

BOARD MATTERS

PRINCIPLE 1

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

Provision 1.1

Board's Role

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

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

- provide entrepreneurial leadership, and set strategic objectives and ensure that the necessary resources are in place for the Company to meet its strategic objectives;
- establish and maintain a sound risk management framework to effectively monitor and manage risks, and to achieve an appropriate balance between risks and company performance;
- review and evaluate management performance;
- instil an ethical corporate culture and ensure that the company's values, standards, policies and practices are consistent with the culture;
- ensure transparency and accountability to key stakeholder groups; and
- assuming responsibility for corporate governance of the Group and considers sustainability issues of policies and procedures.

Provision 1.2

Directors' Duties and Responsibilities

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

Continuous Training and Development of Directors

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

A first-time director of a listed company must undergo training in the roles and responsibilities of a director of a listed issuer as prescribed by the SGX-ST. Further training for a first-time director in areas such as accounting, legal and industry-specific knowledge are arranged and funded by the Company. For the year under review, no new director is appointed.

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

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 and the 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 are in.

Provision 1.3

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.

Provision 1.4

Delegation of Authority to Board Committees

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

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

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

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

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

Provision 1.5

Meetings of Board and Board Committees

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

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

The 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 set out below:-

	No. of Meetings Attended in financial year ended 31 January 2020				
	Directors	**Board**	**Audit Committee**	**Nominating Committee**	**Remuneration Committee**
1	Low Keng Boon @ Lau Boon Sen	4	–	1	–
2	Dato' Marco Low Peng Kiat	4	–	1	1
3	Low Poh Kuan	4	–	–	–
4	Jimmy Yim Wing Kuen	2	2	1	1
5	Chris Chia Woon Liat	4	4	1	1
6	Michael Leong Choon Fai	4	–	–	1
7	Cheo Chai Hong	2	2	0	–
	No. of meetings held	4	4	1	1

Provision 1.6

Board's Access to information

The Board is furnished with Board papers prior to any Board meeting. These Board papers include management 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.

Provision 1.7

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

The Board has separate and independent access to the Company Secretary and 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.

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.

BOARD COMPOSITION AND GUIDANCE

PRINCIPLE 2

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

Provision 2.1

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

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

The criterion for independence is based on the definition given in the Code and in the Listing Rules of SGX-ST. The Code has defined an "independent" director as one who is independent in conduct, character and judgement and has no relationship with the Company, its related corporations, its substantial shareholders or its officers that could interfere, or be reasonably perceived to interfere, with the exercise of the director's independent business judgment with a view to the best interests of the Company. Under the Listing Rules of SGX-ST, an independent director is not one who is or has been employed by the Company or any of its related corporations for the current or any of the past three financial years, or not one who has an immediate family member who is, or has been in any of the past three financial years, employed by the Company or any of its related corporations and whose remuneration is determined by the RC.

All the Independent Directors of the Company have confirmed their independence and that they do not have any relationship with the Company, its related corporation, its 10% shareholders or its officers that could interfere, or be reasonably perceived to interfere, with the exercise of their independent judgement and they are independent pursuant to the Listing Rules of SGX-ST.

Mr Jimmy Yim Wing Kuen has reached a term of service of 9 years on 1 March 2019. Despite his long period of service, the Board was of the view that Mr Jimmy Yim Wing Kuen has, at all times, expressed his 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 he is not related to the majority shareholders and do not have any other interest in the Company, except those shareholdings as declared on page 46 of this Annual Report. Hence the Board considers him as independent. Mr Jimmy Yim Wing Kuen has abstained from the Board's deliberation of his independence.

Provisions 2.2 and 2.3

Composition of Independent Directors and Non-Executive Directors on the Board

The number of independent directors thus represents more than one third of the Board and majority of the Board comprises non-executive Directors.

The Company's Executive Chairman and Managing Director are immediate family members. The Company has four Independent Directors out of total seven Directors. The Company complied with Provision 2.2 of the Code requiring the Independent Directors to make up half the Board.

Provision 2.4

Composition and Size 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 taking into account the scope and nature of the operations of the Company, the requirements of the business and the need to avoid undue disruptions from changes to the composition of the Board and committees.

The Board also considers gender as an important aspect of diversity alongside factors such as the age, ethnicity and educational background of its members, as it believes that diversity in the Board's composition contributes to the quality of its decision making. The Company will continue to consider the merits of the candidates in its Board renewal process and believes that doing so will meet its aim of achieving diversity of perspectives. The Company targets to achieve gender diversity within three years.

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 14 to page 17 of this Annual Report.

Provision 2.5

Role of Non-Executive Directors

During the year, the Non-Executive Directors constructively evaluate 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.

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 Independent Directors, led by the Lead Independent Director, meet amongst themselves without the presence of the other Directors when necessary, and the Lead Independent Director will provide feedback to the Executive Chairman after such meetings.

CORPORATE GOVERNANCE

CHAIRMAN AND CHIEF EXECUTIVE OFFICER

PRINCIPLE 3

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

Provision 3.1 and 3.2

Separate roles of Chairman and Managing Director

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

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

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

Provision 3.3

Lead Independent Director

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

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

- 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 Executive Chairman as to board and board committees meetings; and
- Promoting high standards of corporate governance.

BOARD MEMBERSHIP

PRINCIPLE 4

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

Provisions 4.1 and 4.2

Nominating Committee

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

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

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

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

- review board succession plans for directors; in particular the appointment and/or replacement of the Chairman, the Managing Director and key management personnel;
- 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 AGM;
- 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; and
- ensure disclosure of key information of Directors in the Annual Reports as required by the Code.

Provision 4.3

Process for the Selection and Appointment of New Directors

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

CORPORATE GOVERNANCE

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

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

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

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

Regulation 88 of the Constitution requires that at each AGM one-third of the Directors shall retire from office by rotation provided that all Directors submit themselves for re-election at least once every three years. Regulation 89 of the Constitution specifies that the Directors to retire by rotation shall include any Director who wishes to retire and not to offer himself for re-election.

Regulation 88 of the Constitution requires one-third of the Directors for the time being (or, if their number is not a multiple of three (3), the number nearest to one-third) shall retire from office by rotation and be eligible for re-election at the forthcoming AGM. Accordingly, Mr Low Keng Boon @ Lau Boon Sen, Mr Low Poh Kuan and Mr Chris Chia Woon Liat will retire at the forthcoming AGM and have consented to re-election. Taking into account their attendance and participation at Board meetings, the NC is satisfied that Mr Low Keng Boon, Mr Low Poh Kuan and Mr Chris Chia Woon Liat have committed the time to effectively discharge their duties. The NC has recommended their re-election. The Board accepted the NC's recommendation. Each of Mr Low Keng Boon, Mr Low Poh Kuan and Mr Chris Chia Woon Liat has recused himself from the NC's deliberation and decision over their re-election. Each of Mr Low Keng Boon, Mr Low Poh Kuan and Mr Chris Chia Woon Liat has recused himself from the Board's decision on their re-election.

In accordance with the Listing Rules of SGX-ST, the information as set out in Appendix 7.4.1 of the Listing Manual in respect of Mr Low Keng Boon, Mr Low Poh Kuan and Mr Chris Chia Woon Liat are provided on pages 179 to 182 of this Annual Report.

Provision 4.4

Determining Directors' Independence

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

Provision 4.5

Multiple Board Representations

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

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

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

The NC expects sufficient commitment of time by a Director to discharge his or her duties. Appointment of It does alternate directors should be considered only if justified under exceptional circumstances. The Company does not have any alternate director.

Details of the Directors' principal commitments and outside directorships are set out on pages 14 to 17 of this Annual Report.

BOARD PERFORMANCE

PRINCIPLE 5

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

Provisions 5.1 and 5.2

Conduct of Board Performance

Criteria for Board Evaluation of Individual Directors

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

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

The NC also assesses the effectiveness of the Board 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 financial year ended 31 January 2020 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. No external facilitator was used in the evaluation process.

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

REMUNERATION MATTERS

PROCEDURES FOR DEVELOPING REMUNERATION POLICIES

PRINCIPLE 6

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

Provisions 6.1 and 6.2

Remuneration Committee

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

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

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

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

The principal responsibilities of the RC are to:-

- approve the structure of the compensation programme for Directors and key management personnel 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 key management personnel' specific remuneration packages annually and determine appropriate adjustments;

Provision 6.3

Review of remuneration

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

Each of the Executive Directors and key management personnel 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.

Provision 6.4

Engagement of remuneration consultants

The RC will be provided with access to expert professional advice on remuneration matters as and when necessary. The expense of such services shall be borne by the Company. For financial year ended 31 January 2020, the RC did not engage expert professional advice.

LEVEL AND MIX OF REMUNERATION

PRINCIPLE 7

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

Provision 7.1

Remuneration of Executive Directors and Key Management Personnel

The Company's remuneration policy is to provide compensation packages at market rates which will reward successful performance and attract, retain and motivate directors and managers. The level and structure of remuneration is also aligned with the long-term interest and risk policies of the Company, and the RC is of the view that it is appropriate to attract, retain and motivate (a) the Directors to provide good stewardship of the Company, and (b) key management personnel to successfully manage the Company, while not paying more than necessary for this purpose.

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. The key management personnel are paid a fixed monthly salary and bonus based on their operating unit performance and their individual performance. The performance conditions were met in financial year ended 31 January 2020.

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.

Provision 7.2

Remuneration of Non-Executive Directors

Non-Executive Directors do not have service agreements with the Company and receive only Directors' fees. Directors' fees are set in accordance with a remuneration framework comprising basic fees and committee fees. The 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 financial year ended 31 January 2020. The Company will submit the quantum of Directors' fee of each year to the shareholders for approval at each AGM and they are paid upon the conclusion of the AGM.

Provision 7.3

Appropriate remuneration to attract, retain and motivate key management personnel and directors

The RC is satisfied that the remuneration structure of the Executive Directors and key management personnel as described under Provision 7.1 and that for the Non-Executive Directors as described under Provision 7.2 are appropriate to attract, retain and motivate the Directors to continue in their role as stewards of the Company and the key management personnel to contribute to the performance of the Group.

CORPORATE GOVERNANCE

DISCLOSURE ON REMUNERATION

PRINCIPLE 8

The company is transparent in its remuneration policies, level and mix of remuneration, the procedure for setting remuneration, and the relationships between remuneration, performance and value creation.

Provision 8.1

Remuneration Report

The breakdown of the level and mix of remuneration of each Director and the top five key executives for the financial year ended 31 January 2020 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 $250,000 each.

	Directors' Fee(1)	Salary (annual)	Bonus (annual)	CPF/ Super-annuation	Allowances/ Benefits (annual)	Total
Directors						
$750,001 to $1,000,000						
Low Keng Boon @Lau Boon Sen	–	720,000	120,000	7,650	59,918	907,568
Dato' Marco Low Peng Kiat	–	720,000	120,000	–	85,094	925,094
$250,000 to $499,999						
Low Poh Kuan	–	240,000	40,000	17,340	52,167	349,507
Below $250,000						
Tan Sri Dato' Low Keng Huat(2)	2,863	–	–	–	–	2,863
Lee Han Yang(3)	16,027	–	–	–	–	16,027
Lucas Liew Kim Voon(3)	16,027	–	–	–	–	16,027
Jimmy Yim Wing Kuen	62,151	–	–	–	–	62,151
Chris Chia Woon Liat	49,288	–	–	–	–	49,288
Michael Leong Choon Fai	49,288	–	–	–	–	49,288
Cheo Chai Hong	49,288	–	–			49,288

Key Executives						
$250,000 to $499,999						
Lee Yoon Moi	–	80%	14%	2%	4%	100%
Chin Yeok Yuen	–	79%	13%	4%	4%	100%
Low Chin Han	–	75%	13%	–	12%	100%
Below $250,000						
Low Poh Kok	–	79%	13%	–	8%	100%
Riaz Mahmood(4)	–	88%	4%	8%	–	100%

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

The aggregate total remuneration paid to the top five key management personnel (who are not directors or the CEO) is $1,460,019.

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

Notes:

(1) Directors' fee proposed for 2019/2020.

(2) Tan Sri Dato' Low Keng Huat ceased to be a Director upon his demise on 20 February 2019.

(3) Lee Han Yang and Lucas Liew Kim Voon retired on 29 May 2019.

(4) Riaz Mahmood was appointed General Manager of Duxton Perth on 21 January 2019.

Provision 8.2

Remuneration of Immediate Family Members of Directors or CEO

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

	Relationship to Substantial Shareholder/ Directors/CEO/Managing Director	**Designation in the Company**
$100,001 to $200,000		
Steven Low Chee Leong	Son of Mr Low Keng Boon @ Lau Boon Sen Cousin of Dato' Marco Low Peng Kiat and Mr Low Poh Kuan	Head, Safety Department
Below $100,000		
Chong Chee Kui	Nephew of Mr Low Keng Boon @ Lau Boon Sen Cousin of Dato' Marco Low Peng Kiat and Mr Low Poh Kuan	Senior Site Supervisor
Low Poh Hon	Nephew of Mr Low Keng Boon @ Lau Boon Sen Brother of Mr Low Poh Kuan Cousin of Dato' Marco Low Peng Kiat	Office Administrator
Paullyn Tay Chiu Gee	Niece-in-law of Mr Low Keng Boon @ Lau Boon Sen Sister-in-law of Mr Low Poh Kuan Cousin-in-law of Dato' Marco Low Peng Kiat	Project Co-ordinator
Carol Low Seok Peng	Daughter of Mr Low Keng Boon @ Lau Boon Sen Cousin of Dato' Marco Low Peng Kiat and Mr Low Poh Kuan	Operations Manager of Carnivore Brazilian Churrascaria Pte. Ltd.

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

Provision 8.3

Employee Share Scheme

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

RISK MANAGEMENT AND INTERNAL CONTROLS

PRINCIPLE 9

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 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.

Provision 9.1

Risk Management and Internal Controls Systems

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

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

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.

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

Provision 9.2

Assurances from the Executive Chairman, Managing Director and the Chief Financial Officer

For the financial year ended 31 January 2020, the Board has received assurance from Executive Chairman, Managing Director and the Chief Financial Officer that the financial records have been properly maintained and the financial statements give a true and fair view of the Group's operations and finances, and on the effectiveness of the Group's risk management and internal controls system.

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

Based on the internal controls currently in place, the work undertaken by the internal and external auditors, the assurances from Executive Chairman, Managing Director and Chief Financial Officer as well as reviews by the AC and the Board, the Board, is of the opinion that the Group's internal financial, operational, information technology and compliance controls and its risk management systems are adequate and effective as at 31 January 2020. The AC concurs with the Board's opinion based on their reviews of audit findings on internal controls and risks with the internal and external auditors.

The Board is also of the opinion that the Group's risk management and internal control systems 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.

AUDIT COMMITTEE

Principle 10

The Board has an Audit Committee which discharges its duties objectively.

Provisions 10.1 and 10.2

Audit Committee

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

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

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

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

Roles, Responsibilities and Authorities of AC

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

The AC meets periodically to perform the following functions: -

- review the significant financial reporting issues and judgements so as to ensure the integrity of the financial statements of the company and any announcements relating to the company's financial performance;
- reviewing at least annually the adequacy and effectiveness of the company's internal controls and risk management systems;
- reviewing the assurance from the Managing Director and the Chief Financial Officer on the financial records and financial statements;
- reviewing the adequacy, effectiveness, independence, scope and results of the external audit and the company's internal audit function;
- reviews with the external auditor, the audit plan, and their evaluation of the accounting, operational and compliance controls, risk management and audit report;
- reviews the assistance given by Management and the staff of the Company to the external auditor;
- reviews the independence of the external auditor;
- nomination of the external auditor;
- oversees internal audit;
- reviews interested person transactions between the Group and interested persons; and
- reviews whistle-blowing policy.

The AC has the power to conduct or to authorise investigations into any matters within its scope of responsibility. It has full access to 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 meeting.

Interested person transactions

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	Nature of relationship	Aggregate value of all interested person transactions during the financial year under review (excluding transactions less than $100,000 and transactions conducted under shareholders' mandate pursuant to Rule 920)	Aggregate value of all interested person transactions conducted under shareholders' mandate pursuant to Rule 920 (excluding transactions less than $100,000)
Consistent Record Sdn Bhd	Both Binakawa Sdn Bhd ("BSB") and Bina Meganmas Sdn Bhd ("BMSB") are majority owned by our ultimate substantial shareholder.	(A) **Loan to :-** (1) BSB **$1,512,309** (2) BMSB **$624,657** **Total: $2,136,966**	N/A
Low Keng Boon @ Lau Boon Sen	Hawkeye Security Solutions Pte Ltd ("HSSPL") is majority owned by daughter and son-in-law of Executive Chairman.	(B) **Provision of Security Services by** HSSPL **$187,100**	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.

Independence of External Auditors

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

The AC noted that the aggregate amount of audit fees paid and payable by the Group to the external auditors for financial year ended 31 January 2020 was approximately $201,182, of which audit fees amounted to approximately $177,682 and non-audit fees amounted to approximately $23,500.

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

Whistle-blowing Policy

The Company has set up a Whistle Blowing Policy. The Board believes that effective whistle blowing arrangements will act as a deterrent to malpractice and wrongdoing, encourage openness, promote transparency, underpin the risk management systems of the Group and enhance its reputation. The policy had been circulated to all employees for implementation. It has been put in place to encourage and provide a channel to employees and any other persons to report, in good faith and in confidence, concerns about possible fraud, improprieties in financial reporting or other matters. The objective of such an arrangement is to ensure independent investigation of such matters and for appropriate follow-up action. The AC has the responsibility of overseeing this policy which is administered with the assistance of the Chief Financial Officer. The AC is able to act independently to take such action as may be necessary to address the concerns raised and has the authority to instruct any Senior Management staff to assist or co-operate in such action.

Provision 10.3

Partners or Directors of the Company's Auditing Firm

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

Provision 10.4

Internal Audit Function

The Company outsourced the Group's internal audit to Mckell Risk Management Pte. Ltd., an internal audit & risk advisory firm. The AC is satisfied that the internal audit function is adequately resourced to carry out its function. 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. The Group Internal Auditor has confirmed their independence to the AC.

The Group Internal Auditor is a member of the Institute of Internal Auditors Singapore, and staffed with professionals with relevant qualifications and experience.

The internal audit essentially follows the professional standards set by the Institute of Internal Auditors.

Adequacy and Effectiveness of Internal Audit Function

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

Provision 10.5

Meeting with external and internal auditors without presence of the Management

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

SHAREHOLDER RIGHTS AND RESPONSIBILITIES

PRINCIPLE 11

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

Provision 11.1

Providing Opportunity for Shareholders to Participate and Vote at General Meetings

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

The notices of the general meetings are dispatched to shareholders, together with explanatory notes at least 14 clear days before each meeting. The 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 AGM and other general meetings of the Company to ensure a high level of accountability and to stay informed of the Group's development. The general meetings are the principal forum for dialogue with shareholders. Shareholders can vote in person or by way of proxy at the general meetings. Shareholders will be briefed by the Company on the voting procedures at general meetings.

All resolutions at general meetings are put to vote by electronic poll. Voting and vote tabulation procedures are disclosed at the general meetings. A scrutineer is appointed to scrutinize the voting process. Votes cast for, or against, each resolution will be read out 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.

Provision 11.2

Separate Resolutions at General Meetings

The Board will set separate resolutions at general meetings on each distinct issue. Each item of special business included in the notice of the meeting is accompanied, where appropriate, by an explanation for the proposed separate resolution relating to the said item. For resolutions on the election or re-election of directors, information on the Directors as set out in Appendix 7.4.1 of the Listing Manual are given on pages 179 to 182 in this Annual Report.

Provision 11.3

Attendance of Directors and auditors at general meetings

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

In 2019, the Company held one general meeting, namely the AGM, which was attended by all the Directors except Mr Jimmy Yim Wing Kuen.

Provision 11.4

Absentia voting

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.

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

Provision 11.5

Minutes of general meetings

The Company prepares minutes of general meetings detailing the proceedings and questions raised by Shareholders and answers given by the Board and Management. The minutes will be taken and published in the Company's corporate website at www.lkhs.com.sg. Results of the general meetings are released as an announcement in SGXNET.

Provision 11.6

Dividend

For financial year ended 31 January 2020, the Board has proposed a first and final tax exempt (one-tier) dividend of 1.5 cents at the forthcoming AGM for Shareholders' approval. Details of the proposed dividend are stated in the notice of the AGM attached to this Annual Report. The Company does not have a policy on payment of dividend. The Board will consider the Group's level of cash and bank balances and retained earnings and projected capital expenditure and investments before proposing a dividend.

ENGAGEMENT WITH SHAREHOLDERS

PRINCIPLE 12

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

Provision 12.1

Avenues for communication between the Board and shareholders

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

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

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

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

Provisions 12.2 and 12.3

Investor Relations

The Company's investor relations policy is to communicate with its shareholders and the investment community through the timely and equal dissemination of information and news via announcements to the SGX-ST via SGXNET. The Company does not practice selective disclosure.

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

ENGAGEMENT WITH STAKEHOLDERS

PRINCIPLE 13

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

Provisions 13.1 and 13.2

Engage with its material stakeholder groups

The Group's material stakeholders are its shareholders, customers, employees, business partners and the community and the Company engages with them through its sustainability initiatives and corporate social responsibility programmes as set out in its Sustainability Report for FY2020 in this Annual Report.

Please refer to the Sustainability Report for details.

Provision 13.3

Corporate website to communicate and engage with stakeholders.

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

CORPORATE GOVERNANCE

OTHER MATTERS

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 have been 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. With the adoption of half yearly reporting of the financial statements from FY2021 as announced by Company on 30 March 2020, all Directors and key employees of the Group are prohibited from dealing in the Company's securities two weeks and one month before the release of the half year and full year financial statements respectively.

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 Executive Chairman, any Director, or controlling shareholder.

Low Keng Huat (Singapore) Limited ("LKH") and its subsidiaries ('the Group") is pleased to present its third-year Sustainability Report prepared in accordance with SGX's Sustainability Reporting Guide ("the Guide") and the continued application of the GRI-Referenced Claim basis. The topic specific standards adopted included Disclosure 403-1 and 403-2 from GRI 403: Occupational Health and Safety 2016, Disclosure 306-2 (a) & (c) from GRI 306: Effluents and Waste 2016, and GRI 302-1, GRI 302-2 and GRI 302-3 from GRI 302: Energy 2016. Two additions were included in this year's reporting as follows:

(i) Sustainability topic on Water Management was added to the business segment of 'Investment Properties' covering Westgate Tower (WGT) under the Phased Implementation Approach since its adoption in year 2018. Topic specific standard adopted are Disclosure 303-1 (c) and 303-5 from GRI 303: Water and Effluents. Paya Lebar Square (PLS) retail mall, being a MCST property, was excluded from this assessment based on the fact that PLS tenants make direct application to the Public Utilities Board ("PUB") for their water usage, carry out their own monitoring and management of water consumption, and implementation of water efficiency program.

(ii) BT Centre – Retail Mall ('BT Centre') and Citadines Balestier Service Apartments ('CBS'), a serviced residence managed by Ascot Limited as owner-operator, were added to the entity scope in this year's reporting. Both BT Centre and CBS were developed and owned by subsidiary Balestier Tower Pte Ltd ('BTPL') and had commenced business operations only from October 2019 this year.

It was thus decided by the Sustainability Committee ("SC") that the sustainability focus for BT Centre and CBS this year would be on health and safety topic while other ESG factors that may be relevant to their activities will only be assessed and reported from FY2021 onward.

1. MATERIALITY CONSIDERATIONS

Water Management

According to PUB, water is a precious resource and its prudent use is the key to water sustainability in Singapore. The price of water in Singapore was last increased by 30% in two phases on 1 July 2017 and 1 July 2018 and this water price revision had enabled PUB to cater to future demand, strengthen Singapore's water security, and continue to deliver a reliable supply of water. It is thus imperative for Singapore business organizations to consider water sustainability as part of their business strategy and implement effective water efficiency program that will also benefit their bottom line.

Health and Safety

Materiality assessment relating to Occupational Health and Safety topics and identification of stakeholder and national legislation in relation to PLS and WGT, that is also relevant to BT Centre and CBS, had already been carried out and included in the FY 2018 Sustainability Report.

2. SUSTAINABILITY PRACTICES AND POLICY

Water Management

In WGT, water-efficient fittings and fixtures are used to reduce water consumption and reap water bill saving. In addition, NEWater is used for chillers, toilet flush and irrigation system to economise the use of potable water.

Health and Safety – BT Centre and CBS

BT Centre and CBS are located at Balestier Tower, 207 Balestier Road and covered by health & safety measures as implemented and managed by the Operation Management team of Ascott Limited in ensuring zero incidents of injuries and fatalities so as to safeguard the well-being of tenants, service apartment guests, employees and the general public within the retail mall and service residence premises.

Key components of abovementioned security measures include Crisis Management Plan, Fire Alarm Procedures, Medical Emergency Procedures, Power Failure Handling Procedures, Bomb Threat Evacuation Plan and Incidents Reporting Procedures for all areas.

3. PERFORMANCE DATA

The SC had assessed the sustainability performance in relation to the material ESG factors against their 2020 targets and including the development of 2021 targets:

(A) Health and Safety	Business Segment	Unit of Measurement	FY2018 Actual	FY2019 Actual	FY2020 Actual	FY2020 Target	FY2021 Target
Accident Incident	Investment Properties	Number	Nil	Nil	Nil	Nil	Nil
Workplace Injury	Investment Properties	Number	Nil	1	Nil	Nil	Nil
Fatalities	Investment Properties	Number	Nil	Nil	Nil	Nil	Nil
Occupational Diseases	Investment Properties	Number	Nil	Nil	Nil	Nil	Nil
(B) Health and Safety	Business Segment	Unit of Measurement	FY2018 Actual	FY2019 Actual	FY2020 Actual	FY2020 Target	FY2021 Target
Accident Incident	Serviced Residence	Number	Nil	Nil	Nil	Nil	Nil
Workplace Injury	Serviced Residence	Number	Nil	Nil	Nil	Nil	Nil
Fatalities	Serviced Residence	Number	Nil	Nil	Nil	Nil	Nil
Occupational Diseases	Serviced Residence	Number	Nil	Nil	Nil	Nil	Nil
(C) Health and Safety	Business Segment	Unit of Measurement	FY2018 Actual	FY2019 Actual	FY2020 Actual	FY2020 Target	FY2021 Target
Accident Incident	Property Development	Number	2	Nil	Nil	Nil	Nil
Workplace Injury	Property Development	Number	2	Nil	Nil	Nil	NA
Fatalities	Property Development	Number	Nil	Nil	Nil	Nil	NA
Occupational Diseases	Property Development	Number	Nil	Nil	Nil	Nil	NA

(D) Wastes Management	Business Segment	Unit of Measurement	FY2018 Actual	FY2019 Actual	FY2020 Actual	FY2020 Target	FY2021 Target
Wastes Disposed	Property Development	Kg/sq m GFA	9.7kg/ sqm	24.3kg/ sqm	4.3kg/ sqm	4.5kg/ sqm	NA
(E) Energy Management	**Business Segment**	**Unit of Measurement**	**FY2018 Actual**	**FY2019 Actual**	**FY2020 Actual**	**FY2020 Target**	**FY2021 Target**
Energy Usage	Property Development	KWh/sq m GFA	47 KWh/ sqm	27 KWh/ sqm	5.5KWh/ Sqm	6KWh/ Sqm	NA
(F) Energy Management	**Business Segment**	**Unit of Measurement**	**FY2018 Actual**	**FY2019 Actual**	**FY2020 Actual**	**FY2020 Target**	**FY2021 Target**
Energy Usage	Investment Properties	MWh	11,516	11,525	11,556	11,533	11,394
(G) Water Management	**Business Segment**	**Unit of Measurement**	**FY2018 Actual**	**FY2019 Actual**	**FY2020 Actual**	**FY2020 Target**	**FY2021 Target**
Water Consumption	Investment Properties	m3	Not reported prior to 2020	Not reported prior to 2020	45,696	Not reported prior to 2020	43,698

4. PERFORMANCE VARIANCES COMMENTARIES:

4.1 Construction Wastes and Energy Management – Property Development

2020 Actual vs 2021 Target

Construction activities for Citadines Balestier project were completed in FY2020 (20-May-2019)

4.2 Energy Management – Investment Properties

2020 Actual vs 2020 Target

(i) **WGT**: Lower energy consumption (-128MWh) due to overstatement of 2020 targets formulated in previous year.

(ii) **PLS**: Higher consumption (+152MWh) due to 100% occupancy rate achieved in FY2020 vs target.

2020 Actual vs 2021 Target

WGT: Energy consumption is expecting to see a 2% MWh reduction from 2020 to 2021 as resulted from the reprogramming to the chiller and lighting controls in the Building Management System (BMS) to be carried out from Q1 2021 as part of WGT's strategy in maintaining its Green Mark Platinum assessment criteria in energy efficiency.

4.3 Water Management – Investment Properties

2020 Actual vs 2021 Target

WGT: Lower water usage (-1,998 m3) in 2021 is due to the chiller reprogramming works as mentioned in 4.2 above and the ongoing benefits from the automatic watering system.

5. DUXTON HOTEL PERTH – AN UPDATE

Duxton Hotel Perth, as owned by 75% - owned subsidiary Amuret Pty Ltd ('Amuret') and operated by Narymal Pty Ltd ('Narymal'), has since started on its full scale renovation project in 2018 as part of Amuret's strategic objective to build its long-term revenue stream and develop sustainable occupancy growth strategy for the hotel business. As Amuret had ordered top priority be given to this urgent business initiative among all other ongoing projects, the completion timeline for its hotel sustainability development and reporting program had now been extended to FY2021 at the earliest.

6. BOARD STATEMENTS

The Board will make committed effort to give continual support to Amuret and Narymal in ensuring successful implementation of the sustainability program for Duxton Hotel Perth that will make possible the efficient and timely gathering of health and safety information pertaining to hotel guests and employees. Through integration of this information with LKH sustainability development program and risk management system at the Group level, the Board will able to oversee and recommend improvement points to Amuret for the ongoing development of its health and safety practices.

The Board will also continue to promote the importance of environmental sustainability to all subsidiaries and business units of LKH, and prioritize the provision of a safe and healthy environment as applicable to the Group's investment properties, hotels and service residences as it upholds the belief that continual sustainability efforts is the key to contributing toward a positive long-term impact on performance.

DIRECTORS' STATEMENT

For the financial year ended 31 January 2020

The Directors present their statement to the members together with the audited financial statements of the Group for the financial year ended 31 January 2020 and the statement of financial position of the Company as at 31 January 2020.

In the opinion of the directors,

(a) the accompanying financial statements of the Group and the statement of financial position of the Company are drawn up so as to give a true and fair view of the financial position of the Group and of the Company as at 31 January 2020 and the financial performance, changes in equity and cash flows of the Group for the financial year ended on that date in accordance with the provisions of the Singapore Companies Act, Chapter 50 and Singapore Financial Reporting Standards (International); 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 statement are:

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

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

Arrangements to enable directors to acquire shares and debentures

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

DIRECTORS' STATEMENT

For the financial year ended 31 January 2020

Directors' interest in shares or debentures

According to the Register of Directors' Shareholdings kept by the Company under Section 164 of the Companies Act, Chapter 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 a director is deemed to have an interest	
Name of director	As at 1.2.2019	**As at 31.1.2020**	As at 1.2.2019	**As at 31.1.2020**
	Number of ordinary shares			
The Company -				
Low Keng Huat (Singapore) Limited				
Low Keng Boon @ Lau Boon Sen	52,773,806	**52,773,806**	23,000,000	**23,000,000**
Dato' Marco Low Peng Kiat	300,000	**300,000**	399,945,345	**399,945,345**
Low Poh Kuan	1,998,000	**1,998,000**	–	**–**
Jimmy Yim Wing Kuen	200,000	**–***	120,000	**320,000***
Michael Leong Choon Fai	100,000	**100,000**	–	**–**
	Number of ordinary shares of RM1.00 each			
Ultimate holding company -				
Consistent Record Sdn. Bhd.				
Dato' Marco Low Peng Kiat	16	**16**	–	**16**

*Mr Jimmy Yim Wing Kuen transferred his direct interest of 200,000 ordinary shares to deemed interest on 15 February 2019.

Dato' Marco Low Peng Kiat, by virtue of the provisions of Section 7 of the Singapore Companies Act, Chapter 50, is deemed to have an interest in the whole of the issued share capital of all the wholly-owned subsidiaries of the Company and all the joint ventures and associate companies in which the Company has 20% or more equity interest.

There is no change to the above shareholdings or debentures as of 31 January 2020 and as of 21 February 2020.

Share option scheme

No options were granted during the financial year to take up unissued shares of the Company or of its subsidiaries.

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 subsidiary.

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

Audit Committee

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

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

The Audit Committee performs the functions set out in Section 201B(5) of the Companies Act, Chapter 50, the SGX Listing Manual and the Code of Corporate Governance. In performing these functions, the Audit Committee has met four times since the last Annual General Meeting and reviewed the following:

(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 2020 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 2020

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 our auditors for the Company, 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, Public Accountants and Chartered Accountants, has expressed its willingness to accept re-appointment.

On behalf of the Directors

LOW KENG BOON @ LAU BOON SEN

DATO' MARCO LOW PENG KIAT

Dated: 5 May 2020

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 statement of financial position of the Group and the statement of financial position of the Company as at 31 January 2020, and the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows of the Group for the financial year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements of the Group and the statement of financial position of the Company are properly drawn up in accordance with the provisions of the Singapore Companies Act, Chapter 50 ("the Act") and Singapore Financial Reporting Standards (International) ("SFRS(I)s") so as to give a true and fair view of the consolidated financial position of the Group and the financial position of the Company as at 31 January 2020 and the consolidated financial performance, consolidated changes in equity and consolidated cash flows of the Group for the financial year ended on that date.

Basis for Opinion

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

Key Audit Matters

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

Key audit matter	Risk	Our responses and work performed
Net realisable value of development properties [Notes 2(d) and 10]	The Group has significant mixed development (comprises residential and commercial retails units) and residential development properties that are 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 SFRS(I) 1-2 *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 have 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 [Notes 2(d) and 10] (Cont'd)	As at 31 January 2020, the Group's development properties amounted to $612.9 million, representing 40.5% of the Group's total assets. The Group's development properties are mainly held by Glopeak Development Pte. Ltd. and Perumal Development Pte. Ltd. Development properties for sale are stated at the lower of their cost and their net realisable values. The determination of the estimated net realisable value of these development properties is critically dependent upon the Group's expectations of future selling prices. Furthermore, there is a possible risk of understatement of project costs where work has been completed up to certain stage but liabilities owing to contractors or suppliers have not been recorded up to that stage. In addition, project costs may not be accurately or appropriately recorded.	We considered the valuation methodologies used for similar property types. We compared the management's expert's underlying assumptions on estimated selling prices to market comparables. We have performed the following: ● evaluated whether management's expert has the necessary competence, capabilities and objectivity for the required purposes. The evaluation of objectivity included inquiry regarding interests and relationships that may create a threat to that expert's objectivity; ● reviewed the adequacy of the work performed, including significant judgement, estimates and assumptions used by independent valuer in arriving at the valuation amounts; and ● assessed the valuation method and assumptions used by management's expert. We considered the adequacy of the Group's disclosure about the uncertainties of the carrying values of the development properties.

Key Audit Matters (Cont'd)

Key audit matter	Risk	Our responses and work performed
Impairment of property, plant and equipment [Notes 2(d) and 18]	As at 31 January 2020, the Group's property, plant and equipment amounted to $289.4 million, representing 19.1% of the Group's total assets. The Group's property, plant and equipment are mainly held by Balestier Tower Pte. Ltd., Perumal Development Pte. Ltd. and Amuret Pty Ltd. Due to the uncertain global economic environment, there are higher inherent risk relating to the impairment of property, plant and equipment. The impairment testing performed on the Group's property, plant and equipment is considered to be a key audit matter due to the significant judgement required in determining the assumptions to be used to estimate the recoverable amount of the cash-generating unit, which is based on the higher of the value-in-use or fair value less costs of disposal.	We have identified the impairment of property, plant and equipment to be a significant risk in our audit. The Group engaged independent professional valuation firms to carry out valuations on the freehold properties in Singapore based on the properties' highest-and-best use. These were performed on the basis of open market values to determine the fair value. We evaluated whether the management's experts in Singapore had the necessary competence, capability and objectivity for the required purposes. We reviewed the adequacy of the work performed, including significant judgement, estimates and assumptions used by the valuers in arriving at the valuation amounts. We assessed the valuation method and assumptions used by management's expert by involving our own valuation expert for the properties in Singapore. We also assessed the competency, capability and objectivity of the auditor's expert. We assessed the estimated recoverable value of the properties, which was the higher of fair value less costs of disposal and value-in-use. We also considered the adequacy of the Group's disclosures in relation to impairment of these fixed assets.

INDEPENDENT AUDITOR'S REPORT

To the Members of Low Keng Huat (Singapore) Limited

Other Information

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

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

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

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

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

Responsibilities of Management and Directors for the Financial Statements

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

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

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

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

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

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

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

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

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

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

INDEPENDENT AUDITOR'S REPORT

To the Members of Low Keng Huat (Singapore) Limited

Report on Other Legal and Regulatory Requirements

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

The engagement partner on the audit resulting in this independent auditor's report is Ong Soo Ann.

Foo Kon Tan LLP
Public Accountants and
Chartered Accountants

Singapore, 5 May 2020

STATEMENT OF FINANCIAL POSITION

As at 31 January 2020

The Group	Note	31 January 2020 $'000	31 January 2019 $'000
ASSETS			
Current Assets			
Cash and cash equivalents	3	**59,477**	116,259
Fixed deposits	4	**9,116**	9,051
Financial assets at FVPL	5	**–**	5,156
Trade and other receivables	6	**6,573**	60,502
Amount owing by non-controlling shareholders of subsidiaries (non-trade)	22(a)	**957**	–
Contract assets	8(a)	**2,497**	3,133
Contract costs	8(b)	**298**	–
Inventories	9	**378**	352
Development properties	10	**612,898**	267,376
		692,194	461,829
Non-Current Assets			
Financial assets at FVOCI	12	**12,685**	35,258
Other investments at amortised cost	13	**32,000**	32,000
Trade and other receivables	6	**260**	157
Joint ventures	14	**89,794**	90,209
Associate companies	15	**68,148**	66,136
Investment properties	17	**318,798**	271,188
Right-of-use assets	11	**7,943**	–
Property, plant and equipment	18	**289,401**	255,972
Deferred tax assets	19	**719**	370
		819,748	751,290
Total assets		**1,511,942**	1,213,119
LIABILITIES			
Current Liabilities			
Trade and other payables	20	**23,566**	24,031
Amount owing to joint ventures (non-trade)	21	**254**	446
Amount owing to non-controlling shareholders of subsidiaries (non-trade)	22(b)	**375**	1,413
Contract liabilities	8(c)	**389**	–
Provision for directors' fee		**245**	259
Provision	23	**–**	24
Lease liabilities	39(a)	**398**	–
Current tax payable		**3,342**	4,966
Bank borrowings	24	**62,200**	106,089
		90,769	137,228

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

STATEMENT OF FINANCIAL POSITION

As at 31 January 2020

The Group	Note	31 January 2020 $'000	31 January 2019 $'000
Non-Current Liabilities			
Trade and other payables	20	**3,106**	–
Amount owing to non-controlling shareholders of subsidiaries (non-trade)	22(b)	**45,147**	43,129
Provision	23	**27**	–
Bank borrowings	24	**678,208**	341,108
Lease liabilities	39(a)	**1,968**	–
Deferred tax liabilities	19	**3,065**	2,817
		731,521	387,054
Total liabilities		**822,290**	524,282
NET ASSETS		**689,652**	688,837
EQUITY			
Capital and Reserves			
Share capital	25	**161,863**	161,863
Capital reserve	26(a)	**(2,005)**	(2,005)
Fair value reserve	27	**1,083**	7,287
Retained profits	26(b)	**500,125**	490,053
Currency translation reserve	28	**(4,053)**	(1,982)
		657,013	655,216
Non-controlling interests		**32,639**	33,621
Total equity		**689,652**	688,837

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

STATEMENT OF FINANCIAL POSITION

As at 31 January 2020

The Company	Note	31 January 2020 $'000	31 January 2019 $'000
ASSETS			
Current Assets			
Cash and cash equivalents	3	**17,168**	74,944
Trade and other receivables	6	**2,679**	4,080
Amount owing by subsidiaries (non-trade)	7(a)	**2,524**	9,260
Contract assets	8(a)	**2,202**	2,676
		24,573	90,960
Non-Current Assets			
Financial assets at FVOCI	12	**971**	1,661
Joint ventures	14	**96,910**	93,163
Associate companies	15	**–**	56
Subsidiaries	16	**605,168**	462,539
Investment properties	17	**18,016**	18,215
Right-of-use assets	11	**2,586**	–
Property, plant and equipment	18	**2,572**	5,392
		726,223	581,026
Total assets		**750,796**	671,986
LIABILITIES			
Current Liabilities			
Trade and other payables	20	**9,349**	16,595
Amount owing to subsidiaries (non-trade)	7(b)	**11,508**	67,945
Amount owing to joint ventures (non-trade)	21	**–**	197
Provision for directors' fee		**245**	259
Lease liabilities	39(a)	**7**	–
Current tax payable		**471**	473
Bank borrowings	24	**55,000**	–
		76,580	85,469
Non-Current Liabilities			
Lease liabilities	39(a)	**12**	–
		12	–
Total liabilities		**76,592**	85,469
NET ASSETS		**674,204**	586,517
EQUITY			
Capital and Reserves			
Share capital	25	**161,863**	161,863
Fair value reserve	27	**216**	906
Retained profits	26(b)	**512,125**	423,748
Total equity		**674,204**	586,517

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 2020

The Group	Note	**Year ended 31 January 2020 $'000**	Year ended 31 January 2019 $'000
Revenue	29,40	**46,710**	171,396
Cost of sales	34	**(32,315)**	(138,293)
Gross profit		**14,395**	33,103
Other operating income	30(a)	**19,142**	7,407
Interest income	30(b)	**7,124**	5,075
Distribution costs		**(1,644)**	(6,893)
Administrative costs	31	**(8,476)**	(9,116)
Other operating expenses	32	**(2,165)**	(2,420)
Finance costs	33	**(9,757)**	(7,712)
Share of results of joint ventures and associates		**(4,911)**	2,067
Profit before taxation	34	**13,708**	21,511
Taxation	35	**(1,510)**	(2,765)
Total profit for the year		**12,198**	18,746
Other comprehensive expense after tax:			
Items that may be reclassified subsequently to profit or loss			
Exchange differences on translation of the financial statements of foreign entities	28	**(2,071)**	(1,879)
		(2,071)	(1,879)
Items that will not be reclassified subsequently to profit or loss			
Fair value gain/(loss) on financial assets at FVOCI (net of tax at Nil%)	12,27	**2,182**	(7,682)
Exchange differences on translation of the financial statements of foreign entities		**(223)**	(753)
Other comprehensive expense for the year, net of tax		**(112)**	(10,314)
Total comprehensive income for the year		**12,086**	8,432
Profit attributable to:			
Owners of the parent		**12,768**	15,447
Non-controlling interests		**(570)**	3,299
		12,198	18,746
Total comprehensive income attributable to:			
Owners of the parent		**12,879**	5,886
Non-controlling interests		**(793)**	2,546
		12,086	8,432
Earnings per share (cents)			
- Basic	36	**1.73**	2.09
- Diluted	36	**1.73**	2.09

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 2020

	← Attributable to equity holders of the Company →							
The Group	Share capital $'000	Capital reserve $'000	Fair value reserve $'000	Retained profits $'000	Currency translation reserve $'000	Total attributable to owners of the parent $'000	Non-controlling interests $'000	Total $'000
Balance at 1 February 2018	161,863	(2,005)	16,843	487,484	(103)	664,082	32,216	696,298
Profit for the year	–	–	–	15,447	–	15,447	3,299	18,746
Other comprehensive expense for the year	–	–	(7,682)	–	(1,879)	(9,561)	(753)	(10,314)
Total comprehensive (expense)/ income for the year	–	–	(7,682)	15,447	(1,879)	5,886	2,546	8,432
Transfer upon disposal of financial assets at FVOCI (Note 27)	–	–	(1,874)	1,874	–	–	–	–
Dividends paid to owners of the parent (Note 38)	–	–	–	(14,776)	–	(14,776)	–	(14,776)
Dividends paid to non-controlling shareholders (Note 16)	–	–	–	–	–	–	(998)	(998)
Reserves arising from non-interest bearing loans from non-controlling shareholders	–	–	–	–	–	–	(124)	(124)
Transaction with non-controlling interests	–	–	–	24	–	24	(24)	–
Effect on issuance of shares to a non-controlling interest of a subsidiary	–	–	–	–	–	–	5	5
Total transaction with owners, recognised directly in equity	–	–	(1,874)	(12,878)	–	(14,752)	(1,141)	(15,893)
Balance at 31 January 2019	161,863	(2,005)	7,287	490,053	(1,982)	655,216	33,621	688,837
Profit for the year	**–**	**–**	**–**	**12,768**	**–**	**12,768**	**(570)**	**12,198**
Other comprehensive (expense)/ income for the year	**–**	**–**	**2,182**	**–**	**(2,071)**	**111**	**(223)**	**(112)**
Total comprehensive (expense)/ income for the year	**–**	**–**	**2,182**	**12,768**	**(2,071)**	**12,879**	**(793)**	**12,086**
Transfer upon disposal of financial assets at FVOCI (Note 27)	**–**	**–**	**(8,386)**	**8,386**	**–**	**–**	**–**	**–**
Dividends paid to owners of the parent (Note 38)	**–**	**–**	**–**	**(11,082)**	**–**	**(11,082)**	**–**	**(11,082)**
Dividends paid to non-controlling shareholders (Note 16)	**–**	**–**	**–**	**–**	**–**	**–**	**(189)**	**(189)**
Total transaction with owners, recognised directly in equity	**–**	**–**	**(8,386)**	**(2,696)**	**–**	**(11,082)**	**(189)**	**(11,271)**
Balance at 31 January 2020	**161,863**	**(2,005)**	**1,083**	**500,125**	**(4,053)**	**657,013**	**32,639**	**689,652**

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 2020

The Group	Note	**Year ended 31 January 2020 $'000**	Year ended 31 January 2019 $'000
Cash Flows from Operating Activities			
Profit before taxation		**13,708**	21,511
Adjustments for:			
Share of results of joint ventures and associate companies		**4,911**	(2,067)
Depreciation of:			
- Investment properties	17,34	**3,481**	2,967
- Property, plant and equipment	18,34	**2,760**	1,786
- Right-of-use assets	11,34	**507**	–
Gain on disposal of:			
- Property, plant and equipment	30(a),34	**(21)**	(2,669)
Impairment loss on:			
- Receivables	6,32,34	**17**	82
Write off of amounts owing to joint ventures	21,34	**(197)**	–
Impairment loss no longer required for:			
- Receivables	6,30(a),34	**(32)**	–
- Property, plant and equipment	18,30(a),34	**(14,929)**	–
Amortisation of contract costs	8(b)	**250**	–
Bad debts (recovered)/written off	30(a),32,34	**(195)**	3
Fair value (gain)/loss on financial assets at FVPL	5,30(a),32,34	**(559)**	793
Investment properties written off	17,34	**190**	–
Property, plant and equipment written off	32,34	**410**	4
Provision no longer required	23,34	**–**	(17)
Dividend income from quoted equity investments	30(a),34	**(1,252)**	(1,644)
Finance costs	33	**9,757**	7,712
Interest income	30(b)	**(7,124)**	(5,075)
Operating profit before working capital changes		**11,682**	23,386
(Increase)/Decrease in inventories		**(24)**	(75)
(Increase)/Decrease in development properties		**(403,759)**	(10,454)
(Increase)/Decrease in contract assets and contract costs		**88**	7,212
Increase/(Decrease) in contract liabilities		**389**	–
(Increase)/Decrease in operating receivables		**53,852**	(50,651)
Increase/(Decrease) in operating payables		**4,191**	1,105
Cash generated from/(used in) operations		**(333,581)**	(29,477)
Interest paid		**(8,054)**	(7,065)
Income tax paid		**(3,158)**	(3,276)
Net cash generated from/(used in) operating activities		**(344,793)**	(39,818)
Balance carried forward		**(344,793)**	(39,818)

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 2020

The Group	Note	**Year ended 31 January 2020 $'000**	Year ended 31 January 2019 $'000
Balance brought forward		**(344,793)**	(39,818)
Cash Flows from Investing Activities			
Acquisition of property, plant and equipment	Note A	**(21,482)**	(30,666)
Acquisition of investment properties	17	**(2,146)**	(190)
Proceed from disposal of quoted equity investments		**30,470**	7,870
Interest received		**7,133**	5,075
(Increase)/decrease in fixed deposit with maturity more than three months		**(28)**	34
Capital contribution made to associate companies		**–**	(400)
Dividend from quoted equity investments	30(a),34	**1,252**	1,644
Dividend from joint ventures and associate companies		**518**	1,779
Advances and loans made to joint ventures and associate companies		**(7,241)**	(12,545)
Proceeds from disposal of joint ventures	14(6)	**400**	300
Loan repayment from joint ventures and associate companies		**112**	2,254
Advances to non-controlling shareholders of subsidiaries		**(957)**	–
Proceeds from disposal of property, plant and equipment		**29**	1,447
Net cash generated from/(used in) investing activities		**8,060**	(23,398)
Cash Flows from Financing Activities			
Dividends paid to shareholders of the Company	38	**(11,082)**	(14,776)
Dividends paid to non-controlling shareholders of subsidiaries	16	**(189)**	(998)
Capital contribution from non-controlling shareholders of subsidiaries		**–**	5
Repayment of loans from non-controlling shareholders of subsidiaries	Note B	**(978)**	(9,939)
Proceeds from bank borrowings	Note B	**404,300**	223,448
Repayment of bank borrowings	Note B	**(111,089)**	(149,335)
Payment of principal portion of lease liabilities	Note B	**(324)**	–
Fixed deposit pledged		**(73)**	(3,720)
Net cash generated from/(used in) financing activities		**280,565**	44,685
Net increase/(decrease) in cash and cash equivalents		**(56,168)**	(18,531)
Cash and cash equivalents at beginning of year		**116,259**	134,045
Exchange differences on translations of cash and cash equivalents at beginning of year		**(614)**	745
Cash and cash equivalents at end of year	3	**59,477**	116,259

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 2020

A. Acquisition of property, plant and equipment

During the financial year, the Group acquired property, plant and equipment with an aggregate cost of $20,054,000 (2019 - $32,094,000). $Nil (2019 - $1,428,000) remains unpaid to suppliers of property, plant and equipment at the end of the financial year. Cash payment of $21,482,000 (2019 - $30,666,000) were made to purchase property, plant and equipment.

B. Reconciliation of liabilities arising from financing activities

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

			Cash flows		**Non-cash changes**					
	Note	1 February 2019 $'000	**Proceeds $'000**	**Repayments $'000**	**Adoption of SFRS(I) 16 [Note 2(b)] $'000**	**New leases $'000**	**Interest expense $'000**	**Notional interest charged $'000**	**Foreign exchange movement $'000**	**31 January 2020 $'000**
Loans from non-controlling interest shareholders of subsidiaries	22(b)	44,142	**–**	**(978)**	**–**	**–**	**–**	**1,981**	**2**	**45,147**
Advances from non-controlling interest of subsidiaries	22(b)	400	**–**	**–**	**–**	**–**	**–**	**–**	**(25)**	**375**
Bank borrowings	24	447,197	**404,300**	**(118,791)**	**–**	**–**	**7,702**	**–**	**–**	**740,408**
Lease liabilities	39(a)	–	**–**	**(398)**	**2,751**	**30**	**74**	**–**	**(91)**	**2,366**

			Cash flows		Non-cash changes				
	Note	1 February 2018 $'000	Proceeds $'000	Repayments $'000	Interest expense $'000	Transfer to capital reserve $'000	Notional interest charged $'000	Foreign exchange movement $'000	31 January 2019 $'000
Loans from non-controlling interest shareholders of subsidiaries	22(b)	53,310	–	(9,939)	–	124	647	–	44,142
Advances from non-controlling interest of subsidiaries	22(b)	434	–	–	–	–	–	(34)	400
Bank borrowings	24	373,084	223,448	(156,400)	7,065	–	–	–	447,197

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

1 General information

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

The principal activities of the Group are those of property development, hotels and investment holding. The principal activities of the subsidiaries are disclosed in Note 16 to the financial statements.

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

2(a) Basis of preparation

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

This is the first set of the Group's financial statements in which SFRS(I) 16 *Leases* has been applied. The related changes are described in Note 2(b).

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

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

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

On 1 February 2019, the Group and the Company have adopted all the new and revised SFRS(I), SFRS(I) interpretations ("SFRS(I) INT") and amendments to SFRS(I), effective for the current financial year that are relevant to them. The adoption of these new and revised SFRS(I) pronouncements does not result in significant changes to the Group's and the Company's accounting policies and has no material effect on the amounts or the disclosures reported for the current or prior reporting periods, except as discussed below:

Reference	Description	Effective date (Annual periods beginning on or after)
SFRS(I) 16	Leases	1 January 2019
SFRS(I) INT 23	Uncertainty over Income Tax Treatments	1 January 2019
Annual Improvements to SFRS(I) 2015-2017 Cycle		
Amendments to SFRS(I) 1-23	Borrowing Costs Eligible for Capitalisation	1 January 2019

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

SFRS(I) 16 *Leases*

SFRS(I) 16 *Leases* supersedes SFRS(I) 1-17 *Leases*, SFRS(I) INT 4 *Determining whether an Arrangement contains a Lease*, SFRS(I) INT 1-15 *Operating Leases - Incentives* and SFRS(I) INT 1-27 *Evaluating the Substance of Transactions involving the Legal Form of a Lease*, and pronounces new or amended requirements with respect to lease accounting. For lessee accounting, SFRS(I) 16 introduces significant changes by removing the distinction between operating and finance lease and requiring the recognition of a right-of-use asset and a lease liability at commencement for all leases, except for short-term leases and leases of low-value assets when such recognition exemptions are adopted. For lessor accounting, the requirements have remained largely unchanged. The impact of the adoption of SFRS(I) 16 on the Group's and the Company's financial statements are discussed below.

The date of initial application of SFRS(I) 16 for the Group is 1 February 2019. The Group has elected the transition to SFRS(I) 16 using the cumulative catch-up approach which requires the Group to recognise lease liabilities at the present value of future lease payment using IBR applicable to the leased asset and to recognise right-of-use asset equal to their lease liabilities at the date of initial application without restatement of comparatives under SFRS(I) 1-17.

(a) Definition of a lease

The new definition of a lease under SFRS(I) 16 mainly relates to the concept of 'control' that determines whether a contract contains a lease on the basis of whether the customer has the right to control the use of an identified asset for a period of time in exchange for consideration, which is in contrast to the concept of 'risks and rewards' under SFRS(I) 1-17.

The Group has elected to apply the practical expedient available on transition to SFRS(I) 16 not to re-assess whether a contract is, or contains, a lease. Accordingly, the superseded definition of a lease under SFRS(I) 1-17 continues to be applied to those leases entered into, or modified, before 1 February 2019, and the Group applies the new definition of a lease and related guidance set out in SFRS(I) 16 only to those lease contracts entered into, or modified, on or after 1 February 2019. After the transition to SFRS(I) 16, the Group shall re-assess whether a contract is, or contains, a lease only if the terms and conditions of the contract are changed.

The new requirements for identifying a lease under SFRS(I) 16 do not change significantly the scope of contracts that will meet the definition of a lease for the Group.

(b) Lessee accounting

(i) Former operating leases

Before the adoption of SFRS(I) 16, the Group's non-cancellable operating lease payments in future reporting periods for leasehold properties and plant and equipment were not recognised as liabilities in the statement of financial position but were disclosed as commitments in the notes to the financial statements, and these lease payments were reported as rental expenses in profit or loss over the lease term on a straight-line basis and presented under operating activities in the statement of cash flows. Under SFRS(I) 16, the Group recognises right-of-use assets and lease liabilities in the statement of financial position for these outstanding lease payments, reports depreciation of right-of-use assets and interest expense on lease liabilities in profit or loss, and presents these lease payments as principal repayment and interest paid separately under financing activities and operating activities respectively in the statement of cash flows.

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

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

(b) Lessee accounting (Cont'd)

(i) Former operating leases (Cont'd)

The Group has elected, as a practical expedient of SFRS(I) 16, not to separate non-lease components from lease components for all classes of underlying assets and instead account for each lease component and any associated non-lease components as a single lease component, except if the non-lease component is an embedded derivative according to SFRS(I) 9.

For short-term leases and leases of low value assets, the Group has elected for exemption under SFRS(I) 16 from recognising their right-of-use assets and lease liabilities, and to report their lease expense in profit or loss on a straight-line basis.

On 1 February 2019, the Group has applied the following SFRS(I) 16 transition provisions under the cumulative catch-up approach for each lease, formerly classified as operating lease under SFRS(I) 1-17:

- recognises a lease liability at the present value of the remaining lease payments using the lessee's incremental borrowing rate for the underlying lease asset; and
- recognises a right-of-use asset, on a lease-by-lease basis:
  - for leasehold properties and plant and equipment, at an amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments relating to that lease recognised in the statement of financial position immediately before the date of initial application.

The Group has tested its right-of-use assets for impairment on the date of transition and has concluded that there is no indication that the right-of-use assets are impaired.

The Group has adopted the following SFRS(I) 16 practical expedients when applying the cumulative catch-up transition approach to leases formerly classified as operating lease under SFRS(I) 1-17:

- elects not to recognise the right-of-use asset and lease liability for a lease with lease term ending within twelve months of the date of initial application;
- excludes initial direct costs from the measurement of the right-of-use asset at the date of initial application; and
- uses hindsight for determining the lease term when the contract contains options to extend or terminate the lease.

(c) Lessor accounting

SFRS(I) 16 has not changed substantially how the Group as lessor accounts for leases, except when it is the intermediate lessor of sub-lease. The Group leases out its investment properties. The Group has classified these leases as operating leases.

The Group is not required to make any adjustments on transition to SFRS(I) 16 for leases in which it acts as a lessor, except for a sub-lease. There is no sub-lease for the Group.

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

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

(d) Deferred tax effects on adoption of SFRS(I) 16

In certain jurisdictions that the Group operates in, tax deductions are available only for the lease payments as they are paid, and no tax deduction is allowed for the leased asset depreciation or finance cost. On 1 February 2019, these tax circumstances give rise to temporary differences on initial recognition of both the right-of-use asset and lease liability. However, the deferred tax effects for these temporary differences, either initially or over the lease term, are not recognised due to application of the initial recognition exemption in SFRS(I) 1-12 *Income Taxes*, that explicitly excludes recognising the deferred tax effects arising from initial recognition of an asset or liability in a transaction which, at the time of the transaction, affects neither accounting profit nor taxable profit.

In July 2019, the International Accounting Standards Board ("IASB") decided to propose amendments to International Accounting Standard ("IAS") 12 *Income Taxes* which would narrow the scope of the initial recognition exemption in IAS 12 such that it would no longer apply when an entity recognises equal amount of deferred tax asset and deferred tax liability arising from the initial recognition of a right-of-use asset and a lease liability under IFRS 16 *Leases*. In November 2019, the public comment window had closed for the Exposure Draft on *Deferred Tax related to Assets and Liabilities arising from a Single Transaction* (Proposed amendments to IAS 12) issued by IASB. If implemented, an entity shall apply these amendments retrospectively. At the date of these financial statements, IASB has not issued these amendments to IAS 12 or any related IFRS pronouncements. Accordingly, no adjustment has been made by the Group in these financial statements in respect of this matter.

(e) Financial impact of initial application of SFRS(I) 16

The Group's weighted average incremental borrowing rate applied to measure the Group's and Company's lease liabilities recognised in the consolidated statement of financial position on 1 February 2019 is 3%.

A reconciliation of the differences between the Group's and the Company's operating lease commitments previously disclosed in the financial statements as at 31 January 2019 and the Group's and the Company's lease liabilities recognised in the statements of financial position on 1 February 2019 is as follows:

	The Group $'000	The Company $'000
Operating lease commitments as of 31 January 2019 [Note 45.1(a)]	**2,271**	**20**
Add/(Less):		
Exempted from recognition		
- Leases of low-value assets	**(39)**	**–**
- Leases with lease term ending within 12 months from the date of initial application	**(2)**	**–**
Extension options reasonably certain to be exercised	**1,075**	**–**
Discounting using incremental borrowing rate as at 1 February 2019	**(554)**	**(1)**
Lease liabilities recognised on 1 February 2019	**2,751**	**19**

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

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

(e) Financial impact of initial application of SFRS(I) 16 (Cont'd)

The effects of adoption of SFRS(I) 16 on the Group's and Company's financial statements as at 1 February 2019 are as follows:

	The Group Increase/ (Decrease) $'000	The Company Increase/ (Decrease) $'000
Assets		
Right-of-use assets	**2,751**	**19**
Liabilities		
Lease liabilities	**2,751**	**19**

There is no impact to the opening retained earnings as of 1 February 2019.

Amendments to SFRS(I) 1-23 *Borrowing Costs Eligible for Capitalisation*

The amendments clarify that if any specific borrowing remains outstanding after the related asset is ready for its intended use or sale, that borrowing becomes part of the funds that the Group borrows generally when calculating the capitalisation rate on general borrowings.

There is no impact to the Group's and the Company's financial statements.

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

The following are the new or amended SFRS(I) and SFRS(I) INT issued in 2019 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 References to the Conceptual Framework in SFRS(I)		1 January 2020
Amendments to SFRS(I) 3	Definition of a Business	1 January 2020
Amendments to SFRS(I) 1-1 and SFRS(I) 1-8	Definition of Material	1 January 2020

Amendments to References to the Conceptual Framework in SFRS(I)

The *Conceptual Framework for Financial Reporting* is the foundation on which new accounting standards are developed. The revised *Conceptual Framework* became effective immediately upon its publication in March 2018. The main changes to principles in the *Conceptual Framework* have implications for how and when assets and liabilities are recognised and de-recognised in the financial statements. Some entities may use the *Conceptual Framework* as a reference for selecting their accounting policies in the absence of specific SFRS(I) requirements. In these cases, the entities should review those policies and apply the new guidance retrospectively.

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

Amendments to References to the Conceptual Framework in SFRS(I) (Cont'd)

The *Amendments to References to the Conceptual Framework* in SFRS(I) are issued together with the revised *Conceptual Framework*. Some SFRS(I), their accompanying documents and SFRS(I) practice statements contain references to, or quotations from the *Conceptual Framework*. The *Amendments to References to the Conceptual Framework* in SFRS(I) Standards sets out amendments to SFRS(I), their accompanying documents and SFRS(I) practice statements to reflect the issue of the revised *Conceptual Framework*. These amendments, where they actually are updates, are effective for annual periods beginning on or after 1 January 2020, with early application permitted.

Amendments to SFRS(I) 3 Definition of a Business

On 11 March 2019, Accounting Standards Council Singapore ("ASC") issued the narrow-scope amendments to SFRS(I) 3 *Business Combinations* to improve the definition of a business. The amendments narrowed and clarified the definition of a business.

They also permit a simplified assessment of whether an acquired set of activities and assets is a group of assets rather than a business. The amendments will help companies determine whether an acquisition made is of a business or a group of assets.

The amendments to SFRS(I) 3 should apply for business combinations for which the acquisition date is on or after the beginning of the first annual reporting period beginning or after 1 January 2020, with earlier application permitted.

Amendments to SFRS(I) 1-1 and SFRS(I) 1-8 Definition of Material

The amendments are intended to make the definition of 'material' in SFRS(I) 1-1 easier to understand and are not intended to alter the underlying concept of materiality in SFRS(I). The concept of 'obscuring' material information with immaterial information has been included as part of the new definition. The threshold for materiality influencing users has been changed from 'could influence' to 'could reasonably be expected to influence'. The definition of 'material' in SFRS(I) 1-8 has been replaced by a reference to the definition of 'material' in SFRS(I) 1-1. In addition, the other SFRS(I) and the *Conceptual Framework*, which contain a definition of 'material' or refer to the term 'material', have been updated to ensure consistency.

The amendments to SFRS(I) 1-1 and SFRS(I) 1-8 are required to be applied for annual periods beginning on or after 1 January 2020. The amendments must be applied prospectively and earlier application is permitted.

In respect of the above amendments to SFRS(I), the Group and the Company are currently assessing the impact to their financial statements.

2(d) Significant accounting estimates and judgements

The preparation of the financial statements in conformity with SFRS(I) requires the use of judgements, estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the financial year. 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 significant judgement are described below.

2(d) Significant accounting estimates and judgements (Cont'd)

Significant judgements in applying accounting policies

Classification of properties (Notes 10, 17 and 18)

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

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

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

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

Joint ventures (Note 14)

The Group holds 25% to 49% ownership interest of its joint ventures recognised in the consolidated accounts using the equity method in accordance with the percentage owned. Management has assessed that the holdings are joint arrangements as there are contractual arrangement with the parties resulting in the Group having joint control. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require the unanimous consent of the parties sharing control. As the joint arrangements provide the Group with rights to the net assets of the arrangements, the arrangements are joint ventures to the Group. Further details are disclosed in Note 14 to the financial statements.

Significant influence over Binakawa Sdn. Bhd. (Note 15)

In Note 15 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 15 to the financial statements. The Group has significant influence, being the power to participate in the financial and operating policy decisions of Binakawa Sdn. Bhd. (but not control or joint control).

Transfer from development properties (Note 10) to investment properties (Note 17)

From time to time, the Group transfers some of its properties held under development properties to investment properties arising from a change in use of property. In determining the amount of the properties to be classified as investment properties, the Group has consistently used the change of use and financial means test to evaluate whether the Group has the ability to retain these properties as the main criteria for the reclassification. On the date of the reclassification to investment properties, the property is measured at fair value and the fair value is assessed by an independent firm of professional valuers. Any difference between the fair value of the property at that date and its previous carrying amount is recognised in profit or loss. The transfer from development properties to investment properties during the financial year is disclosed in Note 10 to the financial statements.

The carrying amount of investment properties is disclosed in Note 17 to the financial statements.

2(d) Significant accounting estimates and judgements (Cont'd)

Significant judgements in applying accounting policies (Cont'd)

Income tax (Notes 19 and 35)

The Group has exposures to income taxes in several jurisdictions. Significant judgement is involved in determining the group-wide provision for income taxes. There are certain transactions and computations for which the ultimate tax determination is uncertain during the ordinary course of business. The Group recognises liabilities for expected tax issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recognised, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made.

Determination of the lease term

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

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

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

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

Critical accounting estimates and assumptions used in applying accounting policies

Impairment of financial assets [Notes 6, 7(a), 12, 13 and 22(a)]

The Group assesses on a forward-looking basis the expected credit losses ("ECL") associated with its debt instrument assets carried at amortised cost. ECL are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

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

2(d) Significant accounting estimates and judgements (Cont'd)

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

Impairment of financial assets [Notes 6, 7(a), 12, 13 and 22(a)] (Cont'd)

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

The Group considers a financial asset in default when contractual payments are 90 days due. However, in certain cases, the Group may also consider a financial asset to be in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

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

If the expected credit losses increase/decrease by 10% from management estimates, the carrying amounts of the financial assets of the Group and the Company will decrease/increase by approximately $24,000 and $4,000 (2019 - $26,000 and $8,000) respectively.

The carrying amount of the Group's and the Company's financial assets at the end of the reporting period is disclosed in Notes 6, 7(a), 12, 13 and 22(a) to the consolidated financial statements.

Impairment of non-financial assets [Notes 8(b), 11, 14, 15, 16, 17 and 18]

An impairment exists when the carrying value of an asset or cash-generating unit exceeds its recoverable amount, which is the higher of its fair value less costs of disposal and its value-in-use. The fair value less costs of disposal 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 three or five years and do not include restructuring activities that the Group is not yet committed to or significant future investments that will enhance the asset's performance of the cash-generating unit being tested.

During the year, the Group performed an impairment assessment of the serviced apartments at Citadines Balestier and Lyf @ Farrer which are classified as property, plant and equipment.

During the financial year, a firm of independent professional valuers valued Citadines Balestier and Lyf @ Farrer to be $164,132,000 (2019 - $163,425,000) and $148,680,000 (2019 - $115,432,000) respectively, based on the properties' highest-and-best use fair value using the Direct Comparison Method, Income Capitalisation Method and Residual Value Method. Based on the assessment, there was a reversal of impairment amounting to $14,929,000 recorded for the financial year ended 31 January 2020. If the reversal of impairment increases/decreases by 10%, the profit will decrease/increase by $1,493,000 (2019 - $Nil). Construction for Citadines Balestier is completed (2019 - 88%) and for Lyf @ Farrer is 74% (2019 - 13%) completed as at 31 January 2020.

2(d) Significant accounting estimates and judgements (Cont'd)

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

Impairment of non-financial assets [Notes 8(b), 11, 14, 15, 16, 17 and 18] (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 (2019 - $Nil) for property, plant and equipment.

Further details are disclosed in Notes 8(b), 11, 14, 15, 16, 17 and 18 to the consolidated financial statements.

Net realisable value of development properties (Note 10)

Development properties in the course of development and completed properties are stated at lower of cost and estimated net realisable value. When it is probable that the total development costs will exceed the total projected revenue, the amount in excess of net realisable value is recognised as an expense immediately. The process of evaluating the net realisable value of each property is subject to management judgement and the effect of assumptions in respect of development plans, timing of sale and the prevailing market conditions. Management performs cost studies for each development property, taking into account the costs incurred to date, the development status and costs to complete. Any future variation in plans, assumptions and estimates can potentially impact the carrying amounts of the respective properties. The carrying amount of the Group's development properties, including any write down to net realisable value, is disclosed in Note 10. In FY 2020 and FY 2019, an increase of 5% in total projected development costs will not lead to any allowance for diminution in value required for the Group's development properties.

Estimation of the incremental borrowing rate ("IBR") [Notes 11 and 39(a)]

For the purpose of calculating the right-of-use asset and lease liability, an entity applies the interest rate implicit in the lease ("IRIIL") and, if the IRIIL is not readily determinable, the entity uses its IBR applicable to the lease asset. The IBR is the rate of interest that the entity would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment. For most of the leases whereby the Group and the Company are the lessee, the IRIIL is not readily determinable. Therefore, the Group and the Company estimate the IBR relevant to each lease asset by using observable inputs (such as market interest rate and asset yield) when available, and then making certain lessee specific adjustments (such as a group entity's credit rating). The carrying amount of the Group's and the Company's right-of-use assets and lease liabilities are disclosed in Notes 11 and 39(a) respectively. An increase/decrease of 50 basis points in the estimated IBR will decrease/increase the right-of-use assets and lease liabilities by approximately $68,000 and $64,000 at the Group level and no significant change at the Company level.

Impairment of investments in subsidiaries (Note 16)

Determining whether investments 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 investments 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 $1,094,000 (2019 - $1,093,000). The carrying amount of the investments in subsidiaries is disclosed in Note 16 to the financial statements.

2(d) Significant accounting estimates and judgements (Cont'd)

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

Depreciation of investment properties (Note 17)

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 2020 are $318,798,000 (2019 - $271,188,000) and $18,016,000 (2019 - $18,215,000) 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 $317,000 (2019 - $270,000) higher or $387,000 (2019 - $330,000) lower and approximately $18,000 (2019 - $18,000) higher or $22,000 (2019 - $22,000) lower, respectively.

Depreciation of property, plant and equipment (Note 18)

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 2020 are $289,401,000 (2019 - $255,972,000) and $2,572,000 (2019 - $5,392,000) respectively. Changes in the expected level of usage and technological developments could impact the economic useful lives and the residual values of these assets, therefore future depreciation charges could be revised.

If the actual useful lives of property, plant and equipment differ by 10% from management's estimates, the carrying amounts of the property, plant and equipment of the Group and the Company will be approximately $251,000 (2019 - $162,000) higher or $307,000 (2019 - $198,000) lower and approximately $36,000 (2019 - $38,000) higher or $44,000 (2019 - $46,000) lower respectively.

Deferred tax assets (Note 19)

The Group reviews the carrying amount of deferred tax assets at the end of each reporting period. Deferred tax assets are recognised to the extent that it is probable that future taxable income will be available against which the temporary differences can be utilised. This involves judgement regarding future financial performance of the particular legal entity or tax group in which the deferred tax asset has been recognised. Management has assessed that it is reasonable to recognise deferred tax assets based on probable future taxable income. The carrying amount of the Group's deferred tax assets is disclosed in Note 19. In the financial year ended 31 January 2020, a decrease of 10% in the probable future taxable income will not affect the amount of deferred tax assets recognised.

COVID-19

An outbreak of Coronavirus Disease 2019 ("COVID-19") reported initially in China on 31 December 2019 has continued to spread to various regions around the world, including Australia, Malaysia and Singapore where the Group primarily operates in. Many countries have taken measures to prevent transmission of the virus, such as limiting movement of people, restricting flights and other travel, temporarily closing businesses and schools, and cancelling events. These measures affect supply chains and production of goods throughout the world and the lower economic activities result in reduced demand for many goods and services. While it is currently impracticable to estimate the full impact of the COVID-19 outbreak, there is a heightened level of estimation uncertainty at the reporting date in the assumptions made about the future, including but not limited to, net realisable value of development properties and impairment of property, plant and equipment, that may result in a material adjustment within the next financial period.

2(e) Summary of significant accounting policies

Consolidation

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries as at the end of the reporting period. The financial statements of the subsidiaries used in the preparation of the consolidated financial statements are prepared for the same reporting date as the Company. Consistent accounting policies are applied to like transactions and events in similar circumstances. Information on its subsidiaries is given in Note 16 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.

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

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

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

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

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

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

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

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

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

Consolidation (Cont'd)

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

- the size of the Group's holding of voting rights relative to the size and dispersion of holdings of the other vote holders;
- potential voting rights held by the Group, other vote holders or other parties;
- rights arising from other contractual arrangements; and
- any additional facts and circumstances that indicate the Group has, or does not have, the current ability to direct the relevant activities at the time that decisions need to be made, including voting patterns at previous shareholders' meetings.

<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 SFRS(I)s). The fair value of any investment retained in the former subsidiary at the date when the control is lost is regarded as the fair value on the initial recognition for subsequent accounting under SFRS(I) 9, when applicable, the cost on initial recognition of an investment in an associate or a joint venture.

<u>Acquisitions</u>

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

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

Acquisition-related costs are expensed as incurred.

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

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

Consolidation (Cont'd)

Acquisitions (Cont'd)

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

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

Disposals

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

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

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

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

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.

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

Investment properties (Cont'd)

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

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

No depreciation is provided on assets under construction.

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

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

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

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

Investments in subsidiaries

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

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

Investments in associates

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

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

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

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

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

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

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

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

Upon loss of significant influence 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.

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

Investments in associates (Cont'd)

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

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

Joint arrangements

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

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

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

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

Joint ventures

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

The Group recognises its interest in a joint venture as an investment and accounts for the investment using the equity method from the date on which it becomes a joint venture. On acquisition of the investment, any excess of the cost of the investment over the Group's share of the net fair value of the investee's identifiable assets and liabilities represents goodwill and is included in the carrying amount of the investment. Any excess of the Group's share of the net fair value of the investee's identifiable assets and liabilities over the cost of the investment is included as income in the determination of the entity's share of the associate or joint venture's profit or loss in the period in which the investment is acquired.

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

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

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

Joint arrangements (Cont'd)

Joint ventures (Cont'd)

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

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

Leases (from 1 February 2019)

(i) The Group as lessee

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

(a) Lease liability

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

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

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

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

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

Leases (from 1 February 2019) (Cont'd)

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

(a) Lease liability (Cont'd)

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

The lease liabilities are presented as a separate line item in the statements of financial position.

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

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

- the lease term has changed or there is a significant event or change in circumstances resulting in a change in the assessment of exercise of a purchase option, in which case the lease liability is re-measured by discounting the revised lease payments using a revised discount rate;
- the lease payments change due to changes in an index or rate or a change in expected payment under a guaranteed residual value, in which cases the lease liability is re-measured by discounting the revised lease payments using the initial discount rate (unless the lease payments change is due to a change in a floating interest rate, in which case a revised discount rate is used); or
- a lease contract is modified and the lease modification is not accounted for as a separate lease, in which case the lease liability is re-measured by discounting the revised lease payments using a revised discount rate at the effective date of the modification.

(b) Right-of-use asset

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

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

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

Leases (from 1 February 2019) (Cont'd)

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

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

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

Equipment	Over remaining tenure of lease
Leasehold properties	Over remaining tenure of lease

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

The right-of-use assets are presented as a separate line item in the statements of financial position.

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

(ii) The Group as lessor

Generally, the accounting policies applicable to the Group as a lessor in the comparative period were not different from SFRS(I) 16, except when the Group is an intermediate lessor and the sub-lease is assessed as a finance lease.

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

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

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

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

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

Leases (before 1 February 2019)

Where the Group is the lessee

<u>Operating leases</u>

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

<u>Operating leases</u>

Assets leased out under operating leases are included in investment properties and are stated at cost less accumulated depreciation and accumulated impairment losses, if any. Rental income (net of any incentives given to the lessees) is recognised on a straight-line basis over the lease term.

Financial assets

Classification and measurement

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

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

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

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

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

<u>At initial recognition</u>

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

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 January 2020

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

Financial assets (Cont'd)

At subsequent measurement

Debt instruments

Debt instruments mainly comprise of cash and cash equivalents, bank deposits pledged, trade and other receivables, contract assets and other investments at amortised cost.

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

Equity investments

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

Impairment

The Group assesses on a forward-looking basis the expected credit losses associated with its debt financial assets carried at amortised cost. The impairment methodology applied depends on whether there has been a significant increase in credit risk. Note 42.5 details how the Group determines whether there has been a significant increase in credit risk.

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

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

Recognition and de-recognition

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

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

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

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

Contract assets

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

Contract costs

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

Contract liabilities

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

Trade receivables

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

Inventories

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

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

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

Development properties

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

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

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

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

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

Development properties (Cont'd)

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.

This includes land held for future development.

Sold development properties

Revenue and cost on development properties that have been sold are recognised using the percentage of completion method. The stage of completion is measured by reference to the development costs incurred to-date to the estimated total costs for the property. When it is probable that the total development costs will exceed the total revenue, the expected loss is recognised as an expense immediately.

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

Cash and cash equivalents

Cash and cash equivalents comprise cash balances and bank deposits which are readily convertible to cash and which are subject to an insignificant risk of changes in value. Cash and cash equivalents include fixed deposits which are not pledged and mature 3 months or less from the end of the reporting period.

Share capital

Ordinary shares are classified as equity.

Financial liabilities

Initial recognition and measurement

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

Trade and other payables

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

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

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

Financial guarantees

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

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

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

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

Borrowings

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

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

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

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

Finance costs

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

Offsetting of financial instruments

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

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

Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Present obligations arising from onerous contracts are recognised as provisions.

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

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

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

If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, where appropriate, the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of the time is recognised as finance costs.

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

(i) Defined contribution plans

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

(ii) Employee leave entitlements

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

(iii) 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.

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

Income taxes

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

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

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

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

Deferred income tax is measured:

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

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

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

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

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.

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

Impairment of non-financial assets (Cont'd)

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 of disposal and value-in-use, based on an internal discounted cash flow evaluation. All assets are subsequently re-assessed 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 profit or loss, a reversal of that impairment loss is recognised as income in profit or loss.

Revenue recognition

Hotel management services

Fees from hotel management services are recognised when services are rendered at a point in time.

Revenue from hotel and restaurant operations

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

Revenue from property development – sale of development properties

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

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

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

Revenue recognition (Cont'd)

Revenue from property development – sale of development properties (Cont'd)

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

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

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

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

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

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

Interest income

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

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

Revenue recognition (Cont'd)

Dividend income

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

Revenue from property investments – rental income

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

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 investments 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 profit or loss 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.

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

Conversion of foreign currencies (Cont'd)

<u>Group entities</u>

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 the reporting period;

(ii) Income and expenses for each statement presenting profit or loss and other comprehensive income 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 currency translation reserve.

Dividends

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

Interim dividends, if any, are simultaneously proposed and declared, because 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;

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

Related parties (Cont'd)

A related party is defined as follows (Cont'd):

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

(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.

Operating segments

For management purposes, operating segments are organised based on their products and services which are independently managed by the respective segment managers responsible for the performance of the respective segments under their charge. The segment managers are directly accountable to the Executive Chairman and the Managing Director who regularly review the segment results in order to allocate resources to the segments and to assess segment performance.

Earnings per share

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

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

Financial instruments

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

Disclosures on financial risk management objectives and policies are provided in Note 42.

3 Cash and cash equivalents

	The Group		The Company	
	2020	2019	**2020**	2019
	$'000	$'000	**$'000**	$'000
Cash	**13**	28	**6**	6
Bank balances	**35,627**	27,602	**11,885**	8,139
	35,640	27,630	**11,891**	8,145
Fixed deposits				
(maturity of less than three months)	**23,837**	88,629	**5,277**	66,799
	59,477	116,259	**17,168**	74,944

Cash and cash equivalents are denominated in the following currencies:

	The Group		The Company	
	2020	2019	**2020**	2019
	$'000	$'000	**$'000**	$'000
Singapore dollar	**42,720**	80,950	**10,897**	53,928
Australian dollar	**7,699**	10,891	**4,051**	3,492
Malaysian Ringgit	**1,197**	1,071	**128**	71
Chinese Renminbi	**5,768**	5,894	**–**	–
United States dollar	**2,093**	17,453	**2,092**	17,453
	59,477	116,259	**17,168**	74,944

The Group

The fixed deposits earn an effective interest rate of 1.52% (2019 - 2.01%) per annum which mature on varying dates between the earliest, 3 February 2020 (2019 - 1 February 2019) and the latest, 30 April 2020 (2019 - 30 April 2019).

The Company

The fixed deposits earn an effective interest rate of 1.03% (2019 - 2.02%) per annum which mature on varying dates between the earliest, 4 February 2020 (2019 - 1 February 2019) and the latest, 18 March 2020 (2019 - 30 April 2019).

Fixed deposits that are not pledged and mature less than 3 months from the end of the reporting period are classified as part of cash and cash equivalents.

4 Fixed deposits

The Group

Included in fixed deposits of $9,116,000 (2019 - $9,051,000) is a fixed deposit of $3,600,000 (2019 - $3,600,000) of a subsidiary pledged as security for bank borrowings of $171,660,000 (2019 - $178,860,000) granted to the said subsidiary (Note 24) and a fixed deposit of $3,793,000 (2019 - $3,720,000) pledged as cash collateral for Qualifying Certificate Bond for a development project.

The fixed deposits earn interest at an effective interest rate of 1.52% (2019 - 1.71%) per annum and mature on 29 April 2020 (2019 - 29 April 2019), being the earliest date and 30 December 2020 (2019 - 30 December 2019), being the latest date.

Fixed deposits are denominated in the following currencies:

The Group	**31 January 2020 $'000**	31 January 2019 $'000
Singapore dollar	**7,393**	7,320
Chinese Renminbi	**1,723**	1,731
	9,116	9,051

5 Financial assets at FVPL

The Group	**31 January 2020 $'000**	31 January 2019 $'000
Listed equity securities – Singapore		
Balance at beginning of year	**5,156**	5,949
Disposals	**(5,715)**	–
Fair value gain/(loss) recognised in consolidated profit or loss [Note 30(a),32,34]	**559**	(793)
Balance at end of year	**–**	5,156

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

The Group has reviewed its policy of classification and determined that these equity investments will be sold from time to time to realise capital appreciation or for liquidity management. Accordingly, these equity financial instruments will remain as financial assets at fair value through profit or loss in accordance with SFRS(I) 9 based on the Group's business model.

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

6 Trade and other receivables

The Group	Note	**31 January 2020 $'000**	31 January 2019 $'000
Due within one year			
Trade receivables			
Trade receivables		**2,180**	8,899
Accrued rental income		**117**	203
Accrued billings		**86**	77
		2,383	9,179
Loss allowance of trade receivables			
Balance at beginning of year		**(169)**	(88)
Allowance during the year	32,34	**(17)**	(81)
Balance at end of year		**(186)**	(169)
Net trade receivables	(i)	**2,197**	9,010
Other receivables			
GST receivable		**61**	–
Interest receivable			
- Unquoted junior bonds		**1,400**	1,336
- Banks		**20**	93
		1,420	1,429
Amount owing by joint ventures		**542**	–
Deposits		**95**	36,324
Prepayments		**923**	12,529
Recoverable expenses		**1,319**	49
Sundry debtors		**73**	1,250
		4,433	51,581
Loss allowance of other receivables			
Balance at beginning of year		**(89)**	(88)
Allowance during the year	32,34	**–**	(1)
Allowance no longer required	30(a),34	**32**	–
Balance at end of year		**(57)**	(89)
Net other receivables	(ii)	**4,376**	51,492
Total	(i) + (ii)	**6,573**	60,502
Due after one year			
Accrued rental income	(iii)	**260**	157
Grand total	(i) + (ii) + (iii)	**6,833**	60,659

6 Trade and other receivables (Cont'd)

The Company	Note	31 January 2020 $'000	31 January 2019 $'000
Due within one year			
Trade receivables			
Trade receivables		**392**	–
Accrued rental income		**2**	21
Retention money – Subsidiaries		**822**	2,606
	(i)	**1,216**	2,627
Other receivables			
GST receivable		**54**	–
Interest receivable – Banks		**4**	86
Deposits		**48**	58
Prepayments		**117**	103
Sundry debtors		**1,284**	1,282
		1,507	1,529
Loss allowance of other receivables			
Balance at beginning of year		**(76)**	(76)
Allowance no longer required		**32**	–
Balance at end of year		**(44)**	(76)
Net other receivables	(ii)	**1,463**	1,453
Total	(i) + (ii)	**2,679**	4,080

Trade and other receivables are denominated in the following currencies:

	The Group		The Company	
	2020	2019	**2020**	2019
	$'000	$'000	**$'000**	$'000
Singapore dollar	**5,279**	59,381	**2,675**	4,080
Australian dollar	**1,546**	971	**4**	–
Malaysian Ringgit	**5**	4	**–**	–
Chinese Renminbi	**3**	303	**–**	–
	6,833	60,659	**2,679**	4,080

As at 1 February 2018, the Group's and the Company's gross trade receivables from contracts with customers amounted to $3,542,000 and $Nil respectively.

All loans and receivables are subject to credit risk exposure where the credit terms are generally between 30 days and 90 days (2019 - 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 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.

6 Trade and other receivables (Cont'd)

The trade receivables ageing are generally between 30 days and 90 days (2019 - 30 days and 90 days).

Accrued rental income is the rental for the free fit out period to be amortised over the lease term.

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

Interest receivable from unquoted junior bonds of $1,400,000 (2019 - $1,336,000) is at an effective interest rate of 7.44% (2019 - 7.44%) per annum.

In prior year, deposits represent mainly tender deposit from the acquisition of 69 Cairnhill Road.

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

The Company	**31 January 2020 $'000**	31 January 2019 $'000
Amount owing by subsidiaries (non-trade)	**11,898**	17,894
Loss allowance on amount owing by subsidiaries (non-trade)		
Balance at beginning of year	**(8,634)**	–
Allowance during the year	**(740)**	(8,634)
Balance at end of year	**(9,374)**	(8,634)
	2,524	9,260

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

An impairment of $740,000 (2019 - $8,634,000) had been provided for amount owing by subsidiaries due to significant increase in credit risk as the subsidiary had been suffering financial losses for the current and previous financial years. These receivables are not secured by any collateral or credit enhancements.

The non-trade amount owing by subsidiaries are denominated in Singapore dollar.

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

The non-trade amount of $11,508,000 (2019 - $67,945,000) owing to subsidiaries represent advances, which are unsecured and interest-free. They are repayable on demand.

The non-trade amount owing to subsidiaries are denominated in the following currencies:

The Company	**31 January 2020 $'000**	31 January 2019 $'000
Singapore dollar	**10,345**	66,796
Malaysian Ringgit	**1,163**	1,149
	11,508	67,945

8(a) Contract assets

	The Group			The Company		
	31 January		1 February	31 January		1 February
	2020	2019	2018	**2020**	2019	2018
	$'000	$'000	$'000	**$'000**	$'000	$'000
Contract assets	**2,497**	3,133	10,345	**2,202**	2,676	2,288

The Company

The contract assets relate primarily to the Company's right to recognise revenue for percentage of work completed but not yet billed at the reporting date on its property construction contracts. Upon fulfilling certain agreed performance milestones with customers or commissioning and handing over of projects to customers, the amounts recognised as contract assets are reclassified to trade receivables when the rights become unconditional. The contract assets balance decreased due to lesser work done and lower unbilled amounts in current financial year. The information regarding the credit risk exposures are disclosed in Note 42.5.

The Group

The contract assets relate primarily to the Group's right to recognise revenue for percentage of work completed but not yet billed at the reporting date on its development properties sold that is recognised over time. The contract assets balance decreased due to lesser work done and lower unbilled amounts in current financial year.

Unsatisfied performance obligations

	The Group		The Company	
	2020	2019	**2020**	2019
	$'000	$'000	**$'000**	$'000
Aggregate amount of the transaction price allocated to contracts that are partially or fully unsatisfied as at 31 January	**9,560**	–	**64**	4,188

Management expects that 100% of the transaction price allocated to the unsatisfied performance obligations as of 31 January 2020 will be recognised as revenue in Q4 FY 2022.

8(b) Contract costs

	31 January 2020	31 January 2019
The Group	**$'000**	$'000
Costs to obtain sales contracts for development properties		
Balance at beginning of year	**–**	–
Addition	**548**	–
Amortisation	**(250)**	–
Balance at end of year	**298**	–

8(b) Contract costs (Cont'd)

As at 1 February 2018, the Group does not have any contract costs.

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

Amortisation of contract costs amounting to $250,000 (2019 - $Nil) are recognised within "Distribution costs" in consolidated profit or loss. There has been no impairment loss recognised on the contract costs asset in 2020 and 2019.

8(c) Contract liabilities

The Group	**31 January 2020 $'000**	31 January 2019 $'000
Consideration billed in advance to purchasers of development properties	**389**	–

As at 1 February 2018, the Group does not have any contract liabilities.

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

The Group	**31 January 2020 $'000**	31 January 2019 $'000
Aggregate amount of transaction price allocated to contracts that are partially or fully unsatisfied as at end of financial year:		
- Development properties under construction	**4,545**	–
Transaction price allocated to unsatisfied performance obligations as at end of financial year may be recognised as revenue in the next reporting periods as follows:		
- Year 2021	**–**	–
- Year 2022	**4,545**	–
- Year 2023	**–**	–

9 Inventories

The Group	**31 January 2020 $'000**	31 January 2019 $'000
At cost:		
Hotel supplies	**215**	208
Restaurant supplies	**163**	144
	378	352
Cost of inventories included in cost of sales	**2,056**	1,957

10 Development properties

The Group	Note	**31 January 2020 $'000**	31 January 2019 $'000
Properties in the course of development:			
- Land and other related costs		**643,191**	254,877
- Development costs		**27,944**	12,499
		671,135	267,376
Transfer to investment properties	17	**(51,802)**	–
Transfer to property, plant and equipment	18	**(6,435)**	–
		612,898	267,376
Cost of development properties included in cost of sales		**7,570**	118,044

Development properties of the Group have operating cycles longer than one year. Development properties are classified as current assets as they are intended for sale in the Group's normal operating cycle. Development properties amounting to $526,527,000 (2019 - $259,806,000) are expected to be recovered after more than 12 months from the reporting date.

Interest costs of $8,946,000 (2019 - $4,408,000) have been capitalised up to the point of revenue recognition during the financial year ended 31 January 2020 at effective interest rates ranging from 2.63% to 2.89% (2019 - 2.71% to 3.26%) per annum based on actual borrowing costs. The interest costs capitalised consist of $1,570,000 (2019 - $2,790,000) and $7,376,000 (2019 - $1,618,000) allocated to property, plant and equipment and development properties respectively.

10 Development properties (Cont'd)

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

	Name/Location	Description of development	Tenure/ Group's interest in property	Site area (sq. metres)	Estimated gross floor area (sq. metres)	Stage of completion/ Expected date of TOP
(1)	2 Perumal Road Uptown @ Farrer Singapore	Mixed commercial and residential development with a block of 21-storey residential flats (116 units), 1 block of 16-storey serviced apartments (240 units) and a 3-storey carpark podium with 7 commercial shops at 1st storey	99 years Leasehold land/100%	3,848	9,693	46% Q4 FY 2022
(2)	67 & 69 Cairnhill Road Singapore	A 36-storey residential development (138 units) with carpark, pool and communal facilities	Freehold land/100%	5,844	21,890	0% Q3 FY 2024

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

During the year, the Group had completed the acquisition of 69 Cairnhill Road. The Group intends to amalgamate 67 and 69 Cairnhill Road and redevelop the combined site into a high-end residential condominium.

Notes:

(1) During the financial year, a firm of independent professional valuers, Savills Valuation & Professional Services (S) Pte. Ltd. valued the property under development to be $330,400,000 (2019 - $245,600,000) as at 31 January 2020 based on the property's highest-and-best use fair value of a mixed commercial cum serviced apartments development using the Direct Comparison Method and Residual Value Method. The amount consists of $148,680,000 (2019 - $115,432,000) and $181,720,000 (2019 - $130,168,000) allocated to property, plant and equipment and development property respectively. Construction for Uptown @ Farrer is 46% completed as at 31 January 2020 (2019 - 13% completed).

(2) During the financial year, a firm of independent professional valuers, Savills Valuation & Professional Services (S) Pte. Ltd. valued the land cost of the property under development to be $465,000,000 (2019 - $100,000,000) as at 31 January 2020 based on the land's fair value of using the Direct Comparison Method and Residual Value Method.

As at the end of reporting period, the development properties have been pledged to financial institutions to secure bank borrowings (Note 24).

11 Right-of-use assets

	Note	Equipment $'000	Leasehold properties $'000	Total $'000
The Group				
Cost				
Adoption of SFRS(I) 16:				
- Initial recognition	2(b)(e)	29	2,722	2,751
- Reclassification from property, plant and equipment	18	–	8,180	8,180
At 1 February 2019		**29**	**10,902**	**10,931**
Additions		**30**	**29**	**59**
Exchange translation difference		**–**	**(94)**	**(94)**
At 31 January 2020		**59**	**10,837**	**10,896**
Accumulated depreciation				
Adoption of SFRS(I) 16:				
- Initial recognition	2(b)	–	–	–
- Reclassification from property, plant and equipment	18	–	2,448	2,448
At 1 February 2019		**–**	**2,448**	**2,448**
Depreciation	34	**12**	**495**	**507**
Exchange translation difference		**–**	**(2)**	**(2)**
At 31 January 2020		**12**	**2,941**	**2,953**
Net book value				
At 31 January 2020		**47**	**7,896**	**7,943**
At 1 February 2019		29	8,454	8,483
The Company				
Cost				
Adoption of SFRS(I) 16:				
- Initial recognition	2(b)(e)	19	–	19
- Reclassification from property, plant and equipment	18	–	4,009	4,009
At 1 February 2019		**19**	**4,009**	**4,028**
Additions		**9**	**–**	**9**
At 31 January 2020		**28**	**4,009**	**4,037**
Accumulated depreciation				
Adoption of SFRS(I) 16:				
- Initial recognition	2(b)	–	–	–
- Reclassification from property, plant and equipment	18	–	1,399	1,399
At 1 February 2019		**–**	**1,399**	**1,399**
Depreciation		**9**	**43**	**52**
At 31 January 2020		**9**	**1,442**	**1,451**
Net book value				
At 31 January 2020		**19**	**2,567**	**2,586**
At 1 February 2019		19	2,610	2,629

11 Right-of-use assets (Cont'd)

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

	Location	Description	Area (sq. metres)	Tenure	The Group's effective equity interest
	No. 1 St George's Terrace Perth, Western Australia Australia	Hotel parking and entrance forecourt	941	21 years lease commencing 1 January 2018	75%
	Block C, #01-30 30 Victoria Street CHIJMES, Singapore	Restaurant premises	140	5 years lease commencing 1 February 2018	100%
(1)	80 Marine Parade Road, 18th Floor of Parkway Parade, Singapore	8 office units	890	99 years lease commencing 17 August 1979	100%
(2)	60 Paya Lebar Road, 4th Floor of Paya Lebar Square, Singapore	1 office unit	123	99 years lease commencing 25 July 2011	100%

Notes:

(1) The Directors of the Company estimated the fair value as at 31 January 2020 to be $15,635,000 for these 8 office units located at 80 Marine Parade Road based on the properties' highest-and-best use using the current market trend and with reference to indicative prices for similar office units in the area.

(2) During the financial year, a firm of independent professional valuers, Savills Valuation & Professional Services (S) Pte. Ltd. valued the office unit located at 60 Paya Lebar Road to be $2,740,000 based on the property's highest-and-best use using the Direct Comparison Method and with reference to indicative prices for similar office units in the area.

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

Information about the Group's leasing activities are disclosed in Note 39(b)(i).

12 Financial assets at FVOCI

	The Group		The Company	
	2020	2019	**2020**	2019
	$'000	$'000	**$'000**	$'000
Balance at beginning of year	**35,258**	50,810	**1,661**	1,730
Disposals	**(24,755)**	(7,870)	**–**	–
Fair value gain/(loss) recognised in other comprehensive income/(expense) (Note 27)	**2,182**	(7,682)	**(690)**	(69)
Balance at end of year, at fair value	**12,685**	35,258	**971**	1,661

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

During the financial year, the Group disposed certain listed equity securities as these investments were no longer aligned with the Group's long-term investment strategy. These investments had a fair value of $24,755,000 (2019 - $7,870,000) at the date of disposal, and the cumulative gain on disposal amounted to $8,386,000 (2019 - $1,874,000) net of tax. The cumulative gain on disposal was reclassified from fair value reserve to retained profits [Notes 26(b) and 27].

13 Other investments at amortised cost

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 foot based on the existing net lettable area of 674,000 square feet. AXA Tower is a 99 years leasehold property with its lease commencement on 19 July 1982. 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 which is managed by PSI. 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. The unquoted junior bonds are expected to mature in a single lump sum in 2025, subject to the inclination of disposing of AXA Tower property should there be possible business opportunities arisen. In respect of the financial year ended 31 January 2020, the effective interest rate of bonds is 7.44% (2019 - 7.44%) per annum.

14 Joint ventures

	Note	The Group 2020 $'000	The Group 2019 $'000	The Company 2020 $'000	The Company 2019 $'000
Contributions made towards joint ventures:					
- Joint ventures		**1,454**	1,853	**1,453**	1,853
- Exchange fluctuation difference		**(109)**	(115)	**–**	–
Discount implicit in non-current loans to joint ventures		**22,603**	22,603	**22,603**	22,603
Amounts owing by joint ventures (non-trade):					
- Interest-free		**10,213**	9,883	**10,213**	9,883
- Exchange fluctuation difference		**114**	(295)	**114**	(295)
		34,275	33,929	**34,383**	34,044
Share of (accumulated losses)/retained profits in joint ventures		**(18,867)**	(14,699)	**5,107**	5,107
Exchange fluctuation difference		**(132)**	(131)	**–**	–
Impairment loss on joint ventures:					
Balance at beginning and end of year		**–**	–	**(15,210)**	(15,210)
	(i)	**15,276**	19,099	**24,280**	23,941
Non-interest bearing loans owing by joint ventures (non-trade):					
- Non-interest bearing loans		**59,945**	59,945	**59,945**	59,945
- Notional interest on loans		**14,573**	11,165	**14,573**	11,165
		74,518	71,110	**74,518**	71,110
Impairment loss on joint ventures:					
Balance at beginning and end of year		**–**	–	**(1,888)**	(1,888)
	(ii)	**74,518**	71,110	**72,630**	69,222
Total	(i) + (ii)	**89,794**	90,209	**96,910**	93,163
Share of results in joint ventures, net of tax		**(3,650)**	2,483	**–**	–
Dividend received from joint ventures		**518**	1,379	**518**	1,379

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

14 Joint ventures (Cont'd)

Non-interest bearing loans

Interest is imputed on the non-interest bearing loans. A discount rate of 5% (2019 - 5%) 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, 13 October 2022, being the earliest date and 29 March 2023 (2019 - 13 October 2022, being the earliest date and 29 March 2023), 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.

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

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
			2020	2019		
			%	%		
	Held by the Company					
(1),(6)	Peak Garden Pte. Ltd.	Singapore	**–**	40	Liquidated	31 December
(2)	Bina Meganmas Sdn. Bhd.	Malaysia	**49**	49	To build bungalow lots at Bandar Seri Alam, Johor	–
(3),(7)	Promatik Emas Sdn. Bhd.	Malaysia	**25**	25	Developed Panaroma, a parcel of land at Persiaran Hampshire, Kuala Lumpur	31 December
(4)	Westgate Tower Pte. Ltd.	Singapore	**40**	40	Property investment	–
(4)	Westgate Commercial Pte. Ltd.	Singapore	**40**	40	Property investment	–
	Held by Glocity Capital Pte. Ltd.					
(5),(8)	HThree City Australia Pte. Ltd. ("HThree City")	Singapore	**33**	–	Property fund management	31 December
	Held by HThree City					
	HThree City ACF3 GP Pte. Ltd.	Singapore	**33**	–	Property fund management	31 December
	HThree City ACF3 MSPV Pte. Ltd.	Singapore	**33**	–	Property fund management	31 December

14 Joint ventures (Cont'd)

Details of the joint ventures at the end of the reporting period are as follows (Cont'd):

(1) Audited by KPMG LLP, Singapore

(2) Audited by Crowe Horwath, Malaysia

(3) Audited by PricewaterhouseCoopers, Malaysia

(4) Audited by Foo Kon Tan LLP

(5) Audited by Ernst & Young LLP, Singapore

(6) On 11 July 2019, Peak Garden Pte. Ltd. was voluntarily liquidated and the Group had received final distribution of $918,115 comprising of return of capital of $400,000 and dividend of $518,115.

(7) This joint venture is a subsidiary of a public company, UOL Group Limited, listed on the Singapore Exchange. The results of this joint venture is based on audited results as at 31 December 2019, 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 joint venture is a joint venture of Glocity Capital Pte. Ltd., Holland Hill Holding Pte. Ltd. and Adelanto Investments Pte. Ltd.. The results of this joint venture and its subsidiaries are based on unaudited results as at 31 December 2019 with adjustments made to 31 January 2020 for the Group consolidation purpose.

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

Details of material joint ventures

The Group has 40% (2019 - 40%) interest in the ownership and voting rights in each of the joint ventures, Westgate Commercial Pte. Ltd. and Westgate Tower Pte. Ltd.. They are incorporated in Singapore and are strategic ventures in the properties leasing business for the Group.

Summarised financial information in respect of each of the Group's material joint ventures is set out below. The summarised financial information below represents amounts shown in the joint venture's financial statements prepared in accordance with SFRS(I) (adjusted by the Group for equity accounting purposes).

14 Joint ventures (Cont'd)

Details of material joint ventures (Cont'd)

Summarised statement of financial position

	Westgate Commercial Pte. Ltd. $'000	Westgate Tower Pte. Ltd. $'000	Total $'000
2020			
Current assets	**18,258**	**9,980**	**28,238**
Includes			
- Cash and cash equivalents	**17,666**	**8,447**	**26,113**
Non-current assets	**291,677**	**278,275**	**569,952**
Current liabilities	**(4,484)**	**(3,234)**	**(7,718)**
Includes			
- Financial liabilities (excluding trade and other payables and provisions)	**(1,600)**	**(1,800)**	**(3,400)**
Non-current liabilities	**(299,020)**	**(280,085)**	**(579,105)**
Includes			
- Financial liabilities (excluding trade and other payables and provisions)	**(296,822)**	**(277,877)**	**(574,699)**
Net assets	**6,431**	**4,936**	**11,367**
2019			
Current assets	15,795	7,378	23,173
Includes			
- Cash and cash equivalents	15,068	5,766	20,834
Non-current assets	295,482	281,763	577,245
Current liabilities	(4,651)	(2,915)	(7,566)
Includes			
- Financial liabilities (excluding trade and other payables and provisions)	(1,600)	(1,800)	(3,400)
Non-current liabilities	(295,812)	(276,944)	(572,756)
Includes			
- Financial liabilities (excluding trade and other payables and provisions)	(294,193)	(275,386)	(569,579)
Net assets	10,814	9,282	20,096

14 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
2020		
Revenue	**10,519**	**9,920**
Net loss and total comprehensive expense for the year	**(4,382)**	**(4,346)**
2019		
Revenue	10,364	10,053
Net profit/(loss) and total comprehensive income/(expense) for the year	7,275	(248)

The above profit/(loss) for the year includes the following:

	Westgate Commercial Pte. Ltd. $'000	Westgate Tower Pte. Ltd. $'000
2020		
Depreciation	**(3,262)**	**(3,112)**
Interest income	**253**	**81**
Interest expense	**(10,275)**	**(9,442)**
Income tax expense	**(579)**	**(650)**
2019		
Depreciation	(3,262)	(3,112)
Interest income	211	25
Interest expense	(4,202)	(4,838)
Income tax expense	(683)	(649)

14 Joint ventures (Cont'd)

Details of material joint ventures (Cont'd)

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	**31 January 2020 $'000**	31 January 2019 $'000
Net assets of material joint ventures	**11,367**	20,096
Proportion of the Group's ownership interests in the joint ventures	**4,547**	8,038
Other adjustment:		
- Amounts owing by joint ventures	**74,518**	71,110
Carrying amount of material joint ventures	**79,065**	79,148
Carrying amount of individually immaterial joint ventures	**10,729**	11,061
Carrying amount of Group's interest in joint ventures	**89,794**	90,209

Aggregate information of joint ventures that are not individually material

The Group	**31 January 2020 $'000**	31 January 2019 $'000
Share of loss after taxation and total comprehensive expense for the year	**(159)**	(328)

15 Associate companies

	Note	The Group **2020 $'000**	The Group 2019 $'000	The Company **2020 $'000**	The Company 2019 $'000
Unquoted equity investments		**46,670**	46,670	**–**	–
Non-interest bearing loan owing by associate company (non-trade)		**20,841**	17,600	**–**	–
		67,511	64,270	**–**	–
Share of post-acquisition profits		**1,950**	3,169	**–**	–
Exchange fluctuation difference		**(1,313)**	(1,359)	**–**	–
	(i)	**68,148**	66,080	**–**	–
Advances to associate companies	(ii)	**–**	56	**–**	56
	(i) + (ii)	**68,148**	66,136	**–**	56
Share of associate companies' results, net of tax		**(1,261)**	(416)	–	–

The non-trade amounts owing by associate companies are regarded as an extension of the Group's net investments in the associate companies because they are neither planned nor likely to be settled in the foreseeable future. They represent net investment with indeterminable repayments. These non-trade amounts owing are unsecured and interest-free.

15 Associate companies (Cont'd)

The advances to associate companies were denominated in Singapore dollar and were repaid during the year.

Details of the associate 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
			2020	2019	
			%	%	
	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
	Held by LKHS Property Investment Pte. Ltd.				
(4),(5)	Dalvey Breeze Development Pte. Ltd.	Singapore	**40**	40	Property development
(6)	Canary Peak Development Pte. Ltd.	Singapore	**-**	40	Struck off on 4 April 2019

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

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

(3) The associate company is an associate company of a public company, Perennial Real Estate Holdings Limited, listed on the Singapore Exchange. The results of the company is based on audited results as at 31 December 2019 with adjustments made to 31 January 2020 for the Group consolidation purpose.

(4) Audited by Ernst & Young LLP, Singapore, reporting period 31 March

(5) The associate company is a subsidiary of a public company, KOP Limited, listed on the Singapore Exchange. The results of the company is based on unaudited results as at 31 January 2020 for the Group consolidation purpose. No adjustments were made to this associate company's financial results as in the opinion of the directors, there were no material transactions and events that had occurred in the intervening period.

(6) Audited by Foo Kon Tan LLP for consolidation purpose.

15 Associate companies (Cont'd)

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

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

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

Details of material associate companies

The Group has 20% (2019 - 20%) interest in the ownership and voting rights in PSI and its subsidiaries, and 40% (2019 - 40%) interest in the ownership and voting rights in Dalvey Breeze Development Pte. Ltd.. These companies are incorporated in Singapore.

PSI and its subsidiaries act as strategic partners in the properties leasing business for office units, while Dalvey Breeze Development Pte. Ltd. acts as a strategic partner with the Group in the property development business.

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

Summarised statement of financial position

	PSI and its subsidiaries		Dalvey Breeze Development Pte. Ltd.	
	2020	2019	**2020**	2019
	$'000	$'000	**$'000**	$'000
Current assets	**1,192,926**	1,175,889	**101,123**	97,464
Includes				
- Cash and cash equivalents	**26,052**	18,276	**249**	6
Non-current assets	**136,741**	118,734	**4**	–
Current liabilities	**(20,730)**	(840,991)	**(923)**	(298)
Includes				
- Financial liabilities (excluding trade and other payables and provisions)	**–**	(818,688)	**(11)**	(77)
Non-current liabilities	**(1,017,912)**	(170,005)	**(96,303)**	(96,170)
Includes				
- Financial liabilities (excluding trade and other payables and provisions)	**–**	–	**–**	–
Net assets	**291,025**	283,627	**3,901**	996

15 Associate companies (Cont'd)

Details of material associate companies (Cont'd)

Summarised statement of comprehensive income

	PSI and its subsidiaries		Dalvey Breeze Development Pte. Ltd.	
	2020	2019	**2020**	2019
	$'000	$'000	**$'000**	$'000
Revenue	**52,164**	50,372	**–**	–
Net loss and total comprehensive expense for the year	**(1,082)**	(1,051)	**(361)**	(4)

The above profit/(loss) for the year include the following:

	PSI and its subsidiaries		Dalvey Breeze Development Pte. Ltd.	
	2020	2019	**2020**	2019
	$'000	$'000	**$'000**	$'000
Interest income	**179**	91	**–**	–
Interest expense	**(39,960)**	(37,270)	**(229)**	–
Income tax expense	**(30)**	(512)	**–**	–

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

The Group	**31 January 2020 $'000**	31 January 2019 $'000
Net assets of material associate companies	**294,926**	284,623
Proportion of the Group's ownership interests in the associate companies	**59,765**	57,123
Other adjustments:		
- Amount due from material associate companies	**12,028**	10,388
- Adjustment for capital reserve from imputation of shareholder loans for the difference in Group's accounting policy for shareholder loans	**(1,317)**	–
- Adjustment for interest expense from imputation of shareholder loans for the difference in Group's accounting policy for shareholder loans	**11**	–
- Adjustment for fair value gain and depreciation expense of investment property for the difference in Group's accounting policy for investment properties	**(17,950)**	(16,255)
Carrying amount of material associate companies	**52,537**	51,256
Carrying amount of an individually immaterial associate company	**15,611**	14,880
Carrying amount of Group's interest in associate companies	**68,148**	66,136

15 Associate companies (Cont'd)

Aggregate information of associate company that is not individually material

The Group	31 January 2020 $'000	31 January 2019 $'000
Share of loss after taxation and total comprehensive expense for the year	**(900)**	(204)

Commitments for expenditure

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

The Group	31 January 2020 $'000	31 January 2019 $'000
Capital expenditure	**9,355**	12,461

16 Subsidiaries

The Company	Note	31 January 2020 $'000	31 January 2019 $'000
Unquoted equity investments		**14,291**	14,301
Discount implicit in non-current loan to subsidiaries		**73,564**	57,768
Amounts owing by subsidiaries (non-trade):			
- Interest-free		**330,592**	212,103
		418,447	284,172
Impairment loss on investments in subsidiaries			
Balance at beginning of year		**(10,934)**	(18,585)
Allowance for the year		**(2)**	(1,024)
Allowance no longer required		**–**	8,675
Balance at end of year		**(10,936)**	(10,934)
	(i)	**407,511**	273,238
Non-interest bearing loans owing by subsidiaries (non-trade):			
- Non-interest bearing loans		**165,875**	168,137
- Notional interest on loans		**31,782**	21,164
	(ii)	**197,657**	189,301
Total	(i) + (ii)	**605,168**	462,539

16 Subsidiaries (Cont'd)

The non-trade amounts owing by subsidiaries of $330,592,000 (2019 - $212,103,000) are regarded as an extension of the Company's net investments in the subsidiaries because they are neither planned nor likely to be settled in the foreseeable future. They represent net investment with indeterminable repayments. The non-trade amounts are unsecured and interest-free.

During the financial year ended 31 January 2020, the Company assessed the carrying amounts of its investments in subsidiaries for indicators of impairment. Based on this assessment, the Company recognised an impairment loss totalling $2,000 (2019 - $1,024,000) mainly due to its subsidiaries incurring losses from their business activities. The recoverable amounts of the investments have been determined based on the revalued net assets of these subsidiaries as at 31 January 2020 which is classified under Level 3 of the fair value hierarchy.

In 2019, the impairment loss on investments in subsidiaries of $8,675,000 had 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 discount rate of 5% (2019 - 5%) 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, 27 September 2022 to 24 April 2025 (2019 - 28 February 2019 to 24 April 2025). The carrying amount approximates its fair value.

All amounts owing by subsidiaries are denominated in Singapore dollar.

<u>Incorporation of wholly-owned subsidiaries</u>

On 2 February 2018, the Group incorporated Glopeak Development Pte. Ltd. as its wholly-owned subsidiary for the purpose of property development. Glopeak Development Pte. Ltd. has an issued and paid-up capital of $2,000,000 consisting of 1,000,000 ordinary shares.

On 7 May 2018, the Group incorporated LKHS Property Investment Pte. Ltd. as its wholly-owned subsidiary for the purpose of investment holding. LKHS Property Investment Pte. Ltd. has an issued and paid-up capital of $100 consisting of 100 ordinary shares and holds associate companies, Dalvey Breeze Development Pte. Ltd. and Canary Peak Development Pte. Ltd..

16 Subsidiaries (Cont'd)

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
		2020	2019	**2020**	2019	
		$'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	**-**	100	Struck off on 4 April 2019
Bali Investment Pte. Ltd.	Singapore	*****	*	**100**	100	Investment holding
Dalton Investment Pte. Ltd.	Singapore	**-**	*	**-**	100	Struck off on 6 May 2019
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 development and property investment
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
Balance carried forward		**9,740**	9,750			

16 Subsidiaries (Cont'd)

Details of the subsidiaries at the end of the reporting period are as follows (Cont'd):

	Name	Country of incorporation/ principal place of business	Cost of investments		Proportion of ownership interests and voting rights held by the Group		Principal activities
			2020	2019	**2020**	2019	
			$'000	$'000	**%**	%	
	Balance brought forward		**9,740**	9,750			
	Subsidiaries held by the Company						
	Kendall Pte. Ltd.	Singapore	**1**	1	**75**	75	Investment holding
	Paya Lebar Square Pte. Ltd.	Singapore	**550**	550	**55**	55	Property investment
	Perumal Development Pte. Ltd.	Singapore	**2,000**	2,000	**100**	100	Property development
	Glocity Capital Pte. Ltd.	Singapore	*****	*	**100**	100	Investment holding
	Glopeak Development Pte. Ltd.	Singapore	**2,000**	2,000	**100**	100	Property development
	LKHS Property Investment Pte. Ltd.	Singapore	*****	*	**100**	100	Investment holding
	Subsidiary held by Bali Investment Pte. Ltd.						
(1)	Vista Mutiara Sdn Bhd	Malaysia	**+**	+	**100**	100	Investment holding
	Subsidiary held by Starworth Pte. Ltd.						
	Carnivore Brazilian Churrascaria Pte. Ltd.	Singapore	**+**	+	**100**	100	Restaurant
	Subsidiary held by Duxton Hotel (Pte.) Ltd.						
	Duxton Hotels International Pty Ltd	Australia	**+**	+	**100**	100	Owner of trademark
	Subsidiary held by Kendall Pte. Ltd.						
(2)	Amuret Pty Ltd	Australia	**+**	+	**75**	75	Investment holding
	Subsidiaries held by Low Keng Huat International Pte. Ltd.						
(2)	Narymal Pty Ltd	Australia	**+**	+	**75**	75	Hotel management services
(3)	Shanghai Nova Realty Development Co., Ltd	People's Republic of China	**+**	+	**63**	63	Investment holding
	Balance carried forward		**14,291**	14,301			

16 Subsidiaries (Cont'd)

Details of the subsidiaries at the end of the reporting period are as follows (Cont'd):

	Name	Country of incorporation/ principal place of business	Cost of investments		Proportion of ownership interests and voting rights held by the Group		Principal activities
			2020	2019	**2020**	2019	
			$'000	$'000	**%**	%	
	Balance brought forward		**14,291**	14,301			
	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
	Subsidiary held by Glocity Capital Pte. Ltd.						
(4)	HThree Capital Pte.Ltd.	Singapore	**+**	+	51	51	Property fund management
			14,291	14,301			

* Represents amount less than $500

\+ Interest held through subsidiaries

(1) Audited by Crowe Horwath, Malaysia

(2) Audited by PricewaterhouseCoopers LLP, Australia

(3) Audited by BDO China, People's Republic of China

(4) Audited by Ernst & Young LLP, Singapore, reporting period 31 December. The results of the company is based on audited results as at 31 December 2019 with adjustments made to 31 January 2020 for the Group consolidation purpose.

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

16 Subsidiaries (Cont'd)

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/(Loss) allocated to non-controlling interests $'000	Accumulated non-controlling interests $'000	Dividends paid to non-controlling interests $'000
2020					
Held by the Company					
Paya Lebar Square Pte. Ltd.	Singapore	**45**	**(85)**	**18,502**	**–**
Held by a subsidiary					
Narymal Pty Ltd	Australia	**25**	**(207)**	**1,197**	**(189)**
2019					
Held by the Company					
Paya Lebar Square Pte. Ltd.	Singapore	45	1,752	18,587	–
Kendall Pte. Ltd.	Singapore	25	31	7,345	–
Held by a subsidiary					
Narymal Pty Ltd	Australia	25	148	1,685	(998)
Newfort Alliance (Kismis) Pte. Ltd.	Singapore	30	885	1,597	–

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

	Paya Lebar Square Pte. Ltd. $'000	Narymal Pty Ltd $'000
2020		
Non-current assets	**302,276**	**615**
Current assets	**20,914**	**6,403**
Non-current liabilities	**(267,829)**	**–**
Current liabilities	**(14,245)**	**(2,181)**
Equity attributable to owners of the Company	**22,614**	**3,640**
Non-controlling interests	**18,502**	**1,197**

16 Subsidiaries (Cont'd)

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

Summarised statement of financial position (Cont'd)

	Kendall Pte. Ltd. $'000	Paya Lebar Square Pte. Ltd. $'000	Newfort Alliance (Kismis) Pte. Ltd. $'000	Narymal Pty Ltd $'000
2019				
Non-current assets	26,303	303,636	–	989
Current assets	4,613	21,454	12,749	8,343
Non-current liabilities	–	(270,290)	–	(747)
Current liabilities	(1,539)	(13,494)	(5,820)	(1,774)
Equity attributable to owners of the Company	22,032	22,719	5,332	5,126
Non-controlling interests	7,345	18,587	1,597	1,685

Summarised statement of comprehensive income

	Paya Lebar Square Pte. Ltd. $'000	Narymal Pty Ltd $'000
2020		
Revenue	**17,042**	**17,091**
Expenses	**(17,232)**	**(17,920)**
Loss for the year	**(190)**	**(829)**
Net loss and total comprehensive expense attributable to:		
- Owners of the Company	**(105)**	**(622)**
- Non-controlling interests	**(85)**	**(207)**
Net loss and total comprehensive expense for the year	**(190)**	**(829)**

16 Subsidiaries (Cont'd)

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

Summarised statement of comprehensive income (Cont'd)

	Kendall Pte. Ltd. $'000	Paya Lebar Square Pte. Ltd. $'000	Newfort Alliance (Kismis) Pte. Ltd. $'000	Narymal Pty Ltd $'000
2019				
Revenue	128	16,818	135,030	16,896
Expenses	(4)	(12,925)	(132,079)	(16,305)
Profit for the year	124	3,893	2,951	591
Net profit and total comprehensive income attributable to:				
- Owners of the Company	93	2,141	2,066	443
- Non-controlling interests	31	1,752	885	148
Net profit and total comprehensive income for the year	124	3,893	2,951	591

Other summarised information

	Paya Lebar Square Pte. Ltd. $'000	Narymal Pty Ltd $'000
2020		
Net cash inflow from operating activities	**8,337**	**2,734**
Net cash outflow from investing activities	**(1,764)**	**(3,052)**
Net cash outflow from financing activities	**(7,200)**	**(3,060)**
Net cash outflow	**(627)**	**(3,378)**

	Kendall Pte. Ltd. $'000	Paya Lebar Square Pte. Ltd. $'000	Newfort Alliance (Kismis) Pte. Ltd. $'000	Narymal Pty Ltd $'000
2019				
Net cash (outflow)/inflow from operating activities	(579)	7,209	111,190	852
Net cash inflow/(outflow) from investing activities	–	63	–	(989)
Net cash inflow/(outflow) from financing activities	575	(11,700)	(118,238)	(3,595)
Net cash outflow	(4)	(4,428)	(7,048)	(3,732)

17 Investment properties

	Note	The Group 2020 $'000	The Group 2019 $'000	The Company 2020 $'000	The Company 2019 $'000
Cost					
Balance at beginning of year		**284,133**	284,524	**19,061**	19,061
Additions		**2,146**	190	**–**	–
Written off	34	**(190)**	–	**–**	–
Transfer from development properties	10	**51,802**	–	**–**	–
Transfer to property, plant and equipment	18	**(2,667)**	(581)	**–**	–
Balance at end of year		**335,224**	284,133	**19,061**	19,061
Accumulated depreciation					
Balance at beginning of year		**12,945**	10,193	**846**	647
Depreciation for the year	34	**3,481**	2,967	**199**	199
Transfer to property, plant and equipment	18	**–**	(215)	**–**	–
Balance at end of year		**16,426**	12,945	**1,045**	846
Net book value		**318,798**	271,188	**18,016**	18,215
Fair value		**478,868**	421,300	**21,600**	21,700

(a) Investment properties are leased to third parties under operating leases [Note 39(b)(ii)].

(b) The following amounts are recognised in the consolidated profit or loss:

The Group	Note	2020 $'000	2019 $'000
Income			
Rental income included in:			
- Revenue	29	**17,294**	16,927
- Other operating income	30(a)	**582**	603
Expenses			
Direct operating expenses arising from:			
- Investment properties that generated rental income		**6,320**	6,125
- Investment properties that did not generate rental income		**441**	110

17 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 2020 $'000	Net book value 2019 $'000	The Group's effective equity interest
(1)	80 Marine Parade Road, 18th Floor of Parkway Parade, Singapore	1 office unit	148	99 years lease commencing 17 August 1979	**608**	619	100%
(2)	60 Paya Lebar Road, Paya Lebar Square Retail Podium, Singapore	159 retail units	12,374	99 years lease commencing 25 July 2011	**255,308**	256,052	55%
(3)	60 Paya Lebar Road, Paya Lebar Square Office block, Singapore	4 office units	1,002	99 years lease commencing 25 July 2011	**14,358**	14,517	100%
(4)	207 Balestier Road BT Centre Singapore	31 commercial retail units	2,524	Freehold	**48,524**	–	100%
					318,798	271,188	

Notes:

(1) During the financial year, a firm of independent professional valuers, Savills Valuation & Professional Services (S) Pte. Ltd., valued the office unit to be $2,600,000 (2019 - $2,600,000) located at 80 Marine Parade Road based on the property's highest-and-best use using the Direct Comparison Method and with reference to indicative prices for similar office units in the area.

(2) During the financial year, a firm of independent professional valuers, Savills Valuation & Professional Services (S) Pte. Ltd., valued the retail units to be $397,000,000 (2019 - $397,000,000) as at 31 January 2020 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 (Note 24).

(3) During the financial year, a firm of independent professional valuers, Savills Valuation & Professional Services (S) Pte. Ltd., valued these 4 office units located at 60 Paya Lebar Road to be $21,600,000 (2019 - $21,700,000) based on the property's highest-and-best use using the Direct Comparison Method and with reference to indicative prices for similar office units in the area.

(4) In financial year ended 31 January 2020, the Group reclassified $51,802,000 being the cost of commercial retail units from development property (Note 10) to investment property due to a change in use of the property.

It was planned for the commercial retail units to be developed for sale and hence, it was classified as development property in accordance with SFRS(I) 1-2. However, during the current financial year, the management decided to lease the commercial retail units to external tenants after assessing the current market environment and noted interested tenants to rent the units upon re-development. Accordingly, the development property had been reclassified to investment property.

During the financial year, a firm of independent professional valuers, Savills Valuation & Professional Services (S) Pte. Ltd. valued the property at 207 Balestier Road to be $221,800,000 as at 31 January 2020 (2019 - $217,900,000) based on the property's highest-and-best use fair value of a mixed commercial cum serviced apartments development using the Direct Comparison Method and Income Capitalisation Method. The amount consists of $164,132,000 and $57,668,000 allocated to property, plant and equipment and investment property (2019 - $163,425,000 and $54,475,000 allocated to property, plant and equipment and development property) respectively.

At the end of reporting period, this property had been pledged to a financial institution to secure bank borrowings (Note 24).

17 Investment properties (Cont'd)

Valuation techniques and inputs used

The fair value measurement was categorised as a Level 2 fair value based on the inputs in the valuation technique use. Level 2 fair values of the Group's properties were derived using the sales comparison approach. Sales prices of comparable properties in close proximity were adjusted for differences in key attributes such as property size. The most significant input into this valuation approach is the selling price per square metre.

The fair value measurement was categorised as a Level 3 fair value based on the inputs in the valuation technique use. Level 3 fair value of the Group's certain properties were derived using an income approach which capitalises the estimated rental income stream, net of projected operating costs, using a discount rate derived from market yields implied by recent transactions in similar properties. When actual rent differs materially from the estimated rents, adjustments have been made to the estimated rental value. The estimated rental stream takes into account current occupancy level, estimates of future vacancy levels, the terms of in-place leases and expectations for rentals from future leases over the remaining economic life of the buildings. The office building units and retail units are revalued at least annually on 31 January.

The most significant inputs, all of which are unobservable, are the estimated rental value, assumptions about vacancy levels and the capitalisation rate. The estimated fair value increases if the estimated rental increases, vacancy levels decline or if capitalisation rate declines. The overall valuations are sensitive to all three assumptions. Management considers the range of reasonably possible alternative assumptions is greatest for rental values and vacancy levels and that there is also an interrelationship between these inputs.

The inputs used in the valuations at 31 January 2020 and at 31 January 2019 were:

The Group	**2020**	2019
- Rental value ($'000)	**17,175**	16,818
- Capitalisation rate (%)	**3.5% to 4.3%**	4.3%

There was a change in valuation techniques, as evidenced by a change in use from development property to investment property during the year.

The Group's policy is to recognise transfers into and out of fair value hierarchy levels as of the date of the event or change in circumstances that caused the transfer. There were no transfers into or out of fair value hierarchy levels for the financial years ended 31 January 2020 and 2019.

17 Investment properties (Cont'd)

Valuation processes of the Group

The Group engages both internal management's experts and external, independent and qualified valuers to determine the fair value of the Group's properties at the end of every financial year based on the properties' highest-and-best use. As at 31 January 2020 and 2019 the fair values of the properties have been determined by the Directors and Savills Valuation & Professional Services (S) Pte. Ltd..

The finance department of the Group reviews the valuations of assets required for financial reporting purposes, including Level 2 and Level 3 fair values. This team reports directly to the Chief Financial Officer. Discussions of valuation processes and results are held between the Chief Financial Officer, the finance team and management's experts at least annually.

At each financial year end, the finance department:

- verifies all major inputs to the independent valuation reports;
- assesses property valuation movements compared to the prior year valuation reports; and
- holds discussions with the independent valuer.

Changes in Level 2 and 3 fair values are analysed at each reporting date during the annual valuation discussions between the Chief Financial Officer and the finance team.

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18 Property, plant and equipment

The Group	Note	Freehold properties $'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 2018		24,482	7,764	40,715	2,892	2,739	1,449	211,717	291,758
Additions		–	141	1,528	1,168	53	1,091	28,113	32,094
Written off		–	–	(2,069)	–	(526)	(216)	–	(2,811)
Disposals		–	(299)	(26)	(1,077)	(1)	–	–	(1,403)
Transfer from investment properties	17	–	581	–	–	–	–	–	581
Reclassification		–	–	1,092	–	(33)	–	–	1,059
Exchange translation difference		(1,751)	(7)	(3,309)	(3)	(132)	(21)	–	(5,223)
At 31 January 2019		**22,731**	**8,180**	**37,931**	**2,980**	**2,100**	**2,303**	**239,830**	**316,055**
Adoption of SFRS(I) 16:									
- Reclassification to right-of-use assets	11	**–**	**(8,180)**	**–**	**–**	**–**	**–**	**–**	**(8,180)**
At 1 February 2019, as adjusted		**22,731**	**–**	**37,931**	**2,980**	**2,100**	**2,303**	**239,830**	**307,875**
Additions		**–**	**–**	**392**	**221**	**219**	**3,245**	**15,977**	**20,054**
Written off		**–**	**–**	**(260)**	**–**	**(74)**	**(335)**	**–**	**(669)**
Disposals		**–**	**–**	**(73)**	**(170)**	**–**	**(26)**	**–**	**(269)**
Transfer from development properties	10	**–**	**–**	**–**	**–**	**–**	**–**	**6,435**	**6,435**
Transfer from investment properties	17	**2,435**	**–**	**120**	**–**	**112**	**–**	**–**	**2,667**
Reclassification		**142,818**	**–**	**8,212**	**–**	**7,265**	**(3,729)**	**(154,566)**	**–**
Exchange translation difference		**(1,347)**	**–**	**(2,549)**	**(3)**	**(57)**	**(43)**	**–**	**(3,999)**
At 31 January 2020		**166,637**	**–**	**43,773**	**3,028**	**9,565**	**1,415**	**107,676**	**332,094**
Accumulated depreciation									
At 1 February 2018		3,607	2,385	32,876	1,064	2,187	546	–	42,665
Depreciation for the year	34	199	97	873	290	181	146	–	1,786
Written off		–	–	(2,049)	–	(517)	(27)	–	(2,593)
Disposals		–	(243)	–	(567)	–	–	–	(810)
Transfer from investment properties	17	–	215	–	–	–	–	–	215
Reclassification		–	–	1,008	–	51	–	–	1,059
Exchange translation difference		(295)	(6)	(2,629)	(2)	(112)	–	–	(3,044)
At 31 January 2019		**3,511**	**2,448**	**30,079**	**785**	**1,790**	**665**	**–**	**39,278**
Adoption of SFRS(I) 16:									
- Reclassification to right-of-use assets	11	**–**	**(2,448)**	**–**	**–**	**–**	**–**	**–**	**(2,448)**
At 1 February 2019, as adjusted		**3,511**	**–**	**30,079**	**785**	**1,790**	**665**	**–**	**36,830**
Depreciation for the year	34	**410**	**–**	**1,223**	**298**	**680**	**149**	**–**	**2,760**
Written off		**–**	**–**	**(43)**	**–**	**(73)**	**(143)**	**–**	**(259)**
Disposals		**–**	**–**	**(73)**	**(165)**	**–**	**(21)**	**–**	**(259)**
Exchange translation difference		**(243)**	**–**	**(1,954)**	**–**	**(55)**	**(1)**	**–**	**(2,253)**
At 31 January 2020		**3,678**	**–**	**29,232**	**918**	**2,342**	**649**	**–**	**36,819**

18 Property, plant and equipment (Cont'd)

The Group	Note	Freehold properties $'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 2018		–	–	67	–	29	185	20,738	21,019
Written off		–	–	(19)	–	(10)	(185)	–	(214)
At 31 January 2019		**–**	**–**	**48**	**–**	**19**	**–**	**20,738**	**20,805**
Written back	30(a),34	**(14,929)**	**–**	**–**	**–**	**–**	**–**	**–**	**(14,929)**
Disposals		**–**	**–**	**(2)**	**–**	**–**	**–**	**–**	**(2)**
Reclassification		**20,738**	**–**	**–**	**–**	**–**	**–**	**(20,738)**	**–**
At 31 January 2020		**5,809**	**–**	**46**	**–**	**19**	**–**	**–**	**5,874**
Net book value									
At 31 January 2020		**157,150**	**–**	**14,495**	**2,110**	**7,204**	**766**	**107,676**	**289,401**
At 31 January 2019		19,220	5,732	7,804	2,195	291	1,638	219,092	255,972

During the financial year ended 31 January 2020, the Group had written back an impairment loss of $14,929,000 to its recoverable amount, as Citadines Balestier had commenced operations during the year and generated profit from its business activities. The recoverable amount was computed based on property's highest-and-best use fair value using the Direct Comparison Method and Income Capitalisation Method.

The 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 2018	4,009	84	2,856	684	655	8,288
Additions	–	–	1,168	45	–	1,213
Disposals	–	–	(1,078)	–	–	(1,078)
At 31 January 2019	**4,009**	**84**	**2,946**	**729**	**655**	**8,423**
Adoption of SFRS(I) 16:						
- Reclassification to right-of-use assets (Note 11)	**(4,009)**	**–**	**–**	**–**	**–**	**(4,009)**
At 1 February 2019, as adjusted	**–**	**84**	**2,946**	**729**	**655**	**4,414**
Additions	**–**	**–**	**185**	**3**	**–**	**188**
Disposals	**–**	**–**	**(138)**	**–**	**–**	**(138)**
At 31 January 2020	**–**	**84**	**2,993**	**732**	**655**	**4,464**

18 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
Accumulated depreciation						
At 1 February 2018	1,356	77	1,037	502	140	3,112
Depreciation for the year	43	3	286	86	67	485
Disposals	–	–	(566)	–	–	(566)
At 31 January 2019	**1,399**	**80**	**757**	**588**	**207**	**3,031**
Adoption of SFRS(I) 16:						
- Reclassification to right-of-use assets (Note 11)	**(1,399)**	**–**	**–**	**–**	**–**	**(1,399)**
At 1 February 2019, as adjusted	**–**	**80**	**757**	**588**	**207**	**1,632**
Depreciation for the year	**–**	**2**	**294**	**32**	**65**	**393**
Disposals	**–**	**–**	**(133)**	**–**	**–**	**(133)**
At 31 January 2020	**–**	**82**	**918**	**620**	**272**	**1,892**
Net book value						
At 31 January 2020	**–**	**2**	**2,075**	**112**	**383**	**2,572**
At 31 January 2019	2,610	4	2,189	141	448	5,392

	The Group		The Company	
	2020 $'000	2019 $'000	**2020 $'000**	2019 $'000
Depreciation expense charged to:				
Construction costs	**72**	70	**72**	70
Profit or loss	**2,688**	1,716	**321**	415
	2,760	1,786	**393**	485

18 Property, plant and equipment (Cont'd)

(i) The freehold properties comprise:

	Location	Description	Area (sq. metres)	Tenure	The Group's effective equity interest	Net book value 2020 $'000	Net book value 2019 $'000
(1)	No.1 St. George's Terrace Perth, Western Australia Australia	306-room Duxton Hotel Perth	3,410	Freehold	75%	**17,927**	19,220
(2)	207 Balestier Road Citadines Balestier, Singapore	27-storey serviced apartments (166 units)	7,663	Freehold	100%	**139,223**	–
						157,150	19,220

Notes:

(1) On 31 January 2019, a firm of independent professional valuers, Savills Valuations Pty Ltd valued the freehold property to be $83,037,000 as at 31 January 2019 based on the property's highest-and-best use using the Value-In-Use Method. Accordingly, there is no impairment required in financial year ended 31 January 2019.

(2) During the financial year, a firm of independent professional valuers, Savills Valuation & Professional Services (S) Pte. Ltd. valued the property at 207 Balestier Road to be $221,800,000 as at 31 January 2020 (2019 - $217,900,000) based on the property's highest-and-best use fair value of a mixed commercial cum serviced apartments development using the Direct Comparison Method and Income Capitalisation Method. The amount consists of $164,132,000 and $57,668,000 allocated to property, plant and equipment and investment property (2019 - $163,425,000 and $54,475,000 allocated to property, plant and equipment and development property) respectively. Accordingly, there is no impairment required in financial year ended 31 January 2020.

At the end of the reporting period, this property has been pledged to a financial institution to secure bank borrowings (Note 24).

The fair value measurement was categorised as a Level 3 fair value based on the inputs in the valuation technique use.

(ii) The leasehold properties comprise:

	Location	Description	Area (sq. metres)	Tenure	The Group's effective equity interest	Net book value 2020 $'000	Net book value 2019 $'000
(1)	80 Marine Parade Road, 18th Floor of Parkway Parade, Singapore	8 office units	890	99 years lease commencing 17 August 1979	100%	**–**	3,939
(2)	60 Paya Lebar Road, 4th Floor of Paya Lebar Square, Singapore	1 office unit	123	99 years lease commencing 25 July 2011	100%	**–**	1,793
						–	5,732

Notes:

(1) The Directors of the Company estimated the fair value as at 31 January 2019 to be $15,635,000 for these 8 office units located at 80 Marine Parade Road based on the properties' highest-and-best use using the current market trend and with reference to indicative prices for similar office units in the area.

(2) As at 31 January 2019, a firm of independent professional valuers, Savills Valuation & Professional Services (S) Pte. Ltd. valued the office unit located at 60 Paya Lebar Road to be $2,740,000 for based on the property's highest-and-best use using the Direct Comparison Method and with reference to indicative prices for similar office units in the area.

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

18 Property, plant and equipment (Cont'd)

(iii) The properties under construction-in-progress comprise:

	Location	Description	Area (sq. metres)	Tenure	The Group's effective equity interest
(1)	2 Perumal Road, Lyf @ Farrer Singapore	Mixed commercial and residential development - Serviced apartments and 7 commercial shops	8,010	99 years leasehold commencing 17 April 2017	100%

Note:

(1) During the financial year, a firm of independent professional valuers, Savills Valuation & Professional Services (S) Pate. Ltd. valued the property under development to be $330,400,000 (2019 - $245,600,000) as at 31 January 2020 based on the property's highest-and-best use fair value of a mixed commercial cum serviced apartments development using the Direct Comparison Method and Residual Value Method. The amount consists of $148,680,000 (2019 - $115,432,000) and $181,720,000 (2019 - $130,168,000) allocated to property, plant and equipment and development property respectively. Accordingly, there is no impairment required in financial year ended 31 January 2020. Construction for Lyf @ Farrer is 74% (2019 - 13%) completed as at 31 January 2020.

The fair value measurement was categorised 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 (Note 24).

(iv) Motor vehicles costing $2,993,000 (2019 - $2,946,000) for the Company and $3,028,000 (2019 - $2,980,000) 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.

(v) In financial year ended 31 January 2020, the Group reclassified $6,435,000 being the cost of 7 commercial shops of property at 2 Perumal Road from development properties (Note 10) to property, plant and equipment due to a change in use of the properties.

It was planned for the commercial shops to be developed for sale and hence, it was classified as development properties in accordance with SFRS(I) 1-2. However, during the current financial year, the management decided these commercial shops will be used to support Lyf @ Farrer serviced apartment facilities. Accordingly, the development properties had been reclassified to property, plant and equipment.

(vi) In financial year ended 31 January 2020, the Group reclassified $2,667,000 being the cost of a commercial retail unit of BT Centre from investment properties (Note 17) to property, plant and equipment due to a change in use of the property.

It was planned for the commercial retail unit to be leased out to external tenants and hence, it was classified as investment properties in accordance with SFRS(I) 1-40. However, during the current financial year, the management decided to use the property to support Citadines Balestier serviced apartment facilities and management of BT Centre. Accordingly, the investment property had been reclassified to property, plant and equipment.

19 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 statement of financial position as follows:

The Group	**2020 $'000**	2019 $'000
Deferred tax assets		
To be recovered		
- Within one year	**346**	370
- After one year	**373**	–
	719	370
Deferred tax liabilities		
To be settled		
- Within one year	**41**	42
- After one year	**3,024**	2,775
	3,065	2,817
Deferred tax assets		
Balance at beginning of year	**370**	402
Transfer to profit or loss (Note 35)	**373**	(1)
Exchange fluctuation difference	**(24)**	(31)
Balance at end of year	**719**	370
Deferred tax liabilities		
Balance at beginning of year	**2,817**	2,860
Transfer to profit or loss (Note 35)	**248**	(43)
Balance at end of year	**3,065**	2,817

The deferred tax assets balance comprises tax on the following temporary differences:

The Group	Excess of tax written down value over net book value of property, plant and equipment $'000	Unabsorbed tax losses $'000	Total $'000
At 1 February 2018	402	–	402
Transfer to profit or loss	(1)	–	(1)
Exchange fluctuation difference	(31)	–	(31)
At 31 January 2019	370	–	370
Transfer to profit or loss	**–**	**373**	**373**
Exchange fluctuation difference	**(24)**	**–**	**(24)**
At 31 January 2020	**346**	**373**	**719**

19 Deferred taxation (Cont'd)

The deferred tax liabilities balance comprises tax on the following temporary differences:

The Group	Excess of net book value over tax written down value of property, plant and equipment $'000
At 1 February 2018	2,860
Transfer to profit or loss	(43)
At 31 January 2019	**2,817**
Transfer to profit or loss	**248**
At 31 January 2020	**3,065**

20 Trade and other payables

	Note	The Group 2020 $'000	The Group 2019 $'000	The Company 2020 $'000	The Company 2019 $'000
Due within one year					
Trade payables					
Trade payables					
- Third parties		**12,693**	15,545	**4,367**	11,358
- Related parties		**25**	–	**–**	–
	(i)	**12,718**	15,545	**4,367**	11,358
Other payables					
Accruals		**3,416**	1,670	**469**	549
Deposits received from third parties		**4,749**	4,074	**–**	14
Rental received in advance		**233**	101	**11**	65
Interest payable		**479**	757	**30**	–
GST payable		**250**	228	**–**	63
Amount owing to related parties		**7**	14	**–**	–
Amount owing to subsidiaries		**–**	–	**4,200**	4,200
Provision for unutilised staffs' leave		**1,179**	822	**237**	194
Sundry payables		**535**	820	**35**	152
	(ii)	**10,848**	8,486	**4,982**	5,237
Total	(i) + (ii)	**23,566**	24,031	**9,349**	16,595
Due after one year					
Trade payables – Third parties	(iii)	**3,106**	–	**–**	–
Grand total	(i) + (ii) + (iii)	**26,672**	24,031	**9,349**	16,595

20 Trade and other payables (Cont'd)

Non-trade amounts owing to subsidiaries, representing advances and payments on behalf are unsecured, interest-free and repayable on demand.

Non-trade amounts owing to related parties, representing advances and payments on behalf are unsecured, interest-free and repayable on demand.

Trade and other payables are denominated in the following currencies:

	The Group		The Company	
	2020	2019	**2020**	2019
	$'000	$'000	**$'000**	$'000
Singapore dollar	**24,378**	22,206	**9,349**	16,595
United States dollar	**3**	–	**–**	–
Australian dollar	**2,282**	1,820	**–**	–
Malaysian Ringgit	**6**	5	**–**	–
Chinese Renminbi	**3**	–	**–**	–
	26,672	24,031	**9,349**	16,595

21 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 Group		The Company	
	2020	2019	**2020**	2019
	$'000	$'000	**$'000**	$'000
Balance at beginning of year	**446**	434	**197**	197
Written off (Note 34)	**(197)**	–	**(197)**	–
Exchange translation difference	**5**	12	**–**	–
Balance at end of year	**254**	446	**–**	197

The non-trade amounts owing to joint ventures are denominated in the following currencies:

	The Group		The Company	
	2020	2019	**2020**	2019
	$'000	$'000	**$'000**	$'000
Singapore dollar	**–**	2	**–**	2
United States dollar	**254**	444	**–**	195
	254	446	**–**	197

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

The Group	**2020** **$'000**	2019 $'000
Non-trade amount owing by non-controlling shareholders of subsidiaries		
- Advances	**957**	–
Amount repayable:		
Not later than one year	**957**	–

Advances

The advances of $957,000 (2019 - $Nil) owing by non-controlling shareholders of subsidiaries, are unsecured, interest-free and repayable on demand.

The non-trade amount owing by non-controlling shareholders of subsidiaries are denominated in Singapore dollar.

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

The Group	**2020** **$'000**	2019 $'000
Non-trade amount owing to non-controlling shareholders of subsidiaries:		
- Advances	**375**	400
- Non-interest bearing loans	**35,436**	35,957
- Notional interest on loans	**6,931**	4,949
- Interest on loans	**2,780**	3,236
	45,522	44,542
Amount repayable:		
Not later than one year	**375**	1,413
Later than one year and not later than five years	**45,147**	43,129
	45,522	44,542

Advances

The advances of $375,000 (2019 - $400,000) owing to non-controlling shareholders of subsidiaries, are unsecured, interest-free and repayable on demand.

22(b) Amount owing to non-controlling shareholders of subsidiaries (non-trade) (Cont'd)

Non-interest bearing loans

Interest is imputed on the non-interest bearing loans of $45,147,000 (2019 - $44,142,000). Discount rate of 5% (2019 - 5%) per annum has been applied to calculate the notional interest on an annual re-pricing basis up till the repayment date, 3 August 2023 (2019 - 28 February 2019 to 3 August 2023). The carrying amount approximates its fair value.

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

The Group	**2020 $'000**	2019 $'000
Singapore dollar	**45,147**	44,142
Australian dollar	**375**	400
	45,522	44,542

23 Provision

The Group	**2020 $'000**	2019 $'000
Reinstatement of premises:		
- Current	**–**	24
- Non-current	**27**	–

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 three years (2019 - one year).

Movement in provision for reinstatement of premises is as follows:

The Group	Note	**2020 $'000**	2019 $'000
Balance at beginning of year		**24**	46
Provision during the year		**2**	–
Amortisation of discount		**1**	–
Provision utilised		**–**	(5)
Provision no longer required	34	**–**	(17)
Balance at end of year		**27**	24

The provision is denominated in Singapore dollar.

24 Bank borrowings

The Group	2020 $'000	2019 $'000
Revolving credit loan – unsecured	**55,000**	–
Term loans – secured	**685,408**	447,197
	740,408	447,197
Amount repayable:		
Not later than one year	**62,200**	106,089
Later than one year and not later than five years	**678,208**	341,108
	740,408	447,197

The Company	2020 $'000	2019 $'000
Revolving credit loan – unsecured	**55,000**	–
Amount repayable:		
Not later than one year	**55,000**	–

All bank borrowings are denominated in Singapore dollar.

Term loans totalling $685,408,000 (2019 - $447,197,000) are secured by mortgages over the development properties (Note 10), certain investment properties [Notes 17(c)(2) and 17(c)(4)] and property, plant and equipment [Note 18(i)(2) and Note 18(iii)] of certain subsidiaries and charges on all new assignments of tenancy, sales agreements and construction contracts and a fixed deposit of $3,600,000 (2019 - $3,600,000) of a subsidiary (Note 4).

The maturity dates of bank borrowings are as follows:

	The Group		The Company	
	2020 $'000	2019 $'000	**2020 $'000**	2019 $'000
Repayable on/by				
30 September 2019	**–**	98,889	**–**	–
6 May 2020	**10,000**	–	**10,000**	–
11 May 2020	**20,000**	–	**20,000**	–
18 May 2020	**20,000**	–	**20,000**	–
30 June 2020	**5,000**	–	**5,000**	–
17 July 2022	**15,000**	15,000	**–**	–
27 September 2022	**100,000**	–	**–**	–
17 July 2023	**98,448**	89,448	**–**	–
3 August 2023	**171,660**	178,860	**–**	–
5 September 2023	**300,300**	65,000	**–**	–
	740,408	447,197	**55,000**	–

24 Bank borrowings (Cont'd)

The amount repayable within one year is included under current liabilities whilst the amount repayable after one year is included under non-current liabilities.

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. At the end of the reporting period, 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 2.65% (2019 - 2.94%) 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.

25 Share capital

	2020	2019	**2020**	2019
The Group and The Company	No. of ordinary shares		**$'000**	$'000
Issued and fully paid with no par value:				
Balance at beginning and end of year	**738,816,000**	738,816,000	**161,863**	161,863

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company. All issued shares rank equally with regard to the Company's residual assets.

26(a) Capital reserve

	2020	2019
The Group	**$'000**	$'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.

26(b) Retained profits

	The Group		The Company	
	2020	2019	**2020**	2019
	$'000	$'000	**$'000**	$'000
Balance at beginning of year	**490,053**	487,484	**423,748**	424,564
Profit for the year	**12,768**	15,447	**99,459**	13,960
Transfer upon disposal of financial assets at FVOCI (Note 12,27)	**8,386**	1,874	**–**	–
Dividends paid (Note 38)	**(11,082)**	(14,776)	**(11,082)**	(14,776)
Transaction with non-controlling interests	**–**	24	**–**	–
	10,072	2,569	**88,377**	(816)
Balance at end of year	**500,125**	490,053	**512,125**	423,748

27 Fair value reserve

	The Group		The Company	
	2020	2019	**2020**	2019
	$'000	$'000	**$'000**	$'000
Balance at beginning of year	**7,287**	16,843	**906**	975
Fair value gain recycled to retained earnings on de-recognition [Note 12,26(b)]	**(8,386)**	(1,874)	**–**	–
Net fair value gain/(loss) on financial assets at FVOCI (Note 12)	**2,182**	(7,682)	**(690)**	(69)
	(6,204)	(9,556)	**(690)**	(69)
Balance at end of year	**1,083**	7,287	**216**	906

Fair value reserve arises from surplus on revaluation of financial assets at FVOCI held as at the end of reporting period.

28 Currency translation reserve

	2020	2019
The Group	**$'000**	$'000
Balance at beginning of year	**(1,982)**	(103)
Exchange fluctuation difference during the year	**(2,071)**	(1,879)
Balance at end of year	**(4,053)**	(1,982)

The currency translation reserve is a non-distributable reserve and relates to the exchange difference arising from translation of the financial statements of foreign subsidiaries, associate companies and joint ventures.

29 Revenue

Revenue of the Group includes revenue from sale of development properties, hotel operations, rental income, food and beverage operations and excludes inter-company transactions, and applicable goods and services taxes or value-added taxes.

The Group derives revenue from contracts with customers based on transfer of goods and services over time and at a point in time as follows:

	2020			2019		
The Group	**At a point in time $'000**	**Over time $'000**	**Total $'000**	At a point in time $'000	Over time $'000	Total $'000
Revenue from contracts with customers:						
Sales of development properties	**–**	**8,020**	**8,020**	–	135,030	135,030
Hotel operations	**6,056**	**13,244**	**19,300**	5,668	11,228	16,896
Food and beverage operations	**1,686**	**–**	**1,686**	1,921	–	1,921
Others	**410**	**–**	**410**	–	622	622
	8,152	**21,264**	**29,416**	7,589	146,880	154,469
Rental income [Note 17(b)]			**17,294**			16,927
Total revenue of the Group			**46,710**			171,396

The segment analysis of the Group is disclosed in Note 40 to the financial statements.

30(a) Other operating income

The Group	Note	**2020 $'000**	2019 $'000
Bad debts recovered	34	**195**	–
Dividend income from quoted equity investments:			
- Relating to investments de-recognised during the year	34	**725**	237
- Relating to investments held at the end of reporting period	34	**527**	1,407
		1,252	1,644
Exchange gain	34	**514**	1,796
Fair value gain on financial assets at fair value through profit or loss	5,34	**559**	–
Gain on disposal of property, plant and equipment	34	**21**	2,669
Loss allowance on receivables no longer required	6,34	**32**	–
Reversal of impairment loss on property, plant and equipment	18,34	**14,929**	–
Rental income - Investment properties	17(b)	**582**	603
Management fee		**152**	320
Sundry income		**906**	375
		19,142	7,407

30(b) Interest income

The Group	Note	**2020 $'000**	2019 $'000
Interest income			
- Banks		**255**	92
- Fixed deposits		**979**	1,520
- Joint ventures		**3,408**	695
- Non-controlling interest		**–**	172
- Unquoted junior bonds	37	**2,464**	2,356
- Others		**18**	240
		7,124	5,075

31 Administrative costs

The Group	Note	**2020 $'000**	2019 $'000
Employee benefit costs		**4,597**	5,608
Depreciation of property, plant and equipment		**385**	541
Depreciation of investment properties		**159**	159
Depreciation of right-of-use assets		**179**	–
Directors' fee	34	**245**	259
Credit card commission expenses		**115**	60
Property tax		**108**	102
Operating lease rentals		**2**	171
Travelling and transportation expenses		**209**	147
Others		**2,477**	2,069
		8,476	9,116

32 Other operating expenses

The Group	Note	**2020 $'000**	2019 $'000
Hotel maintenance and utilities		**1,738**	1,534
Loss allowance on receivables	6,34	**17**	82
Bad debts written off	34	**–**	3
Property, plant and equipment written off	34	**410**	4
Fair value loss on financial assets at fair value through profit or loss	5,34	**–**	793
Others		**–**	4
		2,165	2,420

33 Finance costs

The Group	**2020 $'000**	2019 $'000
Interest expense		
- Lease liabilities [Note 39(a)]	**74**	–
- Loans	**7,702**	7,065
- Non-controlling shareholders	**1,981**	647
	9,757	7,712

Finance costs relate to interest expense on bank loans (see Note 24) and shareholders' loan.

34 Profit before taxation

The Group	Note	**2020 $'000**	2019 $'000
Profit before taxation has been arrived at after charging/ (crediting):			
Audit fee:			
- Auditors of the Company			
- Current year		**178**	187
- Under/(over) provision in respect of prior years		**–**	13
- Other auditors			
- Current year		**66**	71
Non-audit fees:			
- Auditors of the Company			
- Current year		**24**	24
- Under/(over) provision in respect of prior years		**–**	(1)
- Other auditors			
- Current year		**76**	62
- Under/(over) provision in respect of prior years		**7**	1
Depreciation of:			
- Investment properties	17	**3,481**	2,967
- Property, plant and equipment	18	**2,760**	1,786
- Right-of-use assets	11	**507**	–
Exchange (gain)/loss	30(a)	**(514)**	(1,796)
Fair value (gain)/loss on financial assets at fair value through profit or loss	5,30(a),32	**(559)**	793
Gain on disposal of property, plant and equipment	30(a)	**(21)**	(2,669)
Dividend income from quoted equity investments:			
- Relating to investments de-recognised during the year	30(a)	**(725)**	(237)
- Relating to investments held at the end of reporting period	30(a)	**(527)**	(1,407)
		(1,252)	(1,644)
Property, plant and equipment written off	32	**410**	4
Investment properties written off	17	**190**	–
Impairment loss on receivables	6,32	**17**	82

34 Profit before taxation (Cont'd)

The Group	Note	2020 $'000	2019 $'000
Impairment loss no longer required for:			
- Receivables	6,30(a)	**(32)**	–
- Property, plant and equipment	18,30(a)	**(14,929)**	–
Bad debts (recovered)/written off	30(a),32	**(195)**	3
Operating lease rentals		**79**	4,179
Provision no longer required for:			
- Reinstatement of premises	23	**–**	(17)
Write off of amounts owing to joint ventures	21	**(197)**	–
Employee benefit costs:			
Directors' fee	31	**245**	259
Directors of the Company			
- Salaries and other related costs		**2,157**	2,361
- CPF contributions and other equivalent contributions		**25**	25
Key management personnel (other than directors)			
- Salaries, wages and other related costs		**1,420**	1,670
- CPF contributions and other equivalent contributions		**40**	39
		3,887	4,354
Other than key management personnel			
- Salaries, wages and other related costs		**11,418**	11,778
- CPF contributions and other equivalent contributions		**1,167**	1,122
		16,472	17,254
Cost of sales:			
- Current		**32,810**	139,585
- Project costs written back		**(495)**	(1,292)
		32,315	138,293

35 Taxation

The Group	Note	2020 $'000	2019 $'000
Tax recognised in profit or loss			
Current taxation			
- Singapore		**1,772**	3,072
- Foreign		**12**	489
		1,784	3,561
Deferred taxation	19	**(125)**	(38)
Tax expense		**1,659**	3,523
Overprovision in respect of prior years			
- Current taxation		**(149)**	(754)
- Deferred taxation	19	**–**	(4)
		(149)	(758)
		1,510	2,765

35 Taxation (Cont'd)

The tax on the Group's results before tax differs from the theoretical amount that would arise using the various applicable corporate tax rates of income tax as follows:

The Group	**2020** **$'000**	2019 $'000
Profit before taxation	**13,708**	21,511
Share of results of joint ventures and associate companies, net of tax	**4,911**	(2,067)
	18,619	19,444
Tax at domestic rate applicable to profits in the countries concerned[1]	**8,727**	4,043
Tax effect on non-deductible expenses[2]	**3,769**	848
Tax effect on non-taxable income[3]	**(10,845)**	(1,569)
Tax effect on temporary differences not recognised in prior years	**175**	270
Tax incentives	**(86)**	(12)
Tax effect on Singapore statutory stepped income exemption	**(92)**	(79)
Foreign tax	**11**	22
Overprovision of taxation in respect of prior years	**(149)**	(758)
	1,510	2,765

Notes:

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

(2) This relates mainly to disallowed expenditures incurred in the ordinary course of business which includes depreciation on non-qualifying assets, impairment on unquoted equity investments in its fellow subsidiaries and interest charged on non-interest bearing loans from non-controlling shareholders.

(3) This relates mainly to non-taxable income occurred in the ordinary course of business which includes notional interest income charged to joint ventures, impairment losses no longer required for property, plant and equipment and one-tier tax exempt dividend income.

As at the end of reporting period, the Group had unabsorbed capital allowances and tax losses amounting to $76,000 (2019 - $54,000) and $4,786,000 (2019 - $3,782,000) 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, Chapter 134 are complied with.

Unutilised tax benefits totalling $827,000 (2019 - $652,000) 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 11.0% (2019 - 12.9%).

36 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	**2020** **$'000**	2019 $'000
Net profit attributable to equity holders of the Group	**12,768**	15,447
Weighted average number of ordinary shares for purpose of calculating basic and diluted earnings per share (Note 25)	**738,816,000**	738,816,000
Basic and diluted earnings per share (cents)	**1.73**	2.09

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.

37 Related party transactions

In addition to the information disclosed elsewhere in the financial statements, the following are significant transactions that took place between the Group and related parties at mutually agreed amounts:

The Group	**2020** **$'000**	2019 $'000
Charged by non-controlling shareholder of a subsidiary		
- Management fee	**–**	783
Charged by related parties		
- Executive directors service fee	**81**	81
- Security services	**187**	–
Capital contribution from non-controlling shareholders to subsidiaries	**–**	5
Repayment of shareholder loans to non-controlling shareholders of subsidiaries	**522**	9,766
Dividends paid to non-controlling shareholders of subsidiaries (Note 16)	**189**	998
Shareholders' loans to a joint venture	**625**	580
Repayment of shareholder loans by joint ventures	**–**	2,000
Charged by a related party of an associate company		
- Lease of premises	**346**	411
- General expense	**5**	1
Charged to a related party of an associate company		
- Sales	**–**	2
Investments in associate companies	**–**	400
Advances to associate companies	**3,152**	12,337
Management fee charged to an associate company	**56**	224
Interest income on junior bonds from an associate company [Note 30(b)]	**2,464**	2,356

38 Dividends

The Company	2020 $'000	2019 $'000
Dividends paid		
- Ordinary dividends:		
First and final dividend of 1.5 (2019 - 2.0) cents per share, tax exempt paid in respect of the previous financial year [Note 26(b)]	**11,082**	14,776
	11,082	14,776
Dividends proposed		
- Ordinary dividends:		
First and final dividend of 1.5 (2019 - 1.5) cents per share, tax exempt	**11,082**	11,082

At the forthcoming Annual General Meeting, a first and final tax-exempt (one-tier) ordinary dividend of 1.5 cents (2019 - 1.5 cents) per share amounting to $11,082,000 (2019 - $11,082,000) will be proposed. These financial statements do not reflect these dividends payable, which will be accounted for as a reduction in equity as a distribution of retained profits in the financial year ending 31 January 2021.

39 Leases

39(a) Lease liabilities

	The Group 2020 $'000	The Company 2020 $'000
Undiscounted lease payments due:		
- Year 1	**463**	**8**
- Year 2	**462**	**7**
- Year 3	**458**	**2**
- Year 4	**97**	**2**
- Year 5	**93**	**1**
- Year 6 and onwards	**1,246**	**–**
	2,819	**20**
Less: Future interest cost	**(453)**	**(1)**
Lease liabilities	**2,366**	**19**
Presented as:		
- Current	**398**	**7**
- Non-current	**1,968**	**12**
	2,366	**19**

39 Leases (Cont'd)

39(a) Lease liabilities (Cont'd)

Lease liabilities are denominated in the following currencies:

	The Group 2020 $'000	The Company 2020 $'000
Singapore dollar	**1,074**	**19**
Australian dollar	**1,292**	**–**
	2,366	**19**

Interest expense on lease liabilities of $74,000 (Note 33) is recognised within finance costs in profit or loss.

Rental expenses not capitalised in lease liabilities but recognised within administrative costs in profit or loss are set out below:

The Group	2020 $'000
Short-term leases	**13**
Leases of low-value assets	**12**
Variable lease payments not dependent on an index or rate[i]	**54**

Total cash outflows for all leases in the year amount to $477,000.

As at 31 January 2020, the Group's short-term lease commitments at the reporting date are not substantially dissimilar to those giving rise to the Group's short-term lease expense for the year.

Information about the Group's leasing activities are disclosed in Note 39(b).

Further information about the financial risk management are disclosed in Note 42.

The Group's lease liabilities are secured by the lessors' title to the leased assets.

(i) Variable lease payments

The leases for restaurant premise contain variable lease payments that are based on 2% of gross sales generated by the restaurant, on top of fixed payments. Such variable lease payments are recognised to profit & loss when incurred, and an amount of $54,000 has been recognised in profit or loss for the financial year ended 31 January 2020.

39(b) Lease arrangements

(i) The Group as lessee

(a) Leasehold properties

The Group makes monthly lease payments for the use of several leasehold properties for operation purposes [Note 39(a)]. These leasehold properties are recognised within the Group's right-of-use assets (Note 11). There are no externally imposed covenants on these property lease arrangements.

39 Leases (Cont'd)

39(b) Lease arrangements (Cont'd)

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

(b) Office equipment

The Group makes monthly lease payments to lease office equipment used for administrative operation activities. These equipment are recognised as the Group's right-of-use assets (Note 11).

Information regarding the Group's right-of-use assets and lease liabilities are disclosed in Note 11 and 39(a) respectively.

(ii) The Group as lessor

Investment properties

Operating leases, in which the Group is the lessor, relate to investment properties (Note 17) owned by the Group. The lease terms range between 1 to 6 years with the option to extend for another 3 years, for certain tenants. All operating lease contracts contain market review clauses in the event that the lessee exercises its option to renew. The lessee does not have an option to purchase the property at the expiry of the lease period.

These leases are classified as operating lease because the risk and rewards incidental to ownership of the assets are not substantially transferred. The unguaranteed residual values do not represent a significant risk for the Group, as they relate to properties which are located in locations with constant increase in value over the last 5 years. The Group has not identified any indications that this situation will change.

The Group's revenue from rental income received on the investment properties are disclosed in Note 17(b).

Variable lease payments received during the year that do not depend on an index or rate from rental of investment properties is $516,000 (2019 - $457,000).

The future minimum rental receivable under non-cancellable operating leases contracted for at the reporting date are as follows:

The Group	**2020** **$'000**
Undiscounted lease payments to be received:	
- Year 1	**16,643**
- Year 2	**9,423**
- Year 3	**5,752**
- Year 4	**955**
- Year 5	**535**
- Year 6 and onwards	**61**
	33,369

40 Operating segments

For management purposes, the Group's operating businesses are organised and managed separately according to the nature of the products and services provided, with each segment representing a strategic business unit that offers different products and serves different markets. The Group's reportable operating segments are as follows:

(i) Development

Activities in this segment comprise the development of properties.

(ii) Hotels

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

(iii) Investments

Activities in this segment relate mainly to investments in properties and shares in quoted and unquoted equities.

There are no other operating segments that have been aggregated to form the above reportable operating segments.

The Executive Chairman and the Managing Director monitor the operating results of its operating segments for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on operating profit or loss which in certain aspects, as set out below, is measured differently from operating profit or loss in the consolidated financial statements.

Group taxation is managed on a group basis and is not allocated to operating segments.

Sales between operating segments are carried out at arm's length basis similar to transactions with third parties.

(a) Business Segments

	Development		Hotels		Investments		Consolidated	
	2020	2019	**2020**	2019	**2020**	2019	**2020**	2019
The Group	**$'000**	$'000	**$'000**	$'000	**$'000**	$'000	**$'000**	$'000
REVENUE								
Total sales	**8,020**	135,030	**23,816**	22,553	**26,046**	43,902	**57,882**	201,485
Inter-segment sales	**–**	–	**(2,830)**	(3,736)	**(8,342)**	(26,353)	**(11,172)**	(30,089)
External sales	**8,020**	135,030	**20,986**	18,817	**17,704**	17,549	**46,710**	171,396
RESULTS								
Segment results	**(200)**	12,063	**13,386**	1,544	**8,066**	8,474	**21,252**	22,081
Interest income	**254**	449	**99**	161	**6,771**	4,465	**7,124**	5,075
Finance costs	**(675)**	(1,386)	**(883)**	–	**(8,199)**	(6,326)	**(9,757)**	(7,712)
	(621)	11,126	**12,602**	1,705	**6,638**	6,613	**18,619**	19,444
Share of results of joint ventures and associate companies	**(1,066)**	(534)	**–**	–	**(3,845)**	2,601	**(4,911)**	2,067
	(1,687)	10,592	**12,602**	1,705	**2,793**	9,214	**13,708**	21,511
Taxation							**(1,510)**	(2,765)
Non-controlling interests							**570**	(3,299)
Net profit							**12,768**	15,447

40 Operating segments (Cont'd)

(a) Business Segments (Cont'd)

	Development		Hotels		Investments		Consolidated	
	2020	2019	**2020**	2019	**2020**	2019	**2020**	2019
The Group	**$'000**	$'000	**$'000**	$'000	**$'000**	$'000	**$'000**	$'000
OTHER INFORMATION								
Segment assets	**638,193**	437,910	**134,055**	166,363	**580,972**	452,131	**1,353,220**	1,056,404
Investments in joint ventures and associate companies under equity method	**17,535**	16,802	**–**	–	**140,407**	139,543	**157,942**	156,345
Consolidated total assets (excluding taxation)	**655,728**	454,712	**134,055**	166,363	**721,379**	591,674	**1,511,162**	1,212,749
Consolidated total liabilities (excluding taxation)	**(425,461)**	(200,794)	**(5,862)**	(76,882)	**(384,310)**	(238,595)	**(815,633)**	(516,271)
Capital expenditure								
- Property, plant and equipment	**9,807**	6,417	**10,040**	24,387	**207**	1,290	**20,054**	32,094
- Investment properties	**–**	–	**–**	–	**2,146**	190	**2,146**	190
- Right-of-use assets	**–**	–	**38**	–	**21**	–	**59**	–
Depreciation								
- Property, plant and equipment	**–**	8	**2,296**	1,171	**464**	607	**2,760**	1,786
- Investment properties	**–**	–	**–**	–	**3,481**	2,967	**3,481**	2,967
- Right-of-use assets	**–**	–	**399**	–	**108**	–	**507**	–
Project costs written back	**–**	–	**–**	–	**495**	1,292	**495**	1,292
Impairment (reversal)/loss on								
- Property, plant and equipment	**–**	–	**(14,929)**	–	**–**	–	**(14,929)**	–
Written off on								
- Property, plant and equipment	**–**	–	**410**	4	**–**	–	**410**	4
- Investment properties	**–**	–	**–**	–	**190**	–	**190**	–
(Gain)/loss on disposal of								
- Property, plant and equipment	**–**	(1,499)	**(7)**	(1,317)	**(14)**	147	**(21)**	(2,669)
Fair value (gain)/loss on financial assets at fair value through profit or loss	**–**	–	**–**	–	**(559)**	793	**(559)**	793
Amortisation of contract costs	**250**	–	**–**	–	**–**	–	**250**	–
Bad debts (recovered)/written off	**–**	–	**–**	–	**(195)**	3	**(195)**	3
Write off of amounts owing to joint ventures	**–**	–	**–**	–	**(197)**	–	**(197)**	–

40 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	
	2020	2019	**2020**	2019
The Group	**$'000**	$'000	**$'000**	$'000
Singapore	**29,619**	154,500	**643,751**	559,525
Australia	**17,091**	16,896	**29,648**	28,049
Others	**–**	–	**26,427**	24,922
	46,710	171,396	**699,826**	612,496

Non-current assets information presented above consists of right-of-use assets, investments in joint ventures and associate companies, investment properties, property, plant and equipment and accrued rental income.

(c) Information about major customers

The Group does not have any major customers.

(d) Reconciliation of segments total assets and total liabilities

	2020	2019
The Group	**$'000**	$'000
Reportable segments' assets are reconciled to total assets as follows:		
Segment assets	**1,353,220**	1,056,404
Investments in joint ventures and associate companies under equity method	**157,942**	156,345
Deferred tax assets	**719**	370
GST receivable	**61**	–
Total assets	**1,511,942**	1,213,119
Reportable segments' liabilities are reconciled to total liabilities as follows:		
Segment liabilities	**815,633**	516,271
Deferred tax liabilities	**3,065**	2,817
GST payable	**250**	228
Current tax payable	**3,342**	4,966
Total liabilities	**822,290**	524,282

41 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	
	2020	2019
$1,000,000 to $1,249,999	**–**	2
$750,000 to $999,999	**2**	–
$250,000 to $499,999	**1**	1
Below $250,000	**7**	8
Total	**10**	11

Included in the directors' remuneration for the financial year 2020 was remuneration for Tan Sri Dato' Low Keng Huat who passed away on 20 February 2019 and Mr Lucas Liew Kim Voon and Mr Lee Han Yang who both retired on 29 May 2019.

42 Financial risk management objectives and policies

The Group's and the Company's financial risk management policies set out the Group's and the Company's overall business strategies and its risk management philosophy. The Group and the Company are exposed to financial risks arising from its operations and the use of financial instruments. The key financial risks include currency risk, interest rate risk, liquidity risk, market price risk and credit risk. The Group's and the Company's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise adverse effects from the unpredictability of financial markets on the Group's and the Company's financial performance.

The Board of Directors reviews and agrees policies and procedures for the management of these risks. The Audit Committee provides independent oversight to the effectiveness of the risk management process.

The Group and the Company do not hold or issue derivative financial instruments for speculative purposes.

As at 31 January 2020, 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.

42.1 Currency risk

Currency risk is the risk that the value of a financial instrument will fluctuate due to changes in foreign exchange rates. Currency risk arises when transactions are denominated in foreign currencies.

Part of the Group's revenue, expenses, investments, assets and liabilities are denominated in foreign currencies which give rise to foreign exchange risk, particularly of the hotel which is located overseas. The currencies giving rise to this risk are primarily Australian dollar (AUD), Malaysian Ringgit (RM), Chinese Renminbi (RMB) and United States dollar (USD).

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

42.1 Currency risk (Cont'd)

In terms of operations, the sales and purchases are denominated in the same currency as much as is practicable. The Group also matches the currency of its bank borrowings, if any, with the location of its investment to mitigate the risk of currency exposure. As such, the Group does not deem it necessary to enter into any derivative contracts to hedge against foreign currency risk.

Exposure to foreign currency risk is insignificant as the Group's income and related expenses, assets and liabilities are substantially denominated in the respective functional currencies of the Group's entities. The exposure is monitored on an ongoing basis and the Group endeavours to keep the net exposure at an acceptable level.

The Company and the Group also hold cash and cash equivalents denominated in foreign currencies for working capital purposes. 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	Total $'000
At 31 January 2020						
Cash and cash equivalents	**42,720**	**2,093**	**7,699**	**1,197**	**5,768**	**59,477**
Fixed deposits	**7,393**	**–**	**–**	**–**	**1,723**	**9,116**
Trade and other receivables	**5,279**	**–**	**1,546**	**5**	**3**	**6,833**
Amount owing by non-controlling shareholders of subsidiaries (non-trade)	**957**	**–**	**–**	**–**	**–**	**957**
Amount owing by joint ventures	**74,518**	**–**	**–**	**–**	**–**	**74,518**
Trade and other payables	**(24,378)**	**(3)**	**(2,282)**	**(6)**	**(3)**	**(26,672)**
Lease liabilities	**(1,074)**	**–**	**(1,292)**	**–**	**–**	**(2,366)**
Amount owing to non-controlling shareholders of subsidiaries (non-trade)	**(45,147)**	**–**	**(375)**	**–**	**–**	**(45,522)**
Amount owing to joint ventures	**–**	**(254)**	**–**	**–**	**–**	**(254)**
Provision for directors' fee	**(245)**	**–**	**–**	**–**	**–**	**(245)**
Provision	**(27)**	**–**	**–**	**–**	**–**	**(27)**
Bank borrowings	**(740,408)**	**–**	**–**	**–**	**–**	**(740,408)**
	(680,412)	**1,836**	**5,296**	**1,196**	**7,491**	**(664,593)**
At 31 January 2019						
Cash and cash equivalents	80,950	17,453	10,891	1,071	5,894	116,259
Fixed deposits	7,320	–	–	–	1,731	9,051
Trade and other receivables	59,381	–	971	4	303	60,659
Amount owing by joint ventures	71,110	–	–	–	–	71,110
Amount owing by associate companies	56	–	–	–	–	56
Trade and other payables	(22,206)	–	(1,820)	(5)	–	(24,031)
Amount owing to non-controlling shareholders of subsidiaries (non-trade)	(44,142)	–	(400)	–	–	(44,542)
Amount owing to joint ventures	(2)	(444)	–	–	–	(446)
Provision for directors' fee	(259)	–	–	–	–	(259)
Provision	(24)	–	–	–	–	(24)
Bank borrowings	(447,197)	–	–	–	–	(447,197)
	(295,013)	17,009	9,642	1,070	7,928	(259,364)

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

42.1 Currency risk (Cont'd)

The Company	SGD $'000	USD $'000	AUD $'000	RM $'000	Total $'000
At 31 January 2020					
Cash and cash equivalents	**10,897**	**2,092**	**4,051**	**128**	**17,168**
Trade and other receivables	**2,675**	**–**	**4**	**–**	**2,679**
Amount owing by joint ventures	**74,518**	**–**	**–**	**–**	**74,518**
Amount owing by subsidiaries	**200,181**	**–**	**–**	**–**	**200,181**
Trade and other payables	**(9,349)**	**–**	**–**	**–**	**(9,349)**
Lease liabilities	**(19)**	**–**	**–**	**–**	**(19)**
Amount owing to subsidiaries	**(10,345)**	**–**	**–**	**(1,163)**	**(11,508)**
Provision for directors' fee	**(245)**	**–**	**–**	**–**	**(245)**
Bank borrowings	**(55,000)**	**–**	**–**	**–**	**(55,000)**
	213,313	**2,092**	**4,055**	**(1,035)**	**218,425**
At 31 January 2019					
Cash and cash equivalents	53,928	17,453	3,492	71	74,944
Trade and other receivables	4,080	–	–	–	4,080
Amount owing by joint ventures	71,110	–	–	–	71,110
Amount owing by associate companies	56	–	–	–	56
Amount owing by subsidiaries	198,561	–	–	–	198,561
Trade and other payables	(16,595)	–	–	–	(16,595)
Amount owing to subsidiaries	(66,796)	–	–	(1,149)	(67,945)
Amount owing to joint ventures	(2)	(195)	–	–	(197)
Provision for directors' fee	(259)	–	–	–	(259)
	244,083	17,258	3,492	(1,078)	263,755

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

42.1 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.

	Increase/(Decrease)			
	2020		2019	
The Group	**Profit after taxation $'000**	**Equity $'000**	Profit after taxation $'000	Equity $'000
Australian dollar				
- strengthened 5% (2019 - 5%)	**236**	**236**	420	420
- weakened 5% (2019 - 5%)	**(236)**	**(236)**	(420)	(420)
Malaysian Ringgit				
- strengthened 5% (2019 - 5%)	**53**	**53**	47	47
- weakened 5% (2019 - 5%)	**(53)**	**(53)**	(47)	(47)
Chinese Renminbi				
- strengthened 5% (2019 - 5%)	**333**	**333**	345	345
- weakened 5% (2019 - 5%)	**(333)**	**(333)**	(345)	(345)
United States dollar				
- strengthened 5% (2019 - 5%)	**82**	**82**	741	741
- weakened 5% (2019 - 5%)	**(82)**	**(82)**	(741)	(741)

	Increase/(Decrease)			
	2020		2019	
The Company	**Profit after taxation $'000**	**Equity $'000**	Profit after taxation $'000	Equity $'000
Australian dollar				
- strengthened 5% (2019 - 5%)	**168**	**168**	145	145
- weakened 5% (2019 - 5%)	**(168)**	**(168)**	(145)	(145)
Malaysian Ringgit				
- strengthened 5% (2019 - 5%)	**(43)**	**(43)**	(45)	(45)
- weakened 5% (2019 - 5%)	**43**	**43**	45	45
United States dollar				
- strengthened 5% (2019 - 5%)	**87**	**87**	716	716
- weakened 5% (2019 - 5%)	**(87)**	**(87)**	(716)	(716)

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

42.2 Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of the Group's and the Company's financial instruments will fluctuate because of changes in market interest rates.

The Group's and the Company's exposure to interest rate risk arises primarily from bank borrowings and cash placed with financial institutions.

The interest rates of cash and fixed deposits placed with financial institutions, other investments at amortised costs, notional interest charged on non-interest bearing loans owing by joint ventures and subsidiaries, notional interest charged on non-interest bearing loans owing to non-controlling shareholders of subsidiaries, bank borrowings and lease liabilities are disclosed in Notes 3, 4, 13, 14, 16, 22(b), 24 and 39(a) 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
At 31 January 2020							
Floating rate							
Fixed deposits - less than 3 months	**23,837**	**–**	**–**	**–**	**–**	**–**	**23,837**
Fixed deposits - more than 3 months	**9,116**	**–**	**–**	**–**	**–**	**–**	**9,116**
Other investments	**–**	**–**	**–**	**–**	**–**	**32,000**	**32,000**
Lease liabilities	**(398)**	**(409)**	**(416)**	**(63)**	**(62)**	**(1,018)**	**(2,366)**
Bank borrowings	**(62,200)**	**(7,200)**	**(122,200)**	**(548,808)**	**–**	**–**	**(740,408)**
	(29,645)	**(7,609)**	**(122,616)**	**(548,871)**	**(62)**	**30,982**	**(677,821)**
At 31 January 2019							
Floating rate							
Fixed deposits - less than 3 months	88,629	–	–	–	–	–	88,629
Fixed deposits - more than 3 months	9,051	–	–	–	–	–	9,051
Other investments	–	–	–	–	–	32,000	32,000
Bank borrowings	(106,089)	(7,200)	(7,200)	(22,200)	(304,508)	–	(447,197)
	(8,409)	(7,200)	(7,200)	(22,200)	(304,508)	32,000	(317,517)

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

42.2 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
At 31 January 2020							
Floating rate							
Fixed deposits less than 3 months	**5,277**	**–**	**–**	**–**	**–**	**–**	**5,277**
Lease liabilities	**(7)**	**(7)**	**(2)**	**(2)**	**(1)**	**–**	**(19)**
Bank borrowings	**(55,000)**	**–**	**–**	**–**	**–**	**–**	**(55,000)**
	(49,730)	**(7)**	**(2)**	**(2)**	**(1)**	**–**	**(49,742)**
At 31 January 2019							
Floating rate							
Fixed deposits less than 3 months	66,799	–	–	–	–	–	66,799

Interest on financial instruments subject to floating interest rates is contractually repriced at intervals of less than 6 months. The other financial instruments of the Group and the Company that are not included in the above table are not subject to interest rate risks.

Sensitivity analysis for interest rate risk

The sensitivity analysis below has been determined based on the exposure to interest rates for non-derivative instruments at the end of reporting period and on the assumption that the change took place at the beginning of the financial year and is held constant throughout the reporting period. The magnitude represents management's assessment of the likely movement in interest rates under normal economic conditions.

	Increase/(Decrease)			
	2020		2019	
	Profit after taxation $'000	**Equity $'000**	Profit after taxation $'000	Equity $'000
The Group				
Interest rate				
- decreased by 1% per annum	**6,033**	**6,033**	2,766	2,766
- increased by 1% per annum	**(6,033)**	**(6,033)**	(2,766)	(2,766)
The Company				
Interest rate				
- decreased by 1% per annum	**413**	**413**	(554)	(554)
- increased by 1% per annum	**(413)**	**(413)**	554	554

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

42.3 Liquidity risk

Liquidity risk is the risk that the Group or the Company will encounter difficulty in raising funds to meet commitments associated with financial instruments that are settled by delivering cash or another financial asset. Liquidity risk may result from an inability to sell a financial asset quickly at close to its fair value.

The Group's and the Company's exposure to liquidity arises primarily from mismatches of the maturities of financial assets and liabilities. The Group's and the Company's objective is to maintain a balance between continuity of funding and flexibility through the use of stand-by credit facilities.

The Group and the Company ensure that there are adequate funds to meet all its obligations in a timely and cost-effective manner. The Group and the Company aim at maintaining flexibility in funding by keeping committed credit facilities available as disclosed in Note 24 to the financial statements.

The table below summarises the Group's and the Company's financial liabilities into relevant maturity groupings based on the remaining period from the end of reporting period to the contractual maturity date. The amounts disclosed in the table are based on the contractual undiscounted cash flows. Balance due within 12 months equal their carrying balances as the impact of discounting is not significant.

The Group	Less than 1 year $'000	Between 1 and 5 years $'000	More than 5 years $'000	Total $'000
At 31 January 2020				
Trade and other payables	**23,083**	**3,383**	**–**	**26,466**
Lease liabilities	**463**	**1,110**	**1,246**	**2,819**
Amounts owing to joint ventures (non-trade)	**254**	**–**	**–**	**254**
Amounts owing to non-controlling shareholders of subsidiaries (non-trade)	**375**	**50,266**	**–**	**50,641**
Provision for directors' fee	**245**	**–**	**–**	**245**
Provision	**–**	**30**	**–**	**30**
Bank borrowings	**80,820**	**721,207**	**–**	**802,027**
	105,240	**775,996**	**1,246**	**882,482**
Financial guarantees for joint ventures	**1,360**	**155,332**	**–**	**156,692**
At 31 January 2019				
Trade and other payables	23,702	–	–	23,702
Amounts owing to joint ventures (non-trade)	446	–	–	446
Amounts owing to non-controlling shareholders of subsidiaries (non-trade)	1,413	50,266	–	51,679
Provision for directors' fee	259	–	–	259
Provision	24	–	–	24
Bank borrowings	118,038	373,791	–	491,829
	143,882	424,057	–	567,939
Financial guarantees for joint ventures	1,360	156,692	–	158,052

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

42.3 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 2020				
Trade and other payables	**9,338**	**–**	**–**	**9,338**
Lease liabilities	**8**	**12**	**–**	**20**
Amounts owing to subsidiaries (non-trade)	**11,508**	**–**	**–**	**11,508**
Provision for directors' fee	**245**	**–**	**–**	**245**
Bank borrowings	**55,415**	**–**	**–**	**55,415**
	76,514	**12**	**–**	**76,526**
Financial guarantees for subsidiaries	**7,200**	**724,408**	**–**	**731,608**
Financial guarantees for joint ventures	**1,360**	**155,332**	**–**	**156,692**
At 31 January 2019				
Trade and other payables	16,467	–	–	16,467
Amounts owing to subsidiaries (non-trade)	67,945	–	–	67,945
Amounts owing to joint ventures (non-trade)	197	–	–	197
Provision for directors' fee	259	–	–	259
	84,868	–	–	84,868
Financial guarantees for subsidiaries	106,089	341,108	–	447,197
Financial guarantees for joint ventures	1,360	156,692	–	158,052

42.4 Market price risk

Market price risk arises mainly from uncertainty about future prices of instruments used in the Group's operations. It represents the potential loss the Group might suffer through holding investments in the face of price movements. It is the Group's policy to hold an appropriate spread of investments in the portfolio in order to reduce the risk arising from factors specific to a particular sector or industry.

The Group is exposed to marketable securities price risk arising from its investments in equity investments classified as financial assets held at fair value through other comprehensive income and financial assets held at fair value through profit or loss. These securities are listed on the Singapore Exchange and Bursa Malaysia Berhad.

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

42.4 Market price risk (Cont'd)

	The Group		The Company	
	2020	2019	**2020**	2019
	$'000	$'000	**$'000**	$'000
Financial assets at FVOCI				
- Listed in Singapore	**11,011**	32,394	**–**	–
- Listed in Malaysia	**1,674**	2,864	**971**	1,661
	12,685	35,258	**971**	1,661
Financial assets at FVPL				
- Listed in Singapore	**–**	5,156	**–**	–
Total equity securities	**12,685**	40,414	**971**	1,661

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.

Sensitivity analysis for market price risk

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% (2019 - 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)					
	2020			2019		
	Profit after taxation	**OCI**	**Equity**	Profit after taxation	OCI	Equity
	$'000	**$'000**	**$'000**	$'000	$'000	$'000
The Group						
Prices for quoted equity investments						
- increased by 2% per annum	**–**	**254**	**254**	90	705	795
- decreased by 2% per annum	**–**	**(254)**	**(254)**	(90)	(705)	(795)
The Company						
Prices for quoted equity investments						
- increased by 2% per annum	**–**	**19**	**19**	–	33	33
- decreased by 2% per annum	**–**	**(19)**	**(19)**	–	(33)	(33)

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

42.5 Credit risk

Credit risk refers to the risk that counterparty will default on its contractual obligations resulting in financial loss to the Group. The Group adopts the policy of dealing only with:

- Customers of appropriate credit standing and history, and obtaining sufficient collateral where appropriate to mitigate credit risk; and

- High credit quality counterparties rating by external credit rating companies.

The Group's and the Company's exposure to credit risk arises primarily from trade and other receivables, related parties' balances and cash placed with financial institutions. Cash is held with reputable financial institutions. For trade receivables, the Group and the Company adopt the policy of dealing only with customers of appropriate credit history. For other financial assets, the Group and the Company adopt the policy of dealing only with high credit quality counterparties.

The Group's objective is to seek continual growth while minimising losses incurred due to increased credit risk exposure. There are no significant concentrations of credit other than advances to joint ventures, associate companies, non-controlling shareholders of subsidiaries, and inter-company balances which are eliminated upon consolidation.

As at 31 January 2020, none (2019 - none) of the trade receivables individually exceed 5% of the Group's total assets.

The Group carries out construction work mainly for entities within the Group. There is insignificant expected credit loss on construction contracts.

As the Group and the Company do not hold collateral, the maximum exposure to credit risk to each class of financial instruments is the carrying amount of that class of financial instruments presented on the statements of financial position, except as disclosed in Note 45.3.

The Group monitors its potential losses on credit extended. In addition, rental deposits are received as security from tenants of its investment properties. The amounts presented in the statements of financial position are net of allowances for doubtful receivables.

The Group's credit risk framework comprises the following categories:

Category	**Description**	**Basis for recognising ECL**
Performing	The counterparty has a low risk of default and does not have any past-due amounts.	12-month ECL
Doubtful	Amount is >30 days past due or there has been a significant increase in credit risk since initial recognition.	Lifetime ECL – not credit-impaired
In default	Amount is >90 days past due or there is evidence indicating the asset is credit-impaired.	Lifetime ECL – credit-impaired
Write-off	There is evidence indicating that the debtor is in severe financial difficulty and the Group has no realistic prospect of recovery.	Amount is written off

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

42.5 Credit risk (Cont'd)

The movement in credit loss allowance are as follows:

	Lifetime ECL		12-month ECL		
Internal credit rating:	(a)	(a)	Performing	Performing	
The Group	Trade receivables $'000	Contract assets $'000	Other receivables $'000	Other investment at amortised costs $'000	Total $'000
Balance at 1 February 2018	88	–	88	–	176
Loss allowance recognised in profit or loss during year on:					
Assets acquired/originated	81	–	1	–	82
Changes in credit risk	–	–	–	–	–
	81	–	1	–	82
Receivable written off as uncollectible	–	–	–	–	–
Balance at 31 January 2019	169	–	89	–	258
Loss allowance recognised in profit or loss during year on:					
Assets acquired/originated	**–**	**–**	**–**	**–**	**–**
Assets de-recognised upon settlement	**17**	**–**	**(32)**	**–**	**(15)**
Changes in credit risk	**–**	**–**	**–**	**–**	**–**
	17	**–**	**(32)**	**–**	**(15)**
Receivable written off as uncollectible	**–**	**–**	**–**	**–**	**–**
Balance at 31 January 2020	**186**	**–**	**57**	**–**	**243**

The Group

No adjustment has been made to the allowance for trade and other receivables, contract assets and other investments at amortised cost as of 31 January 2020 and 31 January 2019 as the amount to be adjusted is insignificant. In addition, there is no credit-impaired financial assets in current and previous financial years.

Cash and cash equivalents, trade and other receivables, contract assets and other investments at amortised cost are subject to immaterial credit loss.

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

42.5 Credit risk (Cont'd)

(a) Trade receivables and contract assets

The Group uses a provision matrix to measure the lifetime expected credit loss allowance for trade receivables and contract assets. In measuring the expected credit losses, trade receivables and contract assets are grouped based on shared credit risk characteristics and days past due. The contract assets relate to unbilled work-in-progress, which have substantially the same risk characteristics as the trade receivables for the same type of contracts. The Group has therefore concluded that the expected loss rates for trade receivables are a reasonable approximation of the loss rates for the contract assets.

In calculating the expected credit loss rates, the Group considers historical loss rates for each category of customers and adjusts to reflect current and forward-looking macroeconomic factors affecting the ability of the customers to settle the receivables.

Trade receivables and contract assets are written off when there is no reasonable expectation of recovery, such as a debtor failing to engage in a repayment plan with the Group. The Group considers a financial asset as in default if the counterparty fails to make contractual payments within 90 days when they fall due, and writes off the financial asset when a debtor fails to make contractual payments greater than 120 days past due. Where receivables are written off, the Group and the Company continues to engage in enforcement activity to attempt to recover the receivables due. Where recoveries are made, these are recognised in profit or loss.

The Group's credit risk exposure in relation to trade receivables and contract assets under SFRS(I) 9 as at 31 January 2020 are set out as follows:

	Trade receivables						Contract assets	
The Group	Current $'000	< 30 days $'000	31 – 60 days $'000	61 – 90 days $'000	91 – 120 days $'000	> 120 days $'000	Current $'000	Total $'000
2020								
ECL Rate (%)	**0.0%**	**0.0%**	**7.0%**	**67.5%**	**6.3%**	**28.8%**	**0.0%**	
Estimated total gross carrying amount at default ($)	**1,449**	**94**	**43**	**40**	**16**	**538**	**2,497**	**4,677**
Lifetime ECL ($)	**–**	**–**	**3**	**27**	**1**	**155**	**–**	**186**

	Trade receivables						Contract assets	
The Group	Current $'000	< 30 days $'000	31 – 60 days $'000	61 – 90 days $'000	91 – 120 days $'000	> 120 days $'000	Current $'000	Total $'000
2019								
ECL Rate (%)	0.0%	24.0%	15.8%	33.3%	100.0%	100.0%	0.0%	
Estimated total gross carrying amount at default ($)	8,694	25	19	3	8	150	3,133	12,032
Lifetime ECL ($)	1	6	3	1	8	150	–	169

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

42.5 Credit risk (Cont'd)

(b) Other investments at amortised cost

As disclosed in Note 13, other investments at amortised cost comprise unlisted bond. This is considered "low credit risk" as the unlisted bond have low risk of default as the issuer has a strong capacity to meet the contractual cash flow obligations in the near term.

Hence, the loss allowance recognised on this asset is measured at the 12-month expected credit losses.

The Company

The Company is not exposed to significant expected credit losses on its bank balances and trade and other receivables. No adjustment has been made to the allowance for trade and other receivables and contract assets on initial adoption of SFRS(I) 9 as the amount to be adjusted is insignificant.

The Company has issued financial guarantees to banks for borrowings of its subsidiaries. These guarantees are subject to the impairment requirements of SFRS(I) 9. The Company has assessed that its subsidiaries have the financial capacity to meet the contractual cash flow obligations in the near future and hence, does not expect significant credit losses arising from these guarantees.

The maximum exposure of the Company in respect of its intra-group financial guarantees (see Note 45.3) at the reporting date as if the facilities are drawn down up to the amount of $1,026,840,000 (2019 - $1,035,490,000). 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.

43 Fair value measurement

Definition of fair value

SFRS(I)s define fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

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).

43 Fair value measurement (Cont'd)

Fair value measurement of financial instruments (Cont'd)

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 2020 and 31 January 2019:

The Group	Level 1 $'000	Level 2 $'000	Level 3 $'000	Total $'000
As at 31 January 2020				
Assets				
Financial assets at FVOCI	**12,685**	**–**	**–**	**12,685**
As at 31 January 2019				
Assets				
Financial assets at FVOCI	35,258	–	–	35,258
Financial assets at FVPL	5,156	–	–	5,156

The Company	Level 1 $'000	Level 2 $'000	Level 3 $'000	Total $'000
As at 31 January 2020				
Assets				
Financial assets at FVOCI	**971**	**–**	**–**	**971**
As at 31 January 2019				
Assets				
Financial assets at FVOCI	1,661	–	–	1,661

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.

There were no transfers into or out of fair value hierarchy levels for financial years ended 31 January 2020 and 2019.

Financial instruments whose carrying amount approximate fair value

The Company has determined that the carrying amounts of cash and short term deposits, current trade and other receivables, non-interest bearing loans owing by joint ventures and subsidiaries, non-trade amount owing by/to non-controlling shareholders of subsidiaries, non-trade amount owing to joint ventures, provision, provision for directors' fee, current trade and other payables, lease liabilities and 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. For non-current trade payables, the fair value is not significantly different from their carrying amount.

44 Financial instruments

Accounting classifications of financial assets and financial liabilities

The carrying amount of the different categories of financial instruments are as follows:

The Group	2020 $'000	2019 $'000
Financial assets at FVOCI	**12,685**	35,258
Financial assets at FVPL	**–**	5,156
Cash and cash equivalents	**59,477**	116,259
Fixed deposits	**9,116**	9,051
Other investments at amortised cost	**32,000**	32,000
Amount owing by joint ventures	**74,518**	71,110
Amount owing by non-controlling shareholders of subsidiaries	**957**	–
Amount owing by associate companies	**–**	56
Trade and other receivables	**5,386**	47,693
Financial assets at amortised cost	**181,454**	276,169
Amount owing to joint ventures	**254**	446
Amount owing to non-controlling shareholders of subsidiaries	**45,522**	44,542
Provision for directors' fee	**245**	259
Provision	**27**	24
Bank borrowings	**740,408**	447,197
Lease liabilities	**2,366**	–
Trade and other payables	**26,189**	23,702
Financial liabilities at amortised cost	**815,011**	516,170

The Company	2020 $'000	2019 $'000
Financial assets at FVOCI	**971**	1,661
Cash and cash equivalents	**17,168**	74,944
Amount owing by joint ventures	**72,630**	69,222
Amount owing by subsidiaries	**200,181**	198,561
Amount owing by associate companies	**–**	56
Trade and other receivables	**1,684**	1,350
Financial assets at amortised cost	**291,663**	344,133
Amount owing to subsidiaries	**11,508**	67,945
Amount owing to joint ventures	**–**	197
Provision for directors' fee	**245**	259
Bank borrowings	**55,000**	–
Lease liabilities	**19**	–
Trade and other payables	**9,338**	16,467
Financial liabilities at amortised cost	**76,110**	84,868

45 Commitments

45.1 Operating lease commitments (non-cancellable)

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

Certain leases have varying terms, escalation clauses and renewal rights. As at 31 January 2019, 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 5 years as follows:

The Group	2019 $'000
Not later than one year	409
Later than one year and not later than five years	434
Later than five years	1,428
	2,271

The Company	2019 $'000
Not later than one year	8
Later than one year and not later than five years	12
	20

As disclosed in Note 2(b), the Group adopted SFRS(I) 16 on 1 February 2019. These lease payments have been recognised as right-of-use assets and lease liabilities on the statements of financial position as at 1 February 2019, except for short-term and low value leases.

(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.

As at 31 January 2019, 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, are as follows:

The Group	2019 $'000
Not later than one year	16,720
Later than one year and not later than five years	24,193
Later than five years	29
	40,942

The Company	2019 $'000
Not later than one year	601
Later than one year and not later than five years	62
	663

On 1 February 2019, the Group adopted SFRS(I) 16 and the undiscounted lease payments from the operating leases to be received after 31 January 2020 are disclosed in Note 39(b).

45 Commitments (Cont'd)

45.2 Capital commitments

Capital expenditures contracted for at the reporting date but not recognised in the financial statements, excluding those relating to investments in joint ventures (Note 14) and investments in associate companies (Note 15) are as follows:

The Group	**2020** **$'000**	2019 $'000
Capital expenditure contracted but not provided for in the financial statements	**34,302**	57,272

The capital commitments principally relate to:

- Consultancy, architectural services and construction cost for Citadines Balestier by Balestier Tower Pte. Ltd. of $Nil (2019 - $631,000);
- Consultancy, architectural services and construction cost for the proposed development of 67 and 69 Cairnhill Road by Glopeak Development Pte. Ltd. of $4,394,000 (2019 - $1,670,000);
- Consultancy, architectural services and construction cost for the mixed development at 2 Perumal Road by Perumal Development Pte. Ltd. of $28,678,000 (2019 - $54,971,000); and
- Renovation cost for the hotel at No.1 St. George's Terrace by Amuret Pty Ltd of $1,230,000 (2019 - $Nil).

45.3 Other commitments

Financial guarantees

The Company has provided financial guarantees to banks for credit facilities totalling $870,148,000 (2019 - $877,438,000) granted to certain subsidiaries for which the Company is exposed to liability which is capped at $731,608,000 (2019 - $447,197,000). As at the reporting date, the banking facilities utilised stood at $731,608,000 (2019 - $447,197,000).

The Company has provided financial guarantees to banks for credit facilities $156,692,000 (2019 - $158,052,000) granted to certain joint ventures for which the Company is exposed to liability which is capped at $156,692,000 (2019 - $158,052,000). As at the reporting date, the banking facilities utilised stood at $156,692,000 (2019 - $158,052,000).

As at 31 January 2020 and 31 January 2019, the fair values of the financial guarantees determined based on the expected loss arising from the risk of default are negligible.

46 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 shareholders' 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	Note	**2020 $'000**	2019 $'000
Trade and other payables	20	**26,672**	24,031
Amounts owing to joint ventures	21	**254**	446
Amounts owing to non-controlling shareholders of subsidiaries (non-trade)	22(b)	**45,522**	44,542
Lease liabilities	39(a)	**2,366**	–
Bank borrowings	24	**740,408**	447,197
		815,222	516,216
Less:			
Cash and cash equivalents	3	**(59,477)**	(116,259)
Fixed deposits	4	**(9,116)**	(9,051)
Net debt	(i)	**746,629**	390,906
Total equity	(ii)	**689,652**	688,837
Total capital	(i)+(ii)	**1,436,281**	1,079,743
Gearing ratio	(i)/[(i)+(ii)]	**52%**	36%

46 Capital management (Cont'd)

The Company	Note	**2020 $'000**	2019 $'000
Trade and other payables	20	**9,349**	16,595
Amounts owing to subsidiaries	7(b)	**11,508**	67,945
Amounts owing to joint ventures	21	**–**	197
Lease liabilities	39(a)	**19**	–
Bank borrowings	24	**55,000**	–
		75,876	84,737
Less:			
Cash and cash equivalents	3	**(17,168)**	(74,944)
Net debt	(i)	**58,708**	9,793
Total equity	(ii)	**674,204**	586,517
Total capital	(i)+(ii)	**732,912**	596,310
Gearing ratio	(i)/[(i)+(ii)]	**8%**	2%

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, lease liabilities and amounts owing to related parties less cash and cash equivalents and short-term deposits.

The Group and the Company have observed its covenant obligations, including maintaining capital ratios since the inception of the borrowings (Note 24).

There were no changes in the Group's and Company's approach to capital management during the financial year ended 31 January 2020.

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

STATISTICS OF SHAREHOLDINGS

As at 5 May 2020

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	0.46	375	0.00
100 - 1,000	70	2.68	42,621	0.01
1,001 - 10,000	1051	40.19	6,542,437	0.89
10,001 - 1,000,000	1452	55.52	98,737,203	13.36
1,000,001 and above	30	1.15	633,493,364	85.74
TOTAL	2,615	100.00	738,816,000	100.00

TOP 20 LARGEST SHAREHOLDERS AS AT 5 MAY 2020

No	Name	No. of shares	%
1	UNITED OVERSEAS BANK NOMINEES P L	396,773,545	53.70
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) LIMITED	13,820,900	1.87
6	DBS NOMINEES PTE LTD	10,249,900	1.39
7	LOW CHIN HAN	10,000,000	1.35
8	CITIBANK NOMS SPORE PTE LTD	8,670,200	1.17
9	ANGELA LOW SEOK FUN	7,000,000	0.95
10	LOW SEOK LING MONICA	7,000,000	0.95
11	RHB SECURITIES SINGAPORE PTE LTD	4,735,000	0.64
12	PHILLIP SECURITIES PTE LTD	4,429,600	0.60
13	LIM AND TAN SECURITIES PTE LTD	4,003,500	0.54
14	DBS VICKERS SECURITIES (S) PTE LTD	3,993,000	0.54
15	LEE CHO SENG @ LEE CHOO SEONG	3,878,700	0.53
16	MAYBANK KIM ENG SECURITIES PTE. LTD.	3,509,800	0.48
17	LIM BOK HOO	3,378,000	0.46
18	HSBC (SINGAPORE) NOMINEES PTE LTD	2,983,500	0.40
19	CGS-CIMB SECURITIES (SINGAPORE) PTE LTD	2,316,867	0.31
20	OW-YONG SIM HIAN MABEL	2,310,000	0.31
	TOTAL	617,716,264	83.60

SUBSTANTIAL SHAREHOLDERS AS AT 5 MAY 2020

	No. of shares fully paid		
Name of Substantial Shareholder	**Direct Interest**	**Deemed interest**	**Total**
Consistent Record Sdn Bhd	–	395,194,345	395,194,345
Seah Soh Seng	–	395,194,345	395,194,345
Dato' Marco Low Peng Kiat	300,000	399,945,345	400,245,345
Low Keng Boon @ Lau Boon Sen	52,773,806	23,000,000	75,773,806
Estate of Low Keng Hoo	52,889,946	–	52,889,946

Seah Soh Seng is deemed to be interested in the 395,194,345 shares held by United Overseas Bank Nominees (Private) Limited ("UOBNPL") for account Consistent Record Sdn Bhd ("CRSB") as trustee for her minor grandsons.

Dato' Marco Low Peng Kiat and a trust for his minor sons jointly hold all the shares in CRSB. He is deemed to be interested in the 395,194,345 shares held by UOBNPL for account of CRSB. He is deemed to be interested in 2,751,000 shares held by Maybank Kim Eng Secs Pte. Ltd. and 2,000,000 shares held by Raffles Nominees (Pte) Limited for his own account.

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

PERCENTAGE OF SHAREHOLDINGS IN PUBLIC HANDS

Based on information available to the Company as at 5 May 2020, approximately 23.99% 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 FIFTY-ONE ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Fifty-One Annual General Meeting of the Company will be held by electronic means on Tuesday, 16 June 2020 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 2020 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 1.5 cents per ordinary share for the financial year ended 31 January 2020. **(Resolution 2)**

3. To re-elect Mr Low Keng Boon @ Lau Boon Sen, a Director retiring under Regulation 88 of the Constitution of the Company. **(Resolution 3)**
   (See Explanatory Note 1)

4. To re-elect Mr Low Poh Kuan, a Director retiring under Regulation 88 of the Constitution of the Company. **(Resolution 4)**
   (See Explanatory Note 2)

5. To re-elect Mr Chris Chia Woon Liat, a Director retiring under Regulation 88 of the Constitution of the Company. **(Resolution 5)**
   (See Explanatory Note 3)

6. To approve the Directors' fee of $244,932 for the financial year ended 31 January 2020 (2018: $258,808). **(Resolution 6)**

7. To re-appoint Foo Kon Tan LLP, as Auditors of the Company and to authorise the Directors to fix their remuneration. **(Resolution 7)**

AS SPECIAL BUSINESS

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

8. 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 upon such terms and for such purposes and to such persons 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 and subsidiary holdings, 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 and subsidiary holdings of the Company, and for the purpose of this resolution, the total number of issued shares excluding treasury shares and subsidiary holdings shall be the Company's total number of issued shares excluding treasury shares and subsidiary holdings at the time this resolution is passed, after adjusting for;

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

(b) new shares arising from exercising share options or vesting of share awards 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 adjustments in accordance with (a) or (b) are only to be made in respect of new shares arising from convertible securities, share options or share awards which were issued and outstanding or subsisting at the time of the passing of this Resolution, 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 8)
(See Explanatory Note 4)

ANY OTHER BUSINESS

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

By Order of the Board

Chin Yeok Yuen
Company Secretary
Singapore, 1 June 2020

NOTICE OF FIFTY-ONE ANNUAL GENERAL MEETING

Explanatory notes:

1. Mr Low Keng Boon @ Lau Boon Sen will, upon re-election as a Director of the Company, remain as Executive Chairman and member of the Nominating Committee. Detailed information on Mr Low Keng Boon @ Lau Boon Sen can be found under "Additional Information on Directors Seeking Re-election" section in the Company's Annual Report 2019/2020.

2. Mr Low Poh Kuan will, upon re-election as a Director of the Company, remain as Executive Director. Detailed information on Mr Low Poh Kuan can be found under "Additional Information on Directors Seeking Re-election" section in the Company's Annual Report 2019/2020.

3. Mr Chris Chia Woon Liat will, upon re-election as a Director of the Company, remain as member of the Audit, Nominating and Remuneration Committees. He will be considered independent for the purposes of Rule 704(8) of the Listing Manual of the Singapore Exchange Securities Trading Limited. Detailed information on Mr Chris Chia Woon Liat can be found under "Additional Information on Directors Seeking Re-election" section in the Company's Annual Report 2019/2020.

4. The Ordinary Resolution 8 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 and subsidiary holdings of the Company of which the total number of shares and convertible securities issued other than on a pro rata basis to existing shareholders shall not exceed 20% of the total number of issued shares excluding treasury shares and subsidiary holdings of the Company at the time the resolution is passed, for such purposes as they consider would be in the interests of the Company. The total number of issued shares excluding treasury shares and subsidiary holdings of the Company for this purpose shall be the total number of issued shares excluding treasury shares and subsidiary holdings at the time this resolution is passed after adjusting for new shares arising from the conversion of convertible securities or employee share options on issue at the time this resolution is passed and any subsequent bonus issues, consolidation or subdivision of shares. This authority will, unless revoked or varied at a general meeting, expire at the next Annual General Meeting of the Company.

NOTICE OF FIFTY-ONE ANNUAL GENERAL MEETING

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

Due to the fast-evolving COVID-19 situation in Singapore, stringent measures are currently in place to minimise the spread of COVID-19. The Company will fully comply with all such measures. The Company may be required to change its Annual General Meeting ("**AGM**") arrangements at short notice. Shareholders are advised to check on the SGXNet for any latest updated on changes, if any.

In light of the above developments, the Company will arrange for a live webcast of the AGM proceedings ("**Live AGM Webcast**"), which will now take place on 16 June 2020 at 11.00 a.m. as specified in the Notice of AGM. The Live AGM Webcast will be fully virtual.

For the safety and wellbeing of our shareholders and personnel, shareholders should refrain from attending the AGM in person. Shareholders will be able to watch the AGM proceedings through the Live AGM Webcast, and the Company will not accept any physical attendance by shareholders. Any shareholder seeking to attend the AGM physically in person will be turned away.

Shareholders will be able to participate in the AGM in the following manner set out in the paragraphs below:-

LIVE WEBCAST

1. Shareholders may watch the live webcast of the AGM proceedings through the Live AGM Webcast via mobile phones, tablets or computers. To do so, Shareholders will need to register at https://www.meetings.vision/lowkenghuat-agm-registration (the "**Registration Link**") by 11.00 a.m. on 13 June 2020 (the "**Registration Deadline**") to enable the Company to verify their status.
2. After verification, authenticated shareholders will receive an email confirmation by 14 June 2020 containing a password and unique link to access the live webcast of the AGM proceedings. Shareholders are required to input their registered email address as USER ID. Only shareholders of the Company will be able to register to watch the live webcast.
3. Shareholders must not forward the password and unique link or telephone number to other persons who are not shareholders and who are not entitled to attend the AGM. This is also to avoid any technical disruptions or overload to the Live AGM Webcast.
4. Shareholders who register by the Registration Deadline but do not receive an email response by 14 June 2020 may contact our Share Registrar, KCK CorpServe Pte Ltd by emailing to sharereg@kckcs.com.sg.

SUBMISSION OF PROXY FORMS TO VOTE

1. Shareholders who wish to vote for the resolutions, must appoint "Chairman of the Meeting" as their proxy by completing the proxy form attached to the Notice of AGM, indicating how they wish to vote on each resolution. A softcopy of the proxy form is also available at our website www.lkhs.com.sg.
2. Shareholder can either choose to submit the completed and signed proxy form by:-

   (i) Depositing it at or send by post to the Registered Office of the Company at 80 Marine Parade Road, #18-05/09 Parkway Parade, Singapore 449269, or

   (ii) Emailing it to proxyform@lkhs.com.sg

   not less than seventy-two (72) hours, by 11.00 a.m., 13 June 2020. Any incomplete and incorrect proxy forms will be rejected by the Company.
3. For CPF or SRS investors who wish to submit their votes should approach their respective CPF Agent Banks or SRS Operators to appoint the chairperson as their proxy and submit their votes at least seven (7) working days before the AGM (i.e. by 11.00 a.m. on 4 June 2020).
4. Shareholders who did not indicate how they wish to vote on each resolution in the submitted proxy forms are advised to re-submit their proxy forms to appoint Chairman of the Meeting as their proxy and specifying their votes for the respective resolutions. Submission by a shareholder of a valid instrument appointing the Chairman of the Meeting as proxy at least 72 hours before the time for holding the AGM will supersede any previous instrument appointing a proxy (ies) submitted by that shareholder.
5. **Please note that shareholders will not be able to vote through the live webcast and can only vote with their proxy forms which are required to be submitted in accordance with the foregoing paragraphs.**

SUBMISSION OF SHAREHOLDERS' QUESTIONS AND ANSWERS

1. Shareholders may submit any questions that are related to any resolutions to be tabled for approval at the AGM. Shareholders may send their queries before 9 June 2020, via email to our Chief Financial Officer at agm2020@lkhs.com.sg.
2. Please provide the following information in your email when submitting questions to the Company:
   - your full name as it appears on your CDP/CPF/SRS/Scrip share records;
   - your addrss;
   - number of shares held; and
   - the manner in which you hold shares in the Company (e.g., via CDP, CPF or SRS or Scrip based)
3. The Company will endeavour to address the substantial and relevant questions at or before the AGM. The responses to such questions from shareholders, together with the minutes of the AGM, will be posted on the SGXNet and the Company's website within one month after the date of AGM.

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

NOTICE OF FIFTY-ONE ANNUAL GENERAL MEETING

Note:

1. The instrument appointing Chairman of the Meeting as the proxy must be deposited at or sent by post to the Registered Office of the Company at 80 Marine Parade Road, #18-05/09 Parkway Parade, Singapore 449269, or email to proxyform@lkhs.com.sg not less than 72 hours before the appointed time.

   In view of the current COVID-19 situation and the related safe distancing measures which may make it difficult for members to submit completed proxy forms by post, members are strongly encouraged to submit completed proxy forms electronically via email.

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 warrant.

ADDITIONAL INFORMATION ON DIRECTORS SEEKING RE-ELECTION

Name of Director	Low Keng Boon @ Lau Boon Sen	Low Poh Kuan	Chris Chia Woon Liat
Date of appointment	14 April 1969	5 April 2004	12 September 2018
Date of last re-appointment	29 May 2019	31 May 2018	29 May 2019
Age	78	50	47
Country of principal residence	Singapore	Singapore	Singapore
The Board's comments on this re-appointment (including rationale, selection criteria and the search and nomination process)	The re-election of Mr Low Keng Boon as a Director of the Company at the AGM 2020 was recommended by the Nominating Committee and approved by the Board after taking into consideration Mr Low Keng Boon's overall contribution, expertise and past experiences.	The re-election of Mr Low Poh Kuan as a Director of the Company at the AGM 2020 was recommended by the Nominating Committee and approved by the Board after taking into consideration Mr Low Poh Kuan's contributions, qualifications and past experiences.	The re-election of Mr Chris Chia Woon Liat as a Director of the Company at the AGM 2020 was recommended by the Nominating Committee and approved by the Board after taking into consideration Mr Chris Chia's background, qualifications, expertise and past experiences.
Whether the appointment is executive and if so, please state the area of responsibility	Yes, he ensures that the Board is effective in its task of setting and implementing the Company's direction and strategy. He will also provide mentorship and guidance to the Board and Management and ensures effective communication with shareholders.	Yes, his main duties include the management of the overall operations of the Company's property developments projects.	No, the appointment is non-executive.
Job title (e.g. Lead ID, AC Chairman, AC member, etc)	• Executive Chairman • Member of Nominating Committee	• Executive Director	• Independent Director • Member of Audit Committee • Member of Nominating Committee • Member of Remuneration Committee

ADDITIONAL INFORMATION ON DIRECTORS SEEKING RE-ELECTION

Name of Director	Low Keng Boon @ Lau Boon Sen	Low Poh Kuan	Chris Chia Woon Liat
Working experience and occupation(s) during the past 10 years	Mr Low Keng Boon is a co-founder of Low Keng Huat (Singapore) Limited and he has over 50 years of experience in building and construction.	Prior to joining the Company, Mr Low Poh Kuan has extensive experience in sales and marketing in the contract furnishing industry.	Mr Chris Chia is the Managing Partner of Kendall Court, an investment partnership focused on alternative financing primarily in the Southeast Asian region and across Asia Pacific. He is also currently, a member of the Board of Directors of Bangkok Bank Berhad. Mr Chris Chia has also served the longest member of the Money Policy Advisory Committee under SPRING Singapore to assess SME development needs the area of financing.
Professional memberships/ qualifications	Chung Ling High School	Bachelor of Science in Marketing and Economics from University of Indiana, Bloomington, USA	• Bachelor of Commerce from University of Western Australia (Major in Accounting and Finance) • Bachelor of Commerce (Honours) from University of Western Australia (Major in Accounting) • Master of Accounting from University of Western Australia • Master of Business Administration from MIT Sloan School of Management • Master of Liberal Arts from Harvard University
Shareholding interest in the Company and its subsidiaries	Direct interest of 52,773,806 shares, 7.14% Deemed interest of 23,000,000 shares, 3.11%	Direct interest of 1,998,000 shares, 0.27%	None
Any relationship (including immediate family member relationships) with any existing director, existing executive officer, the Company and/or substantial shareholder of the Company or any of its principal subsidiaries	Dato' Marco Low Peng Kiat, Managing Director and Mr Low Poh Kuan, Executive Director are the nephews of Mr Low Keng Boon.	Mr Low Poh Kuan is the nephew of Mr Low Keng Boon, Executive Chairman and cousin of Dato' Marco Low Peng Kiat, Managing Director.	None

Name of Director	Low Keng Boon @ Lau Boon Sen	Low Poh Kuan	Chris Chia Woon Liat
Conflict of interest (including competing business)	None	None	None
Undertaking (in the format set out in Appendix 7H) under Rule 720(1) submitted to the Company?	Yes	Yes	Yes
Other principal commitments including Directorships			
- Present	Various subsidiaries of Low Keng Huat (Singapore) Limited	Various subsidiaries of Low Keng Huat (Singapore) Limited	- Bangkok Bank Berhad - Kendall Court Capital Partners Limited - Kendall Court Capital Partners Bristol Limited - Kendall Court Mezzanine (Asia) Investment Manager Limited - Kendall Court Capital Management Limited - Kendall Court (Singapore) Pte Ltd - Kendall Court Cambridge Investment Manager Limited - Kendall Court Harmony Ltd

ADDITIONAL INFORMATION ON DIRECTORS SEEKING RE-ELECTION

Name of Director	Low Keng Boon @ Lau Boon Sen	Low Poh Kuan	Chris Chia Woon Liat
- Past (for the last 5 years)	Nil	Nil	- Kendall Court (Mauritius) Limited - Green Development Limited - Green Equity Limited - Deira Investment (S) Pte. Ltd. - Deira Equity (S) Pte. Ltd. - Deira Mauritius Ltd. - Agro Riches (S) Pte. Ltd. - Shane Investments Kendall Limited - Kendall Court Vision Pte. Ltd. - Lantern Kendall Cayman Limited - Lantern Kendall Malaysia Sdn Bhd - Balsa Kendall Mauritius Limited - Kendall Court Resource Investments Limited - Kendall Court Cambridge Capital Partners Limited
Responses to questions (a) to (k) under Appendix 7.4.1 of the Listing Manual of SGX-ST	Negative Confirmation	Negative Confirmation	Negative Confirmation

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

IMPORTANT
This proxy form is not valid for use by CPF and SRS investors and shall be ineffective for all intents and purposes if used or purported to be used by them. CPF and SRS investors should contact their respective Agent Banks/SRS Operators if they have any queries regarding their appointment as proxies.

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 the **Chairman of the Meeting** as *my/our *proxy/proxies to vote for *me/us on *my/our behalf at the Annual General Meeting ("AGM") of the Company to be held by electronic means on Tuesday, 16 June 2020 at 11.00 a.m. and at any adjournment thereof.

I/We direct my/our proxy/proxies to vote for or against or abstain from voting on the resolutions to be proposed at the AGM in the spaces provided hereunder.

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

Resolutions		No of Votes or indicate with a tick (√) or cross (x)**		
		For	Against	Abstain
Ordinary business				
1.	To receive and adopt the Audited Financial Statements, Directors' Statement and Auditors' Report for the financial year ended 31 January 2020.			
2.	To declare a first and final tax exempt (one-tier) dividend of 1.5 cents per ordinary share for the financial year ended 31 January 2020.			
3.	To re-elect Mr Low Keng Boon @ Lau Boon Sen as a Director.			
4.	To re-elect Mr Low Poh Kuan as a Director.			
5.	To re-elect Mr Chris Chia Woon Liat as a Director.			
6.	To approve Directors' fee of $244,932 for the financial year ended 31 January 2020.			
7.	To re-appoint Foo Kon Tan LLP as Auditors and to authorise the Directors to fix their remuneration.			
Special business				
8.	To authorise Directors to issue shares pursuant to Section 161 of the Companies Act, Chapter 50.			

* Delete where applicable

** All resolutions would be put to vote by poll in accordance with listing rules of the Singapore Exchange Securities Limited.

Please tick (√) or cross (X) or indicate the number of votes within the box provided. A tick or cross would represent you are exercising all your votes "For" or "Against" or "Abstain" from the relevant resolution.

Dated this ______ day of __________ 2020

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. 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.

2. 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 AGM, in accordance with its Regulations of the Constitution of the Company and Section 179 of the Companies Act, Chapter 50 of Singapore.

3. 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 either be submitted by (a) mail to the registered office of the Company at 80 Marine Parade Road #18-05/09 Parkway Parade Singapore 449269; or (b) email to proxyform@lkhs.com.sg, not later than 72 hours before the time set for the AGM.

   In view of the current COVID-19 situation and the related safe distancing measures which may make it difficult for members to submit completed proxy forms by post, members are strongly encouraged to submit completed proxy forms electronically via email.

4. 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.

5. 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 AGM as certified by The Central Depository (Pte) Limited to the Company.

6. A Depositor shall not be regarded as a member of the Company entitled to attend the AGM and to speak and vote thereat unless his name appears on the Depository Register 72 hours before the time set for the AGM.

7. 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)

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