

Low Keng Huat (Singapore) Limited

Condensed interim consolidated unaudited
Financial statements
For the six months ended 31 July 2021

Table of Contents

	Page
Condensed interim consolidated income statement	3
Condensed interim consolidated statement of comprehensive income	4
Condensed interim statements of financial position	6
Condensed interim statement of changes in equity	8
Condensed interim consolidated statement of cash flows	9
Notes to the condensed interim consolidated unaudited financial statements	11
Other information required by Listing Rule Appendix 7.2	21



Unaudited Half Year ("1H") Financial Statements For the Period Ended 31 July 2021

PART I - INFORMATION REQUIRED FOR ANNOUNCEMENT OF HALF YEARLY RESULTS

1(a)(i) An income statement (for the group) together with a comparative statement for the corresponding period of the immediately preceding financial year.

Condensed interim consolidated income statement

	Note	6 months ended		Increase /
		31/07/2021	31/07/2020	(Decrease)
		\$'000	\$'000	%
Revenue	1	88,941	22,860	n.m.
Cost of sales	2	(77,923)	(16,586)	n.m.
Gross profit		11,018	6,274	76
Other income	3	29,591	2,226	n.m.
Interest income	4	2,545	2,704	(6)
Distribution costs	5	(7,326)	(608)	n.m.
Administrative costs	6	(4,966)	(4,570)	9
Other operating expenses	7	(1,025)	(2,821)	(64)
Finance costs	8	(3,342)	(5,212)	(36)
Profit/(loss) from operations		26,495	(2,007)	n.m.
Share of results of associated companies and joint ventures	9	(281)	53,819	n.m.
Profit before taxation		26,214	51,812	(49)
Taxation	10	(1,202)	(643)	87
Profit after taxation for the period		25,012	51,169	(51)
Attributable to:				
Owners of the parent	11	25,068	51,879	(52)
Non-controlling interests		(56)	(710)	(92)
		25,012	51,169	(51)
Earnings per share (cents)				
- basic		3.39	7.02	(52)
- diluted		3.39	7.02	(52)

n.m.: Not Meaningful

A statement of comprehensive income (for the group), together with a comparative statement for the corresponding period of the immediately preceding financial year.

Condensed interim consolidated statement of comprehensive income

	6 months ended		Increase / (Decrease) %
	31/07/2021 \$'000	31/07/2020 \$'000	
Net profit for the period	25,012	51,169	(51)
Other comprehensive income/(expense) after tax			
Items that will not be reclassified to profit and loss:			
Fair value gain/(loss) on financial assets at FVOCI (net of tax at Nil%)	1,633	(3,642)	n.m.
Exchange differences on translation of the financial statements of foreign entities (net)	(1)	178	n.m.
Items that are or may be reclassified subsequently to profit and loss:			
Exchange differences on translation of the financial statements of foreign entities (net)	(745)	1,963	n.m.
Total other comprehensive income/(expense) for the period, net of tax	887	(1,501)	n.m.
Total comprehensive income/(expense) for the period	<u>25,899</u>	<u>49,668</u>	(48)
Total comprehensive income/(expense) attributable to:			
Owners of the parent	25,956	50,200	(48)
Non-controlling interests	(57)	(532)	(89)
Total comprehensive income/(expense) for the period	<u>25,899</u>	<u>49,668</u>	(48)

n.m.: Not Meaningful

1(a)(ii) Notes to the income statement

- 1 Revenue increased by \$66.1M to \$88.9M in 1H current year from \$22.9M in 1H previous year. Increase of revenue was mainly from Development segment of \$57.3M. Development revenue increase was solely due to sales at Uptown @ Farrer. As at 31 July 2021, 93 out of 116 units were sold at average price of \$1,863 psf. Hotel and Investment segments increased their revenue by \$3.3M and \$5.5M respectively in 1H current year compared to 1H previous year. The increase in revenue in Investment segment was mainly due to increased construction revenue at Dalvey Haus and absence of rental relief granted to tenants at Paya Lebar Square retail mall. Construction completion at Dalvey Haus was 22% at 1H current year and 1% at 1H previous year. The rental relief was granted due to lockdowns and safe distancing measures imposed by the Singapore government to curb the spread of COVID-19 pandemic in 1H previous year. The increase in revenue in Hotel segment was mainly due to the increase in occupancy rates and average room rates at both Duxton Perth and Citadines Balestier.
- 2 Cost of sales increased by \$61.3M to \$77.9M in 1H current year from \$16.6M in 1H previous year. The increase in cost of sales was mainly due to higher sales at Uptown @ Farrer.
- 3 Other income increased by \$27.4M to \$29.6M in 1H current year from \$2.2M in 1H previous year. Increase was mainly due to gain on disposal of investment properties, comprising office units at Paya Lebar Square of \$8.6M and gain on disposal of investment in joint ventures in Westgate group of companies of \$19.7M.
- 4 Interest income decreased by \$0.2M to \$2.5M in 1H current year from \$2.7M in 1H previous year. The decrease was mainly due to lower FD interest rates and absence of bond interest income in 1H current year. Redemption of Junior bond was on 30 June 2020.
- 5 Distribution costs increased by \$6.7M to \$7.3M in 1H current year from \$0.6M in 1H previous year. The increase was due to increase in sales agent commission at Uptown @ Farrer and show flat costs at Klimt Cairnhill.

- 6 Administrative costs increased by \$0.4M to \$5.0M in 1H current year from \$4.6M in 1H previous year. Increase was mainly due to stamp duties and legal costs incurred in acquisition of non-controlling interests in Paya Lebar Square Pte. Ltd.
- 7 Other operating expenses decreased by \$1.8M to \$1.0M in 1H current year from \$2.8M in 1H previous year. The decrease was mainly due to depreciation of fixed assets for Citadines Balestier which was reclassified to cost of sales from 2H previous year and reversal of provision for doubtful debts at Paya Lebar Square retail mall.
- 8 Finance costs decreased by \$1.9M to \$3.3M in 1H current year from \$5.2M in 1H previous year. The decrease was mainly due to lower loan interest rates and repayment of loans in 1H current year.
- 9 Share of results of associated companies and joint ventures was negative \$0.3M in 1H current year compared to share of profit of \$53.8M in 1H previous year. The decrease was mainly due to the gain on sale of equity stake in Perennial Shenton Holdings Pte Ltd ("PSH") of \$50.0M in 1H previous year.

- 10 The basis of tax computation is set out below:

	6 months ended		Increase / (Decrease)
	31/07/2021	31/07/2020	
	\$'000	\$'000	%
- current	(1,040)	(639)	62
- foreign tax	(162)	(4)	n.m.
	<u>(1,202)</u>	<u>(643)</u>	87

Taxation increased by \$0.6mil to \$1.2mil in 1H current year from \$0.6mil in 1H previous year. The increase was due to higher taxable profits in Investment and Hotel segments.

- 11 Net profit attributable to shareholders decreased by \$26.8M to \$25.1M in 1H current year from \$51.9M in 1H previous year. The decrease in profit is mainly due to lower profit in Investment segment offset by the decreased loss in Hotel segment. The decrease in Investment segment was mainly due to gain on sale of equity stake in PSH of \$50.0M in 1H previous year compared to gain on disposal of Westgate group of companies and office units at Paya Lebar Square of \$19.7M and \$8.6M respectively in 1H current year.

1(b)(i). A balance sheet (for the issuer and group), together with a comparative statement as at the end of the immediately preceding financial year

	Note	Group		Company	
		31/07/2021 \$'000	31/01/2021 \$'000	31/07/2021 \$'000	31/01/2021 \$'000
ASSETS					
Non-current assets					
Investment properties	1	298,185	314,475	-	17,817
Property, plant and equipment	1	294,145	294,609	2,039	2,231
Right-of-use assets	1	6,691	6,804	2,510	2,535
Subsidiaries		-	-	657,245	545,759
Joint ventures	2	10,557	89,364	10,633	98,678
Associated companies		90,707	89,099	-	-
Financial assets at FVOCI	3	11,722	10,089	910	969
Financial asset at FVPL	3	2,510	763	-	-
Other receivables	5	1,339	496	1,860	718
Deferred tax assets		876	1,040	-	-
		<u>716,732</u>	<u>806,739</u>	<u>675,197</u>	<u>668,707</u>
Current assets					
Cash and cash equivalents	4	100,029	76,427	32,545	36,326
Fixed deposits	4	7,456	7,456	-	-
Amount owing by subsidiaries		-	-	2,285	2,734
Amount owing by non-controlling interests		957	957	-	-
Trade and other receivables	5	10,570	8,467	6,705	2,631
Inventories		325	402	-	-
Contract assets	12	50,321	25,889	1,795	4,117
Contract costs		197	332	-	-
Development properties	6	576,196	621,980	-	-
		<u>746,051</u>	<u>741,910</u>	<u>43,330</u>	<u>45,808</u>
Total assets		<u><u>1,462,783</u></u>	<u><u>1,548,649</u></u>	<u><u>718,527</u></u>	<u><u>714,515</u></u>
EQUITY AND LIABILITIES					
Capital and reserves					
Share capital		161,863	161,863	161,863	161,863
Capital reserves	7	(30,214)	(2,005)	-	-
Fair value reserves	7	120	(1,513)	155	214
Retained profits		544,377	537,779	507,729	514,175
Exchange fluctuation account		(1,330)	(585)	-	-
		<u>674,816</u>	<u>695,539</u>	<u>669,747</u>	<u>676,252</u>
Non-controlling interests	10	13,885	32,172	-	-
Total equity		<u>688,701</u>	<u>727,711</u>	<u>669,747</u>	<u>676,252</u>
LIABILITIES					
Non-current liabilities					
Bank borrowings	9	684,386	687,986	5,000	5,000
Trade and other payables	11	3,106	3,106	-	-
Provisions		28	28	-	-
Amount owing to non-controlling interests	8	-	44,876	-	-
Lease liabilities		1,610	1,837	1	5
Deferred tax liabilities		3,082	3,082	-	-
		<u>692,212</u>	<u>740,915</u>	<u>5,001</u>	<u>5,005</u>
Current liabilities					
Trade and other payables	11	25,441	28,602	15,638	11,819
Amount owing to subsidiaries		-	-	12,931	11,422
Amount owing to joint ventures		253	249	-	-
Lease liabilities		404	399	7	7
Amount owing to non-controlling interests	8	410	417	-	-
Provision for directors' fee		108	215	108	215
Provision for taxation		3,054	3,241	95	95
Bank borrowings	9	52,200	46,900	15,000	9,700
		<u>81,870</u>	<u>80,023</u>	<u>43,779</u>	<u>33,258</u>
Total liabilities		<u><u>774,082</u></u>	<u><u>820,938</u></u>	<u><u>48,780</u></u>	<u><u>38,263</u></u>
Total equity and liabilities		<u><u>1,462,783</u></u>	<u><u>1,548,649</u></u>	<u><u>718,527</u></u>	<u><u>714,515</u></u>

1(b)(ii) Notes to the balance sheets

- 1 The net book value of Investment properties decreased by \$16.3M to \$298.2M as at 31 July 2021 from \$314.5M as at 31 January 2021. The decrease was mainly due to disposal of 4 office units at Paya Lebar Square. The net book value of Property, plant and equipment decreased by \$0.5M to \$294.1M as at 31 July 2021 from \$294.6M as at 31 January 2021. The decrease was mainly due to depreciation in 1H current year offset by increase in construction progress for LYF @ Farrer. It was 96% completed as at 31 July 2021 compared to 83% as at 31 January 2021.
- 2 Joint ventures decreased by \$78.8M to \$10.6M as at 31 July 2021 from \$89.4M as at 31 January 2021, mainly due to disposal of joint ventures, Westgate Tower and Westgate Commercial on 30 June 2021. Carrying amount of investment in Westgate Group was \$1.7M on disposal date. There was also a repayment of shareholder loans due from joint ventures amounting to \$80.5M as part of the consideration transferred in the disposal of joint ventures.
- 3 Financial assets at FVOCI increased by \$1.6M to \$11.7M as at 31 July 2021 from \$10.1M as at 31 January 2021. The increase was mainly due to the increase in fair value of quoted equity investments measured at FVOCI. Financial assets at FVPL increased by \$1.7M to \$2.5M as at 31 July 2021 from \$0.8M as at 31 January 2021. The increase was mainly due to capital contribution to HThree City Australian Commercial Fund 3 LP. Investment in HThree City Australian Commercial Fund 3 LP is to generate attractive risk-adjusted returns by investing in well-located commercial assets in Australia.
- 4 Cash and cash equivalents and fixed deposits increased by \$23.6M to \$107.5M as at 31 July 2021 from \$83.9M as at 31 January 2021 mainly due to progressive payments received for Uptown @ Farrer.
- 5 Trade and other receivables increased by \$2.9M to \$11.9M as at 31 July 2021 from \$9.0M as at 31 January 2021. The increase was mainly due to increase in construction progress for Dalvey Haus.
- 6 Development properties decreased by \$45.8M to \$576.2M as at 31 July 2021 from \$622.0M as at 31 January 2021. The decrease was mainly due to development cost reclassified to cost of sales recognised at Uptown @ Farrer due to increased sales and purchase agreements signed off offset by costs capitalised at Klimt Cairnhill. Uptown @ Farrer obtained Temporary Occupation Permit on 7 September 2021 and construction at Klimt Cairnhill was 23% completed at 31 July 2021.
- 7 Capital reserves were negative \$30.2M as at 31 July 2021 compared to negative \$2.0M as at 31 January 2021 mainly due to acquisition of non-controlling interests in Paya Lebar Square Pte. Ltd. on 30 June 2021. Fair value reserves were \$0.1M as at 31 July 2021 compared to negative \$1.5M as at 31 January 2021 mainly due to increase in fair value of quoted equity investments measured at FVOCI.
- 8 Amount due to non-controlling interests decreased by \$44.9M to \$0.4M as at 31 July 2021 from \$45.3M as at 31 January 2021. The decrease was due to repayment of loans owing to non-controlling interests as part of the consideration in the acquisition of non-controlling interests in Paya Lebar Square Pte. Ltd.
- 9 Bank borrowings increased by \$1.7M to \$736.6M as at 31 July 2021 from \$734.9M as at 31 January 2021 due to loan drawdown to finance daily operations offset by repayment of loans. Gearing ratio was 0.93 as at 31 July 2021 compared to 0.94 as at 31 January 2021.
- 10 Non-controlling interests decreased by \$18.3M to \$13.9M as at 31 January 2021 from \$32.2M as at 31 January 2021 mainly due to acquisition of non-controlling interests in Paya Lebar Square Pte. Ltd. on 30 June 2021.
- 11 Trade and other payables decreased by \$3.2M to \$28.5M as at 31 July 2021 from \$31.7M as at 31 January 2021. The decrease was mainly due to payments for construction activities and agent's commissions at Klimt Cairnhill and Uptown @Farrer respectively.
- 12 Contract assets increased by \$24.4M to \$50.3M as at 31 July 2021 from \$25.9M as at 31 January 2021. The increase was mainly due to unbilled works at Uptown @ Farrer.

1(d)(i) A cash flow statement (for the group), together with a comparative statement for the corresponding period of the immediately preceding financial year

	6 months ended	
	31 July 2021 \$'000	31 July 2020 \$'000
Cash Flows from Operating Activities		
Profit before taxation	26,214	51,812
Adjustments for:		
Share of results of joint ventures and associate companies	281	(53,819)
Depreciation of:		
- Investment properties	2,136	2,100
- Property, plant and equipment	2,699	2,772
- Right-of-use assets	54	250
Amortisation of provision	-	1
Amortisation of contract costs	2,908	332
Gain on disposal of investment properties	(8,630)	-
Gain on disposal of joint ventures	(19,685)	-
Impairment loss on receivables	-	33
Bad debts written off	(257)	-
Property, plant and equipment written off	-	6
Dividend income from quoted equity investments	(209)	(168)
Finance costs	3,342	5,212
Interest income	(2,545)	(2,704)
Operating profit before working capital changes	6,308	5,827
Decrease/(increase) in inventories	116	(14)
Decrease/(increase) in development properties	45,784	(20,469)
Increase in contract assets and contract costs	(27,205)	(4,770)
Increase in contract liabilities	-	695
Increase in operating receivables	(2,293)	(1,711)
Decrease in operating payables	(3,067)	(6,500)
Cash generated from/(used in) operations	19,643	(26,942)
Income tax paid	(1,248)	(401)
Net cash generated from/(used in) operating activities	18,395	(27,343)
Cash Flows from Investing Activities		
Acquisition of property, plant and equipment	(2,772)	(2,968)
Acquisition of investment properties	-	(8)
Interest received	116	2,269
Decrease/(increase) in fixed deposit with maturity more than three months	-	(14)
Redemption of principal of junior bonds	-	32,000
Dividend from quoted equity investments	209	168
Advances and loans made to joint ventures and associate companies	(858)	(589)
Advances from associated companies	-	34,960
Investment in financial asset at FVPL	(1,781)	-
Proceeds from disposal of joint ventures	18,626	-
Loan repayment from joint ventures and associate companies	80,548	-
Proceeds from disposal of investment properties	22,776	-
Net cash generated from investing activities	116,864	65,818

Note A

Note A

1(d)(i) A cash flow statement (for the group), together with a comparative statement for the corresponding period of the immediately preceding financial year

		6 months ended	
		31 July 2021	31 July 2020
		\$'000	\$'000
Cash Flows from Financing Activities			
Dividends paid to shareholders of the Company		(18,470)	(11,082)
Repayment of loans from non-controlling shareholders of subsidiary	Note A	(47,566)	-
Bank borrowings:			
- Proceeds		10,000	41,978
- Principal paid		(8,300)	(3,600)
- Interest paid		(2,487)	(4,117)
Lease liabilities:			
- Principal paid		(144)	(198)
- Interest paid		(33)	(35)
Acquisition of non-controlling interests ("NCI")	Note A	(44,625)	-
Net cash (used in)/generated from financing activities		(111,625)	22,946
Net increase in cash and cash equivalents		23,634	61,421
Cash and cash equivalents at beginning of period		76,427	59,477
Exchange differences on translations of cash and cash equivalents at beginning of period		(32)	578
Cash and cash equivalents at end of period		100,029	121,476

Note A

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

	\$'000
Non-interest bearing loans owing by former joint ventures to the Group	80,548
Considerations receivable from disposal of investment in joint ventures	18,626
Amount receivable by the Group	99,174
Non-interest bearing loans owing to non-controlling shareholders of subsidiaries	(47,566)
Considerations payable for the acquisition of non-controlling interests	(44,625)
Amount payable by the Group	(92,191)
Amount receivable by the Group, after set-off	6,983
Amount received as at 31 July 2021	(6,679)
Net balance receivable as at 31 July 2021	304

1(d)(ii) Explanatory Notes to Consolidated Statement of Cash Flows

The Group has unused bank facilities of \$163.6M as of 31 July 2021.

The Group generated a net increase in cash flow of \$23.6M during 1H current year compared to net increase of \$61.4M in 1H previous year. The net increase in cash and cash equivalents in current year was due to \$116.9M and \$18.4M cash generated from investing and operating activities respectively offset by \$111.6M cash used in financing activities.

Notes to the condensed interim consolidated unaudited financial statements

1 Corporate information

Low Keng Huat (Singapore) Limited (“Company”) is incorporated and domiciled in Singapore and whose shares are publicly traded on the Mainboard of the Singapore Exchange. These condensed interim consolidated unaudited financial statements for six months ended 31 July 2021 comprise the Company and its subsidiaries (collectively, the Group). The principal activities of the Group are those of property development, hotels and investment holding.

2 Basis of preparation

The condensed interim consolidated unaudited financial statements for six months ended 31 July 2021 have been prepared in accordance with the Singapore Financial Reporting Standards (International) (“SFRS(I)”) 1-34 *Interim Financial Reporting* issued by the Accounting Standards Council Singapore. The condensed interim consolidated unaudited financial statements do not include all the information required for a complete set of financial statements. However, selected explanatory notes are included to explain events and transactions that are significant to the understanding of the changes in the Group’s financial position and performance of the Group since the last annual audited financial statements for the year ended 31 January 2021.

The accounting policies adopted are consistent with those of the previous financial year which were prepared in accordance with SFRS(I)s, except for the adoption of new and amended standards as set out in Note 2.1.

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

2.1 New and amended standards adopted by the Group

A number of amendments to Standards have become applicable for the current reporting period. The Group did not have to change its accounting policies or make retrospective adjustments as a result of adopting those standards.

2.2 Use of judgements and estimates

In preparing the condensed interim consolidated unaudited financial statements, management has made judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

The significant judgements made by management in applying the Group’s accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated audited financial statements as at and for the year ended 31 January 2021.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

3. Seasonal operations

The Group’s businesses are not affected significantly by seasonal or cyclical factors during the financial period.

4. Segment and revenue information

The Group is organised into the following main business segments:

- (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 and the construction activities of internal jobs.

These operating segments are reported in a manner consistent with internal reporting provided to the Executive Chairman and the Managing Director who are responsible for allocating resources and assessing performance of the operating segments.

4.1 Reportable segments

4.1(a) Business Segments

The Group	Development \$'000	Hotels \$'000	Investments \$'000	Consolidated \$'000
6 months ended 31 July 2021				
<u>Revenue</u>				
Total segment revenue	67,203	10,627	21,520	99,350
Inter-segment revenue	-	(766)	(9,643)	(10,409)
External sales	67,203	9,861	11,877	88,941
<u>Results</u>				
Segment results	755	(2,068)	28,605	27,292
Interest income	30	2	2,513	2,545
Finance costs	(462)	(665)	(2,215)	(3,342)
	323	(2,731)	28,903	26,495
Share of results of joint ventures and associate companies	(228)	-	(53)	(281)
	95	(2,731)	28,850	26,214
Taxation				(1,202)
Loss attributable to non-controlling interests				56
Net profit				25,068
Segment assets as at 31 July 2021	734,369	146,029	582,385	1,462,783
Segment liabilities as at 31 July 2021	434,751	6,057	333,274	774,082

4. Segment and revenue information (Cont'd)

4.1 Reportable segments (Cont'd)

4.1(a) Business Segments (Cont'd)

The Group	Development \$'000	Hotels \$'000	Investments \$'000	Consolidated \$'000
6 months ended 31 July 2020				
<u>Revenue</u>				
Total segment revenue	9,875	7,065	6,509	23,449
Inter-segment revenue	-	(461)	(128)	(589)
External sales	9,875	6,604	6,381	22,860
<u>Results</u>				
Segment results	1,471	(2,739)	1,769	501
Interest income	77	10	2,617	2,704
Finance costs	(661)	(917)	(3,634)	(5,212)
	887	(3,646)	752	(2,007)
Share of results of joint ventures and associate companies	(417)	-	54,236	53,819
	470	(3,646)	54,988	51,812
Taxation				(643)
Non-controlling interests				710
Net profit				51,879
Segment assets as at 31 January 2021	689,101	145,296	714,252	1,548,649
Segment liabilities as at 31 January 2021	440,977	6,515	373,446	820,938

4.1(b) Geographical Segments

The Group	Revenue		Non-current assets	
	6 months ended		31 January	
	31 July 2021 \$'000	31 July 2020 \$'000	31 July 2021 \$'000	31 January 2021 \$'000
Singapore	82,680	19,256	642,132	622,182
Australia	6,261	3,604	31,266	32,423
Malaysia	-	-	26,534	26,620
	88,941	22,860	699,932	681,225

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:

Non-current assets information presented above consists of right-of-use assets, investments in joint ventures and associate companies, investment properties and property, plant and equipment.

4. Segment and revenue information (Cont'd)

4.2 Disaggregation of Revenue

Revenue of the Group includes sale of development properties, hotel operations, food and beverage operations, revenue from construction contracts and rental income and excludes inter-company transactions and applicable goods and services taxes or value-added taxes.

The Group derives revenue from contracts with customers based on transfer of goods and services over time and at a point in time as follows:

	6 months ended 31 July 2021			6 months ended 31 July 2020		
	At a point in time	Over time	Total	At a point in time	Over time	Total
The Group	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
<u>Revenue from contracts with customers:</u>						
Sales of development properties	-	67,203	67,203		9,875	9,875
Hotel operations	3,298	6,564	9,862	1,834	4,770	6,604
Rental income	-	8,681	8,681	-	6,078	6,078
Construction of buildings	-	3,195	3,195	-	303	303
Total revenue of the Group	3,298	85,643	88,941	1,834	21,026	22,860

5. Financial assets and financial liabilities

Set out below is an overview of the financial assets and financial liabilities of the Group and the Company as at 31 July 2021 and 31 January 2021:

	The Group		The Company	
	31 July 2021 \$'000	31 January 2021 \$'000	31 July 2021 \$'000	31 January 2021 \$'000
Financial Assets				
Financial assets at fair value through other comprehensive income (FVOCI)	11,722	10,089	910	969
Financial assets at fair value through profit or loss (FVPL)	2,510	763	-	-
Cash and bank balances	100,029	76,427	32,545	36,326
Fixed deposits	7,456	7,456	-	-
Amount owing by joint ventures	-	76,296	-	74,408
Amount owing by subsidiaries	-	-	100,950	54,184
Amount owing by non-controlling shareholders of subsidiaries	957	957	-	-
Amount owing by associate companies	37,733	36,830	-	-
Trade and other receivables	11,329	7,797	6,705	3,057
Financial assets at amortised cost	157,504	205,763	140,200	167,975
Financial Liabilities				
Amount owing to subsidiaries	-	-	12,931	11,422
Amount owing to joint ventures	253	249	-	-
Amount owing to non-controlling shareholders of subsidiaries	410	45,293	-	-
Provision for directors' fee	108	215	108	215
Bank borrowings	736,586	734,886	20,000	14,700
Lease liabilities	2,014	2,236	8	12
Trade and other payables	24,682	28,631	13,879	11,494
Financial liabilities at amortised cost	764,053	811,510	46,926	37,843

6. Profit before taxation

6.1 Significant items

The Group	6 months ended 31 July 2021 \$'000	6 months ended 31 July 2020 \$'000
Income		
Management fee	586	699
Government grant income	320	613
Dividend income	209	168
Interest income	2,545	2,704
Gain on disposal of joint ventures	19,685	-
Gain on disposal of investment properties	8,630	-
Expenses		
Interest on borrowings and lease liabilities	3,342	5,212
Depreciation of investment properties	2,136	2,100
Depreciation of property, plant and equipment	2,699	2,772
Depreciation of right-of-use asset	54	250
Amortisation of contract costs	2,908	332
Impairment loss no longer required on receivables	-	(33)
Bad debts written off	257	-

6.2 Related party transactions

In addition to the information disclosed elsewhere in the condensed interim unaudited consolidated financial statements, the following are significant transactions that took place between the Group and related parties at mutually agreed amounts:

The Group	6 months ended 31 July 2021 \$'000	6 months ended 31 July 2020 \$'000
Executive directors service fee charged by non-controlling shareholders of subsidiaries	-	59
Security services charged by other related party	110	139
Repayment of shareholder loans to non-controlling shareholders of subsidiary	47,566	-
Shareholders' loans to a joint venture	48	133
Repayment of shareholder loans by joint ventures	80,548	-
Service rendered to an associate company	3,195	303
Advances to associate companies	810	456
Shareholders' loans to an associate company	-	59,663
Management fee charged to joint ventures	586	643
Interest income on junior bonds from an associate company	-	596

Other related party refers to a company which is controlled by the Group's key management personnel and his close family members.

7. Taxation

The Group calculates the period income tax expense using the tax rate that would be applicable to the expected total annual earnings. The major components of income tax expense comprise the following:

	6 months ended 31 July 2021 \$'000	6 months ended 31 July 2020 \$'000
The Group		
Current income tax expense	1,008	659
Deferred taxation	160	-
Under/(over) provision of current taxation in respect of prior years	34	(16)
	1,202	643

8. Dividends

	6 months ended 31 July 2021 \$'000	6 months ended 31 July 2020 \$'000
The Company		
<u>Dividends paid</u>		
- Ordinary dividends:		
First and final dividend of 2.5 (2020 – 1.5) cents per share, tax exempt paid in respect of the previous financial year	18,470	11,082
	18,470	11,082

There are no dividends proposed for the period ended 31 July 2021 and 31 July 2020.

9. Net asset value and net tangible Assets per ordinary share

	The Group		The Company	
	31 July 2021 \$'000	31 January 2021 \$'000	31 July 2021 \$'000	31 January 2021 \$'000
Net asset value per ordinary share	91 cents	94 cents	91 cents	92 cents
Net tangible assets per ordinary share	91 cents	94 cents	91 cents	92 cents

10. Financial assets at fair value

Financial assets at fair value comprise the following:

	The Group		The Company	
	31 July 2021 \$'000	31 January 2021 \$'000	31 July 2021 \$'000	31 January 2021 \$'000
Financial assets at FVOCI				
- Listed in Singapore	10,154	8,418	-	-
- Listed in Malaysia	1,568	1,671	910	969
	11,722	10,089	910	969
Financial assets at FVPL				
- Investment in limited partnership	2,510	763	-	-
Total equity securities	14,232	10,852	910	969

There were no disposals of financial assets at fair value in the interim period ended 31 July 2021 and 31 January 2021.

10. Financial assets at fair value (Cont'd)

10.1 Fair value measurement

The Group classifies financial assets measured at fair value using a fair value hierarchy that is dependent on the valuation inputs used. The different levels have been defined as follows:

- Level 1 - quoted prices (unadjusted) in active markets for identical assets or liabilities
- Level 2 - inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices)
- Level 3 - inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The following table shows the Levels within the hierarchy of financial assets at fair value on a recurring basis at 31 July 2021 and 31 January 2021:

	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000
The Group			
31 July 2021			
Financial assets at FVPL – Unquoted equity investments	-	-	2,510
Financial assets at FVOCI – Quoted equity investments	11,722	-	-
31 January 2021			
Financial assets at FVPL – Unquoted equity investments	-	-	763
Financial assets at FVOCI – Quoted equity investments	10,089	-	-
The Company			
31 July 2021			
Financial assets at FVOCI – Quoted equity investments	910	-	-
31 January 2021			
Financial assets at FVOCI – Quoted equity investments	969	-	-

11. Property, plant and equipment

During the six months ended 31 July 2021, the Group acquired assets amounting to \$2,772,000 (31 July 2020: \$2,968,000) and disposed or write off assets amounting to \$Nil (31 July 2020: \$6,000)

12. Investment properties

The Group's investment properties consist of commercial properties held for long-term rental yields and/or capital appreciation and are not substantially occupied by the Group. They are mainly leased to third parties under operating leases.

	The Group		The Company	
	31 July 2021 \$'000	31 January 2021 \$'000	31 July 2021 \$'000	31 January 2021 \$'000
<u>Cost</u>				
Balance at beginning of year	335,046	335,224	19,061	19,061
Additions	-	110	-	-
Written off/Disposal	(15,190)	(288)	(19,061)	-
Transfer to property, plant and equipment	(8)	-	-	-
Balance at end of year	319,848	335,046	-	19,061
<u>Accumulated depreciation</u>				
Balance at beginning of year	20,571	16,426	1,244	1,045
Depreciation for the period/year	2,136	4,145	66	199
Written off/Disposal	(1,044)	-	(1,310)	-
Balance at end of year	21,663	20,571	-	1,244
Net book value	298,185	314,475	-	17,817
Fair value				
Freehold properties	48,200	48,200	-	-
Leasehold properties	369,500	390,000	-	20,500
	417,700	438,200	-	20,500

12.1 Valuation

The Group engages external, independent and qualified valuers to determine the fair value of the Group's properties at the end of every financial year based on the properties' highest-and-best use. As at 31 January 2021, the fair values of the properties have been determined by Savills Valuation & Professional Services (S) Pte Ltd.

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

At each financial year end, the finance department:

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

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

As at 31 July 2021, management conducted an assessment of the valuation of the investment properties, taking into consideration any significant changes in operating performance of the properties during the period and assessed whether movement in market data such as discount rates and capitalisation rates have any significant impact to the valuation of investment properties. Based on the assessment, management is of the view that the fair value of the investment properties has not materially changed from 31 January 2021 valuation.

The outbreak of the COVID-19 pandemic has impacted market activity in many property sectors in the countries that the Group operates in. As the impact of COVID-19 is fluid and evolving, significant market uncertainty exists. Consequently, the valuations of certain investment properties are currently subject to material valuation uncertainty. The carrying amounts of the investment properties were current as at 31 July 2021 only. Values may change more rapidly and significantly than during normal market conditions.

13 Bank borrowings

The Group	31 July 2021 \$'000	31 January 2021 \$'000
Revolving credit loan – unsecured	15,000	9,700
Money market loan – secured	30,000	30,000
Temporary bridging loan – unsecured	5,000	5,000
Term loans – secured	686,586	690,186
	736,586	734,886
Amount repayable:		
Not later than one year	52,200	46,900
Later than one year and not later than five years	684,386	687,986
	736,586	734,886
	31 July 2021 \$'000	31 January 2021 \$'000
The Company		
Revolving credit loan – unsecured	15,000	9,700
Temporary bridging loan – unsecured	5,000	5,000
	20,000	14,700
Amount repayable:		
Not later than one year	15,000	9,700
Later than one year and not later than five years	5,000	5,000
	20,000	14,700

The Group's money market loan totalling \$30,000,000 (31 January 2021 - \$30,000,000) is secured by mortgages over the investment property and property, plant and equipment located at 207 Balestier Road, Singapore and charges on all new assignments of tenancy, sales agreements or contracts with the operator of the serviced apartment. The effective interest rate per annum for the money market loan is 1% (2021 - 1%).

Term loans of the Group totalling \$686,586,000 (31 January 2021 - \$690,186,000) are secured by mortgages over the development properties, certain investment properties and property, plant and equipment of certain subsidiaries and charges on all new assignments of tenancy, sales agreements and construction contracts and a fixed deposit of \$3,600,000 (31 January 2021 - \$3,600,000) of a subsidiary.

14 Share capital

	31 July 2021	31 January 2021	31 July 2021	31 January 2021
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 period/ year	738,816,000	738,816,000	161,863	161,863

The Company did not hold any treasury shares as at 31 July 2021 and 31 January 2021.

There were no outstanding executives' share options granted as at 31 July 2021 and 31 January 2021.

15 Significant Events

15.1 Acquisition of non-controlling interests in existing subsidiary

On 30 June 2021, the Company acquired an additional 45% interest in Paya Lebar Square Pte. Ltd. ("PLS"), increasing its ownership from 55% to 100%. The carrying amount of PLS's net assets on the date of acquisition was \$40,511,000.

	<u>\$'000</u>
Carrying amount of NCI acquired (\$40,511,000 x 45%)	<u>18,230</u>
Balance of notional interest owing to NCI on non-interest bearing loans	<u>(1,814)</u>
	<u>16,416</u>
Consideration payable to NCI	<u>(44,625)</u>
Decrease in equity attributable to owners of the Company	<u>(28,209)</u>

The decrease in equity attributable to owners of the Company comprised a decrease in capital reserve of \$28,209,000.

15.2 Disposal of investment in joint ventures

On 30 June 2021, the Company disposed 400,000 ordinary shares, representing 40% in each of the entire issued and paid-up share capital in Westgate Tower Pte. Ltd. ("Westgate Tower") and Westgate Commercial Pte. Ltd. ("Westgate Commercial"). Westgate Commercial and Westgate Tower owned Westgate Tower which was leased to third parties. Following the completion of the disposal, Westgate Commercial and Westgate Tower ceased to be joint ventures of the Group. Consequently, an amount of \$1,665,000 was transferred out from investment in joint ventures and a gain on disposal of \$19,685,000 was recognised in profit or loss for the period ended 31 July 2021.

16 Subsequent events

There are no known subsequent events which have led to adjustments to this set of condensed interim consolidated unaudited financial statements

Other Information Required by Listing Rule Appendix 7.2

OTHER INFORMATION

1. Review

The condensed consolidated statement of financial position of the Company and its subsidiaries as at 31 July 2021 and the related consolidated profit or loss and other comprehensive income, condensed consolidated statement of changes in equity and condensed statement of cash flows for the half year period then ended and certain explanatory notes have not been audited or reviewed.

2. Review of performance of the Group

Development

Development revenue increased by \$57.3M to \$67.2M in 1H current year from \$9.9M in 1H previous year. The increase was solely due to increased sales at Uptown @ Farrer where out of total available units of 116, 93 units were sold as at 31 July 2021. Uptown @ Farrer was 96% completed as at 31 July 2021. It sold 103 units as at 10 September 2021 and it obtained Temporary Occupation Permit (TOP) on 7 September 2021. Dalvey Haus, a 40% joint venture project with KOP Limited, is a freehold high end condominium development with a total of 17 units. It sold 3 units and is 22% completed as at 31 July 2021. Klimt Cairnhill is a 36 storeys high-end freehold condominium development located in Orchard area near to Newton MRT station with a total of 138 units. Sales commenced in August 2021 and its construction is 23% completed as at 31 July 2021.

In terms of net profit before tax and non-controlling interest, Development segment broke even in 1H current year compared to \$0.4M of 1H previous year due to higher show flat costs incurred at Klimt Cairnhill offset by progressive profit recognised at Uptown @ Farrer.

Investment

Investment revenue increased by \$5.5M to \$11.9M in 1H current year from \$6.4M in 1H previous year. The increase was mainly due to increased construction revenue at Dalvey Haus and absence of rental relief granted to tenants at Paya Lebar Square retail mall. The rental relief was granted due to lockdowns and safe distancing measures imposed by the Singapore government to curb the spread of COVID-19 pandemic in 1H previous year. Dalvey Haus commenced construction in April 2020 and is 22% completed as at 1H current year.

Net profit before tax and non-controlling interests for Investment segment decreased by \$26.1M to \$28.9M in 1H current year from \$55.0M in 1H previous year. The decrease was mainly due to gain on sale of equity stake in PSH of \$50.0M in 1H previous year compared to gain on disposal of Westgate group of companies and office units at Paya Lebar Square of \$19.7M and \$8.6M respectively in 1H current year.

Hotel and F&B

Revenue from Hotel segment increased by \$3.3M to \$9.9M in 1H current year from \$6.6M in 1H previous year. Revenue increase was mainly from Duxton Perth Hotel and Citadines Balestier. The increased revenue at Duxton Perth Hotel was due to higher occupancy rate and average room rates and restaurant takings. The increased revenue at Citadines Balestier is due to higher average room rates.

Net loss before tax and non-controlling interests for Hotel segment decreased by \$0.8M to \$2.8M in 1H current year from \$3.6M in 1H previous year mainly due to increase profitability from Citadines Balestier from increase in average room rates offset by the increase in staff costs and cost of sales for food and beverages at Duxton Perth.

Net profit attributable to shareholders

Net profit attributable to shareholders decreased by \$26.8M to \$25.1M in 1H current year from \$51.9M in 1H previous year. The decrease in profit is mainly due to lower profit in Investment segment offset by decreased loss in Hotel segment.

Balance Sheet

Cash and cash equivalents and fixed deposits increased by \$23.6M to \$107.5M as at 31 July 2021 from \$83.9M as at 31 January 2021 mainly due to increase in sales proceeds from Uptown @ Farrer and loan drawdown. Bank borrowings increased by \$1.7M to \$736.6M as at 31 July 2021 from \$734.9M as at 31 January 2021 mainly due to operational requirements. Gearing ratio was 0.93 as at 31 July 2021 compared to 0.94 as at 31 January 2021.

3. Where a forecast, or a prospect statement, has been previously disclosed to shareholders, any variance between it and the actual results

Not applicable

4. A commentary at the date of the announcement of the significant trends and competitive conditions of the industry in which the Group operates and any known factors or events that may affect the Group in the next operating period and the next 12 months

New COVID-19 variants continue to spread globally with several Southeast Asian countries reporting record high infection rates in recent weeks, further disrupting economic activities in the region. Even with the roll out of vaccination across the world, its impact on the global economy has been devastating and economic recovery is expected to be gradual. The Group will continue to be selective in land bidding and investment projects. The Group will strive to maintain rental rates for renewals. The Management remains focused on maintaining stable and sustainable distributions to shareholders while achieving long-term growth.

5. Where the figures have been audited or reviewed, the auditors' report (including any qualifications or emphasis of matter)

Not applicable.

6. Dividend

(a) Current Financial Period Reported On

Any dividend declared/recommended for the current financial period reported on? No

(b) Corresponding Period of the Immediately Preceding Financial Year

Any dividend declared for the corresponding period of the immediately preceding financial year? No

(c) Date payable

Not applicable

(d) Books closure date

Not applicable

7. If no dividend has been declared/recommended, a statement to that effect and the reason(s) for the decision.

No dividend has been declared for the half year ended 31 July 2021 as it is not the usual practice of the Group to declare interim dividend.

8. Interested person transactions

The Group has not obtained a general mandate from shareholders of the Company for Interested Person Transactions.

On 1 June 2021, Dalvey Breeze Development Pte Ltd (“DBDPL”), an associate company which is 40% owned by LKHS Property Investment Pte Ltd, a wholly owned subsidiary of the Company, and 60% owned by Dalvey Breeze Pte Ltd, a wholly owned subsidiary of KOP Limited has issued an Option to Purchase to sell an apartment unit in the development known as “Dalvey Haus” (“the Sale Transaction”) to the following person regarded as an interested person (“Interested Person”) under Chapter 910(1) of the Listing Manual of the Singapore Exchange Securities Trading Limited.

Details of the Sale Transaction and the Interested Person are as follows

Name of Purchaser	Ms Lee Yin Chuan, daughter-in-law of Mr Low Keng Boon, Director and Executive Chairman of the Company
Unit No	#03-07 Dalvey Haus, 101 Dalvey Road, Singapore 259514
Sale Price	\$16,280,000.00
Discount	NIL

Pursuant to Chapter 912 of the Listing Manual, the Audit Committee has reviewed the terms and conditions of the Sale Transaction and has approved the Sale Transaction. The Audit Committee and the Board of Directors are of the view that the terms of the Sale Transaction are fair and reasonable and not prejudicial to the interest of the Company and its minority shareholders. Mr Low Keng Boon has abstained from the review and the approval process for the Sale Transaction.

With the exception of Mr Low Keng Boon, none of the directors or substantial shareholders of the Company has any interest, direct or indirect, in the Sale Transaction save for their shareholdings (if any) in the Company.

9. Confirmation that the issuer has procured undertakings from all its Directors and executive officers (in the format set out in Appendix 7.7) under Rule 720(1) of the Listing Manual

The Company confirms that it has procured undertakings from all its directors and executive officers (in the format set out in Appendix 7.7) under Rule 720(1) of the Listing Manual.

Confirmation by the Board

On behalf of the Board of Directors of the Company, we, the undersigned, hereby confirm to the best of our knowledge that nothing has come to the attention of the Board of Directors of the Company which may render the condensed interim consolidated unaudited financial statements for the six-month period ended 31 July 2021 to be false or misleading in any material aspect.

BY ORDER OF THE BOARD

Low Keng Boon @ Lau Boon Sen
Executive Chairman

Dato’ Marco Low Peng Kiat
Managing Director

14 September 2021