



Centurion Corporation Limited

(Incorporated in the
Republic of Singapore with limited liability)
(Co. Reg. No.: 198401088W)
SGX Stock Code: OU8
SEHK Stock Code: 6090

INTERIM REPORT

2023



**STABILITY,
RESILIENCE,
AGILITY.**

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CORPORATE INFORMATION

BOARD OF DIRECTORS

Executive

Loh Kim Kang David (Joint Chairman)
Wong Kok Hoe (Deputy Chairman)
Teo Peng Kwang

Non-Executive

Han Seng Juan (Joint Chairman)

Independent Non-Executive

Gn Hiang Meng (Lead Independent Director)
Chandra Mohan s/o Rethnam
Owi Kek Hean
Tan Poh Hong
Lee Wei Loon

CHIEF EXECUTIVE OFFICER

Kong Chee Min

AUDIT COMMITTEE

Owi Kek Hean (Chairman)
Chandra Mohan s/o Rethnam
Gn Hiang Meng

NOMINATING COMMITTEE

Lee Wei Loon (Chairman)
Gn Hiang Meng
Owi Kek Hean
Tan Poh Hong

REMUNERATION COMMITTEE

Tan Poh Hong (Chairman)
Chandra Mohan s/o Rethnam
Lee Wei Loon

EXECUTIVE COMMITTEE

Loh Kim Kang David (Chairman)
Han Seng Juan
Wong Kok Hoe
Teo Peng Kwang
Kong Chee Min

COMPANY SECRETARIES

Hazel Chia Luang Chew
Juliana Tan Beng Hwee
Cheung Yuet Fan (Hong Kong Company Secretary)

REGISTERED OFFICE

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Singapore 408696
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Email: enquiry@centurioncorp.com.sg

PRINCIPAL BANKERS

United Overseas Bank Limited
Malayan Banking Berhad
DBS Bank Ltd

PRINCIPAL PLACE OF BUSINESS IN HONG KONG

Room 5705
57th Floor
The Center
99 Queen's Road Central
Hong Kong

SINGAPORE PRINCIPAL SHARE REGISTRAR

B.A.C.S. Private Limited
77 Robinson Road
#06-03 Robinson 77
Singapore 068896
Tel: (65) 6593 4848

HONG KONG BRANCH SHARE REGISTRAR

Tricor Investor Services Limited
17/F, Far East Finance Centre
16 Harcourt Road
Hong Kong
Tel: (852) 2980 1333
Fax: (852) 2810 8185

AUDITORS

PricewaterhouseCoopers LLP
Recognised Public Interest Entity Auditor
7 Straits View, Marina One East Tower
Level 12, Singapore 018936

AUDIT PARTNER-IN-CHARGE

Yeow Chee Keong
(Appointed since financial year beginning
1 January 2022)

AUTHORISED REPRESENTATIVES

Wong Kok Hoe
Cheung Yuet Fan

COMPANY WEBSITE

www.centurioncorp.com.sg

STOCK CODES

Singapore: OU8
Hong Kong: 6090

HEADQUARTERS AND PRINCIPAL PLACE OF BUSINESS

45 Ubi Road 1 #05-01
Singapore 408696

FINANCIAL HIGHLIGHTS

Centurion Corporation Limited (the "Company") is incorporated and domiciled in the Republic of Singapore. The ordinary shares of the Company (the "Shares") are listed and traded on both the Main Board of the Singapore Exchange Securities Trading Limited ("SGX-ST") and The Stock Exchange of Hong Kong Limited (the "SEHK").

The Board (the "Board") of Directors of the Company (the "directors") is pleased to announce the unaudited consolidated results of the Company and its subsidiaries (collectively referred to as the "Group") for the six months ended 30 June 2023 ("1H 2023"), together with the relevant unaudited comparative figures for the six months ended 30 June 2022 ("1H 2022").

CONSOLIDATED RESULTS

| | 1H 2023 | 1H 2022 | % change |
|---------------------------------------|---------------|---------|----------|
| | S\$'000 | S\$'000 | + / (-) |
| Revenue | 97,923 | 90,528 | 8 |
| Gross profit | 70,389 | 60,915 | 16 |
| Net profit after tax | 42,393 | 35,073 | 21 |
| Profit attributable to equity holders | 38,301 | 32,898 | 16 |
| Dividend per share (cents) | 1.00 | 0.50 | 100 |

NON-IFRS FINANCIAL MEASURES

| | | | |
|--|---------------|--------|----|
| Profit from core business operations [#] | 36,020 | 32,392 | 11 |
| Profit from core business operations attributable to equity holders | 33,043 | 28,958 | 14 |
| Basic earnings per share from core business operations (cents) based on weighted average number of ordinary shares | 3.93 | 3.44 | 14 |

CONDENSED CONSOLIDATED BALANCE SHEET

| | Group | |
|---|----------------|-------------|
| | 30 Jun 2023 | 31 Dec 2022 |
| | S\$'000 | S\$'000 |
| Total equity | 755,159 | 708,488 |
| Net assets attributable to the Company's equity holders | 728,007 | 686,930 |
| Net borrowings (total borrowings less cash and bank balances) | 616,709 | 594,829 |
| Net gearing ratio* | 43% | 43% |
| Net assets per share attributable to the Company's equity holders (cents) | 86.59 | 81.70 |

[#] Profit from core business operations is net profit after tax adjusted for fair value changes on investment properties including those of associated company and deferred tax arising from fair value changes.

* Net gearing ratio is computed as net borrowings divided by total capital. Total capital is computed as borrowings plus net plus net assets of the Group.

FINANCIAL HIGHLIGHTS

The reconciliation of IFRS financial measures to non-IFRS financial measures for 1H 2023 and 1H 2022 are as follows:-

| | 1H 2023 S\$'000 | 1H 2022 S\$'000 | % change + / (-) |
|--|--------------------|--------------------|---------------------|
| Net profit after tax | 42,393 | 35,073 | 21 |
| Adjusted for: | | | |
| – Net fair value gain on investment properties | (5,417) | (9,541) | (43) |
| – Share of net fair value (gain)/loss on investment properties of associated companies | (1,343) | 155 | N/M |
| | (6,760) | (9,386) | (28) |
| – Deferred tax arising from fair value changes | 387 | 6,705 | (94) |
| Profit from core business operations | 36,020 | 32,392 | 11 |
| Profit attributable to equity holders of the Company | 38,301 | 32,898 | 16 |
| Adjusted for: | | | |
| – Net fair value gain on investment properties | (5,417) | (9,541) | (43) |
| – Share of net fair value (gain)/loss on investment properties of associated companies | (1,343) | 155 | N/M |
| – Non-controlling interest's share of fair value loss/(gain) on an investment property | 1,115 | (1,259) | N/M |
| | (5,645) | (10,645) | (47) |
| – Deferred tax arising from fair value changes | 387 | 6,705 | (94) |
| Profit from core business operations attributable to equity holders | 33,043 | 28,958 | 14 |

The Group has disclosed non-IFRS measures to provide the shareholders and potential investors with a clearer understanding of the Group's financial performance relating to operations of the Group. Profit from core business operations (non-IFRS) refers to the period-to-period or year-to-year recurring profits derived from the Group's core business operations.

The adjusting items from IFRS financial measures to non-IFRS financial measures include the following transactions:-

i) Fair value changes on investment properties including those of associated companies and joint venture

The Group has adopted fair value model for accounting of the investment properties which reflects the market conditions at the end of the reporting period. The Group engaged external and independent valuers to determine the fair value of the Group's investment properties at the end of every financial year. During the interim reporting period, the Group carried out an internal assessment on its investment properties in consultation with the independent professional valuers. The Group had recognised the fair value changes on the investment properties as net fair value gain on investment properties in the Condensed Interim Consolidated Income Statement. The fair value gain also included the adjustment of the fair value of right-of-use investment properties in relation to the Group's leased properties in accordance with IFRS 16 Leases.

ii) Deferred tax arising from fair value changes

The deferred tax expenses were recorded due to changes in fair value of the Group's investment properties which resulted in higher income tax expense recognised from the fair value gains.

The above-mentioned adjusting items do not arise from the normal Company's operations and were reported on the Condensed Interim Consolidated Income Statement for the six months ended 30 June 2023 together with the comparative figures for the six months ended 30 June 2022. These fair value movements result in significant fluctuation in the IFRS financial measures of the Group's performance. Correspondingly, shareholders may not be able to appreciate the Group's financial performance generated from its core business operations which is the managing and operating of workers and student accommodation. Hence, the Group has excluded these adjusting items with the intention to provide a clearer picture of the Group's performance.

* N/M denotes not meaningful.

MANAGEMENT DISCUSSION AND ANALYSIS

(A) HALF YEAR 2023 REVIEW — 1H 2023 VS 1H 2022

The Group's revenue increased 8% to S\$97.9 million in the first half-year ended 30 June 2023 ("1H 2023"), from S\$90.5 million in the first half-year ended 30 June 2022 ("1H 2022").

The higher Group revenue was attributable to the continued increases in occupancies of its Singapore and Malaysia Purpose-Built Workers Accommodation ("PBWA"), Australia Purpose-Built Student Accommodation ("PBSA"), as well as positive rental rate revisions across its properties in Singapore, Malaysia, United Kingdom ("UK") and Australia.

The Group's PBWA portfolio experienced a growth in financial occupancy from 86% in 1H 2022 to 96% in 1H 2023.

Financial occupancy for the Group's Singapore PBWA, which consist of five Purpose-Built Dormitories and four Quick Build Dormitories had fully recovered to pre-pandemic levels, supported by positive rental rate revisions. Financial occupancies of Singapore PBWA increased from 97% in 1H 2022 to 98% in 1H 2023. Revenue from Singapore in 1H 2023 was S\$63.8 million compared to S\$61.0 million in 1H 2022 as a result of better occupancy and positive revisions in rental rates. The overall improvement in 1H 2023 revenue as compared to 1H 2022 was offset against the absence of revenue from two migrant worker Onboard Centres ("OCs") in Singapore managed by the Group which ceased operations from September 2022. While the Group has commenced the management of five Community Recovery Facilities ("CRFs") in February 2023, the revenue derived from the CRFs was lower in comparison to revenue derived from the OCs.

In Malaysia, the easing of border restrictions has led to increases in the number of migrant workers returning to Malaysia since 3Q 2022. Financial occupancy for the Group's PBWAs recovered from 70% in 1H 2022 to 94% in 1H 2023 and revenue increased 42% to S\$9.9 million in 1H 2023 from S\$7.0 million in 1H 2022.

The Group's PBSA portfolio saw a growth in financial occupancy from 82%¹ in 1H 2022 to 89%¹ in 1H 2023. The growth was mainly contributed by a strong occupancy rebound from its Australian PBSA assets while its UK PBSA assets maintained its occupancy at about 90% (or 97% excluding beds unavailable in the current academic year due to ongoing Asset Enhancement Initiatives).

In the UK, continued shortage in PBSA supply in the five cities where the Group operates, coupled with increased demand from both domestic and international students, has enabled strong rental rate revisions. In 1H 2023, UK revenue was S\$16.6 million compared to S\$16.7 million in 1H 2022, due primarily to the weaker British pound registered in 1H 2023 as compared to 1H 2022 which translated to a lower revenue when reported in Singapore dollars. In its local currency of British pounds, UK revenue has increased by 8% compared to 1H 2022.

In Australia, average financial occupancy of the Group's two assets in Adelaide and Melbourne improved significantly from 58% in 1H 2022 to 86% in 1H 2023, with the return of international students to Australia. Australian PBSA revenue grew 51% from S\$4.5 million to S\$6.9 million, boosted by healthy rental rate revisions. Growth in student population and demand for PBSA beds are expected to continue, with notable growth in China student numbers following the Chinese government's move to end recognition of online degrees.

The Group's cost of sales has reduced by S\$2.1 million, primarily due to the absence of the OCs in 1H 2023.

Consequently, the Group's gross profit increased S\$9.5 million or 16% from S\$60.9 million in 1H 2022 to S\$70.4 million in 1H 2023 due mainly to revenue growth as a result of improvements in financial occupancy and rental rates.

Finance expenses increased by S\$6.5 million due to the higher interest rate environment.

Share of profit of associated companies and joint venture increased by S\$0.6 million, largely due to a lower fair value loss in Centurion US Student Housing Fund as compared to 1H 2022.

Note:

¹ Occupancy excludes Korea PBSA which ceased operations by the end of February 2023.

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MANAGEMENT DISCUSSION AND ANALYSIS

(A) HALF YEAR 2023 REVIEW — 1H 2023 VS 1H 2022 (CONTINUED)

Net change on fair value of investment properties in 1H 2023 mainly relates to the valuation movements on the Group's investment properties as at 30 June 2023, based on management assessment in consultation with the independent valuers who had carried out the valuation of the investment properties as at the last financial year ended 31 December 2022, as well as the adjustment of fair value of Right-Of-Use ("ROU") investment properties that were leased as at 30 June 2023, in accordance with SFRS(I) 16 Leases.

The net fair value gain of S\$5.4 million in 1H 2023 was mainly due to the Group's investment properties in Singapore and Malaysia, offset against the adjustment of fair value of ROU investment properties. This was compared to a fair value gain of S\$9.5 million in 1H 2022 arising mainly from investment properties in UK and Australia, offset against the fair value loss of investment properties in Singapore as well as the adjustment of fair value of ROU investment properties.

Income tax expenses reduced by S\$7.2 million mainly due to reduced deferred income tax from fair value changes of investment properties.

Accordingly, net profit after tax derived from the Group's operations for 1H 2023 was S\$42.4 million, 21% higher compared to S\$35.1 million in 1H 2022.

Excluding fair value adjustments, net profit derived from core business operations was S\$36.0 million in 1H 2023 which was S\$3.6 million or 11% higher than the S\$32.4 million reported in 1H 2022.

(B) REVIEW OF GROUP BALANCE SHEET

Investment properties increased by S\$65.4 million, largely due to the acquisition of land at Ubi Avenue 3 in Singapore for further development into workers accommodation, assets enhancement to the UK, Australia and Malaysia investment properties as well as fair value gains.

Investment in a joint venture reduced S\$5.7 million primarily due to the cessation of the operations in Korea.

Lease liabilities decreased by S\$9.4 million to S\$77.5 million due mainly to the repayment of the principal component of the lease liabilities.

Borrowings & Gearing

The Group's borrowings increased from S\$663.1 million as at 31 December 2022 to S\$688.3 million as at 30 June 2023 due primarily to borrowings drawn down to finance the acquisition of Ubi Avenue 3 land.

The Group's net gearing ratio was 43% as at 30 June 2023, unchanged from its net gearing ratio as at 31 December 2022. The Group's acquired operating assets and assets under development are primarily funded through bank borrowings, which have an average remaining maturity profile of 6 years. The Group uses long-term bank debt with regular principal repayments to finance its long-term assets.

As at 30 June 2023, the Group's balance sheet remained healthy with S\$71.6 million in cash and bank balances. The Group has unutilised committed credit facilities of S\$151.9 million (of which S\$143.8 million relates to unutilised committed credit facilities expiring more than 12 months after balance sheet date) to meet the net current liabilities of S\$38.2 million as at 30 June 2023.

MANAGEMENT DISCUSSION AND ANALYSIS

(B) REVIEW OF GROUP BALANCE SHEET (CONTINUED)

As at 30 June 2023, the carrying amounts of the Group's cash and bank balances and borrowings are denominated in the below currencies:-

| | SGD S\$'000 | GBP S\$'000 | AUD S\$'000 | MYR S\$'000 | USD S\$'000 | Other S\$'000 | Total S\$'000 |
|-------------------------------|----------------|----------------|----------------|----------------|----------------|------------------|------------------|
| As at 30 June 2023 | | | | | | | |
| Cash and bank balances | 41,578 | 9,772 | 6,184 | 11,391 | 604 | 2,033 | 71,562 |
| Borrowings | 491,149 | 115,141 | 55,542 | 26,397 | - | 42 | 688,271 |
| As at 31 December 2022 | | | | | | | |
| Cash and bank balances | 44,573 | 11,803 | 4,725 | 4,361 | 657 | 2,155 | 68,274 |
| Borrowings | 472,503 | 112,342 | 56,805 | 21,410 | - | 43 | 663,103 |

Foreign Exchange Exposure

The Group operates in Singapore, Malaysia, United Kingdom, Australia and the United States of America.

Currency risk arises within the entities in the Group when transactions are denominated in foreign currencies such as Great Britain Pound ("GBP"), Australia Dollar ("AUD"), Malaysian Ringgit ("MYR"), United States Dollar ("USD") and Hong Kong Dollar ("HKD"). In addition, the Group is exposed to currency translation risk on the net assets in foreign operations. Exposures to foreign currency risks are managed as far as possible by natural hedges and monitoring to ensure the exposure is minimised.

Interest Rate Exposure

The Group manages its interest rate exposure with a focus on reducing the Group's overall cost of debt and exposure to changes in interest rates. When considered appropriate after taking into consideration the hedging premium, the Group may purchase derivatives such as interest rate swaps and interest rate caps to manage its interest rate exposure. The Group's main interest rate exposure relates to borrowings denominated in Singapore Dollar, Great Britain Pound, Australian Dollar and Malaysian Ringgit.

As at 30 June 2023, approximately 70% of the Group's total bank borrowings and other debts were at floating rates and the remaining 30% were at fixed rates (31 December 2022: 69% floating; 31% fixed).

(C) REVIEW OF GROUP STATEMENT OF CASH FLOWS

In 1H 2023, the Group generated positive cash flow of S\$54.3 million from operating activities.

Net cash used in investing activities amounted to S\$41.3 million, mainly due to additions to investment properties and property, plant and equipment, partially offset by dividends received from joint venture and associated company.

The Group recorded net cash used in financing activities of S\$10.0 million mainly for the repayment of borrowings, interest, principal portion of lease liabilities and dividends paid during the period which are offset from proceeds from borrowings.

MANAGEMENT DISCUSSION AND ANALYSIS

As at 30 June 2023, Centurion operates a diversified portfolio of 34 operational purpose-built workers and student accommodation assets ("PBWA" and "PBSA" respectively), comprising 66,628 beds diversified across Singapore, Malaysia, Australia, the United Kingdom ("UK") and United States ("US").

Workers Accommodation

Singapore

In Singapore, the Group operates nine Purpose-Built Workers Accommodation ("PBWA"), including five Purpose-Built Dormitories ("PBDs") comprising 27,530 beds, and four Quick Build Dormitories ("QBDs") comprising 7,256 beds. Excluding the QBDs, the average financial occupancy for its PBDs was 98% for the first six months ended 30 June 2023 ("1H 2023"), an improvement of 2 percentage points compared to 96% for the first six months ended 30 June 2022 ("1H 2022").

The outlook for PBWAs continues to be positive, with healthy rental rate revisions given an ongoing supply and demand imbalance. Including the QBDs, the average financial occupancy for the Group's nine PBWAs was 98% for 1H 2023, compared to 97% in 1H 2022, due mainly to an increase in migrant worker population to address manpower needed to complete projects and developments deferred during the COVID-19 Pandemic ("Pandemic").

Positive rental rate revisions, which began to climb from 4Q 2022, are being priced into new tenancy leases as existing leases expire progressively over the year, and the full impact on rental revenue growth is expected to emerge over the next 6 to 18 months.

The Group continues to explore opportunities to enlarge its Singapore portfolio capacity in support of employers and industry. In January 2023, the Group together with a joint venture partner won a land tender from JTC Corporation ("JTC"), for development and use as a purpose-built workers dormitory. The development, which is expected to be completed in 2025, will add approximately 1,650 beds to the Group's portfolio and will comply fully with the new specifications introduced by the Ministry of Manpower in September 2021¹, which are applicable to dormitories developed following that announcement. The new dormitory is located in the east of Singapore at Ubi Avenue 3, a region experiencing high demand for dormitory beds, which is under-served mainly by Factory Converted Dormitories.

In March 2023, the Group received approval from JTC for bed capacity uplifts at Westlite Jalan Tukang and Westlite Tuas Avenue 2, which will add approximately 888 beds across the two QBDs. These QBDs currently house five residents per apartment unit at 6m² living space per bed, based on test specifications piloted during the Pandemic, while the new regulatory specifications announced by the government in September 2021 are 4.2m² living space per bed. With the uplift in bed capacity, these two QBDs will meet the new regulatory specifications, with six residents per unit at 4.2m² living space per bed.

The Group has also been focusing on expanding revenue streams from management fees and ancillary services, and has won a management service contract from Ministry of Manpower to manage a cluster of five Community Recovery Facilities ("CRF"). The management contract commenced in February 2023 for an initial period of 6 months, with option for extension by a further 6 months. Four CRFs' leases have since expired, while one has been extended for six months.

Malaysia

With growing awareness of the need for improved welfare of migrant worker populations, increased regulatory controls such as the Workers' Minimum Standards of Housing and Amenities (Amendment) Act 2019 ("Act 446") has heightened the need for well managed PBWAs in Malaysia². The Group's Malaysian assets are all certified by JTKSM to be compliant to the Act 446.

The Group's Malaysian PBWA portfolio comprises eight properties spanning Johor in the South, Penang in the North and Selangor in the Central region of Peninsula Malaysia. The States of Johor, Penang, and Selangor are the top three states in Malaysia with the highest number of foreign workers in the manufacturing sector, which dominates the number of foreign workers with about 35% of the country's estimated 2 million foreign workforce.

The Malaysian PBWA portfolio bed capacity was 26,603 beds as of 30 June 2023 which includes an additional capacity of 290 beds in Westlite Tampoi, which obtained approval from JTKSM in early 2023.

Remarks:

¹ Government to Announce Plan for Existing Dorms to Meet Improved Standards Later in 2023, *The Straits Times*, 20 March 2023

² Employers in Malaysia to comply with existing foreign workers accommodation laws, *HROnline*, 30 Jan 2023

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The average financial occupancy for the Malaysia PBWA portfolio has improved significantly to 94% in 1H 2023 as compared to 70% in 1H 2022, as occupancy continues to improve in tandem with the inflow of migrant workers back to Malaysia as well as the Malaysian government's enforcement of Act 446. Demand for quality PBWA beds is expected to remain robust in 2023, and Centurion continues to explore opportunities to grow its portfolio capacity in this market.

The Group has secured a 10-year management contract for Westlite Cemerlang, a 2,196-bed PBWA in Johor, which is expected to commence operations in 4Q 2023. Further expanding portfolio capacity, an Asset Enhancement Initiative ("AEI") has commenced at Westlite Senai, which will add approximately 770 beds upon its expected completion in 3Q 2023. AEIs have also been earmarked at Westlite Johor Tech Park and Westlite Senai II, which are expected to complete in 2024 and add approximately 2,720 beds upon completion.

Student Accommodation

As at 30 June 2023, the Group had a portfolio of 5,239 beds across 17 operational PBSA assets in Australia, the UK and the US. Financial occupancies in the Group's PBSAs have improved significantly across the markets in tandem with the return of students to these markets.

United Kingdom

The average financial occupancy in the Group's UK portfolio, which comprises 10 assets strategically located near top universities, continue to improve with the return of international students to the UK. Average financial occupancy remained strong at 90% in 1H 2023 as UK higher education providers hosted 679,970 international students³, a decade earlier than its 2030 commitment.

The UK has commenced AEIs at dwell MSV in Manchester and dwell Cathedral Campus in Liverpool, to convert selected cluster apartments to ensuite apartments, aligning to shifts in consumer demands post-Pandemic, to enhance occupancy and rental income. During the enhancement works, 203 beds are unavailable for leasing; excluding the beds down for AEI, financial occupancy was 97% for 1H 2023.

In the UK, continued shortage in PBSA supply in the face of increasing demand with the return of international students has enabled strong positive rental rate revisions, which has cushioned the impact of high energy prices, inflationary pressures and increased operating costs. Pre-bookings for Academic Year 2023/24 commencing September 2023 has been healthy, and the Group continues to explore opportunities to enhance its UK portfolio to meet evolving demands through AEIs.

Australia

In Australia, the average financial occupancy of the Group's two assets in Adelaide and Melbourne improved significantly from 58% in 1H 2022 to 86% in 1H 2023 with the return of international students in the pursuit of education. Occupancies are expected to remain at healthy levels given the growth in student population and demand for PBSAs⁴. In 1H 2023, the Group carried out minor reconfiguration to convert selected twin occupancy rooms to single occupancy room formats in continuing efforts to optimize occupancy and yield.

South Korea

In April 2023, as part of a strategic review and rationalisation of the Group's asset portfolio, Centurion completed the disposal of its South Korean asset, dwell Dongdaemun, for KRW 21.25 billion (approximately S\$21.9 million). With the recycling of capital, the Group intends to align and focus its asset portfolio on countries where it believes it is able to expand and scale up its operations.

United States

Centurion's US portfolio comprises six freehold PBSAs, which are held under the Centurion US Student Housing Fund ("CUSSHF"), the Group's inaugural private fund. Centurion holds approximately 28.7% of the total number of units in issue in CUSSHF and is the manager of the fund and its assets. The portfolio assets continue to deliver healthy and stable occupancy, and the Group has in November 2022 extended the term of CUSSHF for a further two years. In 2Q 2023, CUSSHF successfully disposed of a single asset, dwell Tenn Street in Tallahassee, Florida.

Remarks:

³ International student recruitment data, Universities UK, 3 March 2023.

⁴ International students in Australia face accommodation crunch and soaring rents, Straits Times, 11 February 2023

MANAGEMENT DISCUSSION AND ANALYSIS

Looking Ahead

The Group remains mindful of macroeconomic headwinds such as high and rising interest rates as well as inflationary pressures in the year ahead, and will continue to practice prudent financial management to mitigate the economic uncertainty. Notwithstanding, Centurion remains confident that its portfolio of assets will continue to do well, given positive rental rate revisions across its markets supported by the current shortage of supply for both worker and student accommodations⁵.

The Group also continues its strategic review of its specialised accommodation portfolio, aligned with ongoing efforts to execute capital recycling and capital allocation towards higher yielding markets and assets. This strategic realignment reiterates the Group's commitment to deliver sustained, long-term value to shareholders through both AELs as well as investments in synergistic assets and businesses.

The Group will also continue to calibrate and enhance its assets, spaces and operations to adjust to demand shifts as well as regulatory changes to improve pandemic management resilience and ensure the wellbeing of its worker and student residents, as well as enhance operational efficiency going forward.

Remarks:

⁵ Student housing supply and demand gap widens, Real Asset Insight, May 2022

DISCLOSURE OF INTERESTS

DIRECTORS' AND CHIEF EXECUTIVE OFFICER'S ("CEO") INTERESTS AND SHORT POSITIONS IN THE SHARES, UNDERLYING SHARES OR DEBENTURES OF THE COMPANY AND ITS ASSOCIATED CORPORATIONS

Under Section 164 of the Singapore Companies Act 1967

- (a) According to the register of directors' and CEO's shareholdings kept by the Company under Section 164 of the Singapore Companies Act 1967, none of the directors and CEO holding office as at 30 June 2023 had any interest in the Shares or debentures of the Company or its related corporations, except as follows:

| | Holdings registered in name of director/CEO | | Holdings in which director/CEO is deemed to have an interest | |
|---|---|--|--|--|
| | At 30.6.2023 | At 1.1.2023 or date of appointment, if later | At 30.6.2023 | At 1.1.2023 or date of appointment, if later |
| Centurion Corporation Limited | | | | |
| (No. of ordinary shares) | | | | |
| Gn Hiang Meng | – | – | 247,500 | 247,500 |
| Loh Kim Kang David ⁽ⁱ⁾ | 44,380,350 | 44,380,350 | 425,956,126 | 425,956,126 |
| Han Seng Juan | 33,877,600 | 33,877,600 | 433,703,626 | 433,703,626 |
| Wong Kok Hoe | 10,000,000 | 10,000,000 | – | – |
| Teo Peng Kwang ⁽ⁱⁱ⁾ | 63,723,330 | 63,723,330 | – | – |
| Kong Chee Min (CEO) ⁽ⁱⁱⁱ⁾ | 172,905 | 172,905 | – | – |
| Ultimate Holding Corporation – Centurion Global Ltd | | | | |
| (No. of ordinary shares) | | | | |
| Loh Kim Kang David | 8,086 | 8,086 | – | – |
| Han Seng Juan | 8,086 | 8,086 | – | – |
| Immediate Holding Corporation – Centurion Properties Pte. Ltd. | | | | |
| (No. of ordinary shares) | | | | |
| Loh Kim Kang David | – | – | 10,000,000 | 10,000,000 |
| Han Seng Juan | – | – | 10,000,000 | 10,000,000 |

Notes:

- (i) As at 30 June 2023, Loh Kim Kang David also has a direct interest in the Fixed Rate Notes due 2026 issued by the Company on 28 November 2022 ("Fixed Rate Notes due 2026") for an aggregate principal amount of S\$500,000 (as at 1 January 2023: Direct interest in the Fixed Rate Notes due 2026 for an aggregate principal amount of S\$500,000).
- (ii) As at 30 June 2023, Teo Peng Kwang also has a direct interest in the Fixed Rate Notes due 2026 for an aggregate principal amount of S\$1,000,000 (as at 1 January 2023: Direct interest in the Fixed Rate Notes due 2026 for an aggregate principal amount of S\$1,000,000).
- (iii) As at 30 June 2023, Kong Chee Min also has a direct interest in the Fixed Rate Notes due 2026 for an aggregate principal amount of S\$1,500,000 (as at 1 January 2023: Direct interest in the Fixed Rate Notes due 2026 for an aggregate principal amount of S\$1,500,000).
- (b) Loh Kim Kang David and Han Seng Juan, who by virtue of their individual interest of not less than 20% of the issued capital of the Company, are deemed to have an interest in the shares of the subsidiaries held by the Company.

DISCLOSURE OF INTERESTS

Under Section 352 of the Securities and Futures Ordinance (Cap 571 of the Laws of Hong Kong) (“SFO”)

As at 30 June 2023, the interests and short positions of the directors and CEO of the Company in the Shares, underlying shares and debentures of the Company and its associated corporations (within the meaning of Part XV of the SFO) which have been notified to the Company and the SEHK pursuant to the provisions of Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which were taken or deemed to have under such provisions of the SFO), or have been entered in the register maintained by the Company pursuant to Section 352 of the SFO, otherwise have been notified to the Company and the SEHK pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the “Model Code”) set out in Appendix 10 to the Rules Governing the Listing of Securities on the SEHK (the “HK Listing Rules”), are as follows:

Long positions in the Shares and underlying shares of the Company

| | Capital/Nature of interest | Direct Interest | | Capital/Nature of interest | Deemed Interest | | Total Interest | |
|---------------------|----------------------------|-------------------------------|------------------|------------------------------------|-------------------------------|------------------|--------------------------------|------------------|
| | | No. of Shares | % ⁽²⁾ | | No. of Shares | % ⁽²⁾ | No. of Shares | % ⁽²⁾ |
| Loh Kim Kang David | Beneficial owner | 44,380,350 ^{(L)(4)} | 5.28 | Interest of controlled corporation | 425,756,126 ^{(L)(3)} | 50.64 | 470,336,476 ^{(L)(10)} | 55.94 |
| | | | | Interest of spouse | 200,000 ^{(L)(5)} | 0.02 | | |
| Han Seng Juan | Beneficial owner | 33,877,600 ^{(L)(7)} | 4.03 | Interest of controlled corporation | 425,756,126 ^{(L)(6)} | 50.64 | 467,581,226 ^{(L)(11)} | 55.61 |
| | | | | Interest of spouse | 7,947,500 ^{(L)(8)} | 0.94 | | |
| Gn Hiang Meng | – | – | – | Interest of spouse | 247,500 ^{(L)(9)} | 0.03 | 247,500 ^(L) | 0.03 |
| Teo Peng Kwang | Beneficial owner | 63,723,330 ^{(L)(12)} | 7.58 | – | – | – | 63,723,330 ^(L) | 7.58 |
| Wong Kok Hoe | Beneficial owner | 10,000,000 ^{(L)(13)} | 1.19 | – | – | – | 10,000,000 ^(L) | 1.19 |
| Kong Chee Min (CEO) | Beneficial owner | 172,905 ^(L) | 0.02 | – | – | – | 172,905 ^(L) | 0.02 |

Notes:

- (1) The letter “L” denotes the person’s long position in the relevant Shares.
- (2) Based on 840,778,624 issued Shares as at 30 June 2023.
- (3) Loh Kim Kang David (“Mr Loh”) holds a 50% shareholding interest in Centurion Global Ltd (“Centurion Global”). Centurion Properties Pte. Ltd. (“Centurion Properties”) is a wholly-owned subsidiary of Centurion Global. Mr Loh is, therefore, deemed to have an interest in 425,756,126 Shares held by Centurion Properties.
- (4) Of the 44,380,350 Shares held by Mr Loh, 19,681,650 Shares are registered in the name of UOB Kay Hian Private Limited, 1,700,000 Shares are registered in the name of Raffles Nominees (Pte.) Limited, 14,903,900 Shares are registered in the name of CGS-CIMB Securities (Singapore) Pte Ltd, 4,000,000 Shares are registered in the name of CGS-CIMB Securities (Hong Kong) Limited, 1,345,000 Shares are registered in the name of Standard Chartered Bank (Hong Kong) Ltd, 2,549,800 Shares are registered in the name of UOB Kay Hian (Hong Kong) Limited and 200,000 Shares are registered in his own name.
- (5) Mr Loh is also deemed to have an interest in 200,000 Shares held by his spouse, Wong Wan Pei.
- (6) Han Seng Juan (“Mr Han”) holds a 50% shareholding interest in Centurion Global. Mr Han is, therefore, deemed to have an interest in 425,756,126 Shares held by Centurion Properties, a wholly-owned subsidiary of Centurion Global.

DISCLOSURE OF INTERESTS

- (7) Of the 33,877,600 Shares held by Mr Han, 5,898,400 Shares are registered in the name of Citibank Nominees Singapore Pte Ltd, 2,370,700 Shares are registered in the name of UOB Kay Hian Private Limited, 3,239,000 Shares are registered in the name of Kim Eng Securities (Hong Kong) Limited, 9,026,000 Shares are registered in the name of UBS Securities (Hong Kong) Limited, 402,300 Shares are registered in the name of Oversea-Chinese Bank Nominees Pte Ltd, 3,388,500 Shares are registered in the name of Maybank Securities Pte. Ltd., 5,193,700 Shares are registered in the name of CGS-CIMB Securities (Singapore) Pte Ltd, 2,785,000 Shares are registered in the name of CGS-CIMB Securities (Hong Kong) Limited, 49,000 Shares are registered in the name of UOB Kay Hian (Hong Kong) Limited and 1,525,000 Shares are registered in his own name.
- (8) Mr Han is also deemed to have an interest in 7,947,500 Shares held by his spouse, Kang Lee Cheng Susanna.
- (9) Gn Hiang Meng is deemed to have an interest in 247,500 Shares held by his spouse, Loo Bee Hoon.
- (10) Of these Shares, 41,135,350 Shares held by Mr Loh have been pledged to independent third party financial institution(s).
- (11) Of these Shares, 21,246,300 Shares held by Mr Han have been pledged to independent third party financial institution(s).
- (12) Of the 63,723,330 Shares held by Teo Peng Kwang, 40,270,164 Shares are registered in the name of DBS Bank Ltd, 7,356,916 Shares are registered in the name of Deutsche Bank, 16,000,000 Shares are registered in the name of DB Nominees (Singapore) Pte Ltd and 96,250 Shares are registered in his own name.
- (13) The 10,000,000 Shares held by Wong Kok Hoe are registered in his own name.

Interest in debentures of the Company

S\$53,000,000 aggregate principal amount of the Fixed Rate Notes due 2026

| | Nature of interest | Principal amount of the Fixed Rate Notes due 2026 held | Approximate percentage of the interest in the Fixed Rate Notes due 2026 |
|---------------------|--------------------|--|---|
| Loh Kim Kang David | Beneficial owner | S\$500,000 | 0.94% |
| Teo Peng Kwang | Beneficial owner | S\$1,000,000 | 1.89% |
| Kong Chee Min (CEO) | Beneficial owner | S\$1,500,000 | 2.83% |

Note:

- (1) The percentage of the interest in the Fixed Rate Notes due 2026 is calculated based on the aggregate principal amount of S\$53,000,000.

Save as disclosed above, as at 30 June 2023, none of the directors or CEO of the Company or their respective associates had registered an interest or short position in the Shares or underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which was required to be notified to the Company and the SEHK pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which he had taken or deemed to have under such provisions of the SFO) or was required, pursuant to Section 352 of the SFO, to be recorded in the register referred to therein or as otherwise notified to the Company and the SEHK pursuant to the Model Code.

DISCLOSURE OF INTERESTS

SUBSTANTIAL SHAREHOLDERS' (OTHER THAN A DIRECTOR OR CEO OF THE COMPANY) INTERESTS AND/OR SHORT POSITIONS IN THE SHARES AND UNDERLYING SHARES OF THE COMPANY

As at 30 June 2023, as far as the directors are aware, the persons or entities (other than a director or CEO of the Company) who have interests or short positions in the Shares and underlying shares of the Company which have been disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which were recorded in the register required to be kept by the Company under Section 336 of the SFO are as follows:

Long position in the Shares

| | Direct Interest | | Deemed Interest | | Total Interest | |
|---|-----------------|------------------|-----------------|------------------|----------------|------------------|
| | No. of Shares | % ⁽¹⁾ | No. of Shares | % ⁽¹⁾ | No. of Shares | % ⁽¹⁾ |
| Centurion Properties Pte. Ltd. ⁽²⁾ | 425,756,126 | 50.64 | – | – | 425,756,126 | 50.64 |
| Centurion Global Ltd ⁽³⁾ | – | – | 425,756,126 | 50.64 | 425,756,126 | 50.64 |

Notes:

- (1) Based on 840,778,624 issued Shares as at 30 June 2023.
- (2) Of the 425,756,126 Shares held by Centurion Properties, 20,000,000 Shares are registered in the name of Raffles Nominees (Pte.) Limited and 405,756,126 Shares are registered in its own name.
- (3) Centurion Properties is a wholly-owned subsidiary of Centurion Global. Centurion Global is, therefore, deemed to have an interest in 425,756,126 Shares held by Centurion Properties. Centurion Global is owned equally by Mr Loh (executive director, Joint Chairman of the Board and a controlling shareholder of the Company) and Mr Han (non-executive director, Joint Chairman of the Board and a controlling shareholder of the Company).

Save as disclosed above, as at 30 June 2023, there is no person or entity (other than a director or CEO of the Company) which has an interest or short position in the Shares and underlying shares of the Company which have been disclosed to the Company under provisions of Divisions 2 and 3 of Part XV of the SFO, or which were recorded in the register to be kept by the Company under Section 336 of the SFO.

CORPORATE GOVERNANCE AND OTHER INFORMATION

EMPLOYEES AND REMUNERATION POLICY

As at 30 June 2023, there were 529 (30 June 2022: 561) employees in the Group. Total employee benefits expenses of the Group (including directors' fee) for 1H 2023 were approximately S\$14,916,000 (1H 2022: S\$17,810,000). Staff remuneration packages are determined based on each employee's qualifications, experience, position and seniority.

The Group also provides other staff benefits including medical and Group Personal Accident insurance, and grants discretionary incentive bonuses to eligible staff based on their performance and the Group's results of operations.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES

There was no purchase, sale or redemption of listed securities of the Company during 1H 2023 except that the fixed rate notes due 2024 of the aggregate outstanding principal amount of S\$6,250,000 were fully redeemed by the Company at 100 per cent of the said principal amount together with the interest accrued thereof on 12 April 2023.

SIGNIFICANT INVESTMENTS HELD AND FUTURE PLANS FOR MATERIAL INVESTMENT AND CAPITAL ASSETS

Save as disclosed in this interim report, there was no material acquisition and significant investments held for 1H 2023.

MATERIAL ACQUISITIONS AND DISPOSALS

As announced by the Company on 15 January 2023, the Group has through the tender awarded by JTC Corporation to Centurion-Lian Beng (Ubi) Pte. Ltd., an indirect 51%-owned subsidiary of the Company acquired a parcel of land located at Ubi Avenue 3 in Singapore which is to be developed for use as a workers' dormitory for a cash consideration of S\$40,169,000. The vacant possession of the aforesaid land was delivered by JTC Corporation on 14 March 2023.

Saved for the above and as disclosed in the interim report, there was no other material acquisition and disposal for 1H 2023.

SHARE CAPITAL

Details of the Company's issued share capital during 1H 2023 are set out in Note 21 to this interim report. There were no movements in the Company's issued share capital during 1H 2023.

SUFFICIENCY OF PUBLIC FLOAT

Based on information that is publicly available to the Company and within the knowledge of the directors as at the date of this interim report, the Company has maintained the prescribed minimum percentage of public float from 1 January 2023 to 30 June 2023 as required under the HK Listing Rules and the Listing Manual of the SGX-ST.

REVIEW BY AUDIT COMMITTEE

As at the date of this interim report, the Audit Committee of the Company comprises three (3) independent non-executive directors, as follows:

Owi Kek Hean (Chairman)
Chandra Mohan s/o Rethnam
Gn Hiang Meng

The Audit Committee has reviewed the Group's unaudited interim report for 1H 2023.

COMPLIANCE WITH CORPORATE GOVERNANCE CODES

The Company has adopted the principles and practices of corporate governance in line with the Principles and Provisions as set out in the Singapore Code of Corporate Governance 2018 (the "2018 Code") and the applicable code provisions of the Corporate Governance Code (the "HK CG Code") as set out in Appendix 14 to the HK Listing Rules.

In the event of any conflict between the 2018 Code and HK CG Code, the Company will comply with the more stringent requirements. Throughout 1H 2023, the Company has complied with applicable provisions in the 2018 Code and HK CG Code, except those appropriately justified and disclosed in the 2022 Annual Report.

CORPORATE GOVERNANCE AND OTHER INFORMATION

COMPLIANCE WITH SGX-ST LISTING MANUAL AND HONG KONG MODEL CODE

In compliance with Rule 1207(19) of the Listing Manual of the SGX-ST and the Model Code as set out in Appendix 10 to the HK Listing Rules, the Company has adopted the Code of Best Practices on Securities Transactions by the Company and its Directors and Officers as its code for securities transactions by its directors and Officers pursuant to the Listing Manual of the SGX-ST and the Model Code's best practices on dealings in securities. In furtherance, specific enquiry has been made of all the directors and the directors have confirmed that they have complied with the Model Code throughout 1H 2023.

The Company, the directors and its Officers are not allowed to deal in the Company's securities at all times whilst in possession of unpublished price sensitive information and during the "closed" window period as defined in the Company's Code of Best Practices on Securities Transactions by the Company and its directors and Officers.

Directors, officers and employees have also been directed to refrain from dealing in the Company's securities on short-term considerations.

The directors, Management and officers of the Group are also expected to observe relevant insider trading laws at all times, even when dealing in securities within permitted trading period or they are in possession of unpublished price-sensitive information of the Company and they are not to deal in the Company's securities on short-term considerations.

CHANGES OF INFORMATION OF DIRECTORS

Changes of information of directors which are required to be disclosed pursuant to Rule 13.51B(1) of the HK Listing Rules since the date of the 2022 Annual Report are set out below:

- (a) Mr Gn Hiang Meng has ceased to be the chairman of the Audit Committee of the Company.
- (b) Mr Owi Kek Hean has been appointed as the chairman of the Audit Committee and ceased to be the chairman of the Nominating Committee of the Company.
- (c) Mr Lee Wei Loon has been appointed as the chairman of the Nominating Committee of the Company.
- (d) Mr Chandra Mohan s/o Rethnam has ceased to be the chairman of the Remuneration Committee of the Company.
- (e) Ms Tan Poh Hong has been appointed as the chairman of the Remuneration Committee of the Company.

INTERIM DIVIDEND

The Board has declared an interim dividend of 1.0 Singapore cent (1H 2022: 0.5 Singapore cent) per Share amounting to a total of S\$8,408,000 (1H 2022: S\$4,209,000) in respect of 1H 2023. The interim dividend will be paid on 29 September 2023.

Shareholders in Hong Kong will receive the above-mentioned interim dividend in Hong Kong dollar equivalent of 5.77 Hong Kong cents* per Share.

* Exchange rate used SGD1 = HKD5.7737 as at 10 August 2023.

BOOK CLOSURE DATE

For shareholders in Singapore

The Share Transfer Books and the Register of Members of the Company will be closed on 11 September 2023 for the preparation of dividend warrants.

Duly completed registrable transfers received by the Company's Share Registrar, B.A.C.S. Private Limited at 77 Robinson Road #06-03, Robinson 77, Singapore 068896, up to 5:00 pm on 8 September 2023 will be registered to determine shareholders' entitlements to the interim dividend.

Shareholders whose Securities Accounts with The Central Depository (Pte) Limited are credited with the Company's ordinary shares at 5:00 pm on 8 September 2023 will be entitled to the interim dividend.

CORPORATE GOVERNANCE AND OTHER INFORMATION

For shareholders in Hong Kong

The Hong Kong branch share register will be closed on 11 September 2023 for the purpose of determining the shareholders' entitlements to the interim dividend. In order to qualify for the interim dividend for shareholders whose names appear on the Hong Kong branch share register, all transfers of shares, accompanied by the relevant share certificates, must be lodged with the Hong Kong branch share registrar of the Company, Tricor Investor Services Limited at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong, not later than 4:30 pm on 8 September 2023.

AUDIT OR REVIEW OF THE FINANCIAL RESULTS

The consolidated financial results for 1H 2023 of the Group have not been audited or reviewed by the auditors of the Company.

SUBSEQUENT EVENT

On 5 June 2023, the Company submitted an application to the SEHK for the voluntary withdrawal of the listing of its ordinary shares on the Main Board of the SEHK (the "Proposed De-Listing"), which has been approved by the Listing Committee of the SEHK on 13 July 2023 and the shareholders of the Company on 25 July 2023. The Proposed De-Listing is expected to take effect at 4:00 p.m. on Wednesday, 1 November 2023, subject to fulfillment of all conditions as disclosed in the Company's circular to shareholders dated 7 July 2023. For details, please refer to the Company's announcements dated 5 June 2023, 6 July 2023, 17 July 2023 and 25 July 2023 respectively, and the Company's circular to shareholders dated 7 July 2023.

DIRECTORS' RESPONSIBILITY IN RESPECT OF THE FINANCIAL STATEMENTS

The directors acknowledge their responsibility for preparing the financial statements of the Company for 1H 2023.

The directors are not aware of any material uncertainties relating to events or conditions that may cast significant doubt upon the Company's ability to continue as a going concern.

By Order of the Board
Centurion Corporation Limited
Wong Kok Hoe
Deputy Chairman and Executive Director

29 August 2023

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

FOR THE SIX MONTHS ENDED 30 JUNE 2023

| | Note | For the six months ended 30 June | |
|--|------|-------------------------------------|--------------------------------|
| | | 2023 S\$'000 (unaudited) | 2022 S\$'000 (unaudited) |
| Revenue | 4 | 97,923 | 90,528 |
| Cost of sales | | (27,534) | (29,613) |
| Gross profit | | 70,389 | 60,915 |
| Other income | 5 | 1,066 | 1,280 |
| Other losses – net | | | |
| – Loss on derecognition of financial assets | 6 | – | (119) |
| – (Allowance)/write back for impairment of trade and other receivables | 6 | (62) | 381 |
| – Others | 6 | (250) | (1,058) |
| Net fair value gain on investment properties | | 5,417 | 9,541 |
| Expenses | | | |
| – Distribution expenses | | (754) | (791) |
| – Administrative expenses | | (12,650) | (13,070) |
| – Finance expenses | 7 | (18,294) | (11,786) |
| Share of profit of associated companies and joint venture | | 4,199 | 3,619 |
| Profit before income tax | | 49,061 | 48,912 |
| Income tax expense | 8 | (6,668) | (13,839) |
| Total profit | | 42,393 | 35,073 |
| Profit attributable to: | | | |
| Equity holders of the Company | | 38,301 | 32,898 |
| Non-controlling interests | | 4,092 | 2,175 |
| | | 42,393 | 35,073 |
| Earnings per share for profit attributable to equity holders of the Company | | | |
| Basic earnings per share (cents) | 9(a) | 4.56 | 3.91 |
| Diluted earnings per share (cents) | 9(b) | 4.56 | 3.91 |

The accompanying notes form an integral part of these financial statements.

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE SIX MONTHS ENDED 30 JUNE 2023

| | Group For the six months ended 30 June | |
|---|--|--------------------------------|
| | 2023 S\$'000 (unaudited) | 2022 S\$'000 (unaudited) |
| Total profit | 42,393 | 35,073 |
| Other comprehensive income/(loss): | | |
| <i>Items that may be reclassified subsequently to profit or loss:</i> | | |
| Financial assets, at FVOCI – debt instruments | | |
| – Fair value gains/(losses) | 347 | (101) |
| – Reclassification | – | 6 |
| Cash flow hedges | | |
| – Fair value gains | 376 | 1,552 |
| – Reclassification | (987) | 691 |
| Share of other comprehensive income of associated companies and joint venture | 92 | 843 |
| Currency translation gains/(losses) arising from consolidation | 7,184 | (22,086) |
| Other comprehensive income/(loss), net of tax | 7,012 | (19,095) |
| Total comprehensive income | 49,405 | 15,978 |
| Total comprehensive income attributable to: | | |
| Equity holders of the Company | 45,281 | 13,742 |
| Non-controlling interests | 4,124 | 2,236 |
| | 49,405 | 15,978 |

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The accompanying notes form an integral part of these financial statements.

CONDENSED CONSOLIDATED BALANCE SHEETS

AS AT 30 JUNE 2023

| | Note | Group | |
|---|------|---------------------------------------|-------------------------------------|
| | | 30 Jun 2023 S\$'000 (unaudited) | 31 Dec 2022 S\$'000 (audited) |
| ASSETS | | | |
| Current assets | | | |
| Cash and bank balances | 10 | 71,562 | 68,274 |
| Trade and other receivables | 11 | 11,485 | 12,886 |
| Inventories | | 217 | 334 |
| Other assets | | 3,369 | 3,797 |
| Financial assets, at fair value through other comprehensive income | | 5,812 | 6,466 |
| Derivative financial instruments | | 717 | – |
| | | 93,162 | 91,757 |
| Non-current assets | | | |
| Other assets | | 2,182 | 4,243 |
| Financial assets, at fair value through profit or loss | | 51 | 51 |
| Derivative financial instruments | | 2,643 | 3,811 |
| Investments in associated companies | 12 | 124,671 | 120,280 |
| Investment in a joint venture | 13 | 358 | 6,040 |
| Investment properties | 14 | 1,379,456 | 1,314,097 |
| Property, plant and equipment | 15 | 6,848 | 7,476 |
| | | 1,516,209 | 1,455,998 |
| Total assets | | 1,609,371 | 1,547,755 |
| LIABILITIES | | | |
| Current liabilities | | | |
| Trade and other payables | 16 | 52,835 | 55,105 |
| Other liabilities | | 430 | 430 |
| Current income tax liabilities | | 13,173 | 12,309 |
| Borrowings | 17 | 48,444 | 80,016 |
| Lease liabilities | 18 | 16,474 | 17,739 |
| | | 131,356 | 165,599 |
| Non-current liabilities | | | |
| Other liabilities | | 602 | 684 |
| Deferred income tax liabilities | | 21,363 | 20,684 |
| Borrowings | 17 | 639,827 | 583,087 |
| Lease liabilities | 18 | 61,064 | 69,213 |
| | | 722,856 | 673,668 |
| Total liabilities | | 854,212 | 839,267 |
| NET ASSETS | | 755,159 | 708,488 |
| EQUITY | | | |
| Capital and reserves attributable to the equity holders of the Company | | | |
| Share capital | 21 | 142,242 | 142,242 |
| Other reserves | | (53,856) | (60,836) |
| Retained profits | | 639,621 | 605,524 |
| | | 728,007 | 686,930 |
| Non-controlling interests | | 27,152 | 21,558 |
| Total equity | | 755,159 | 708,488 |

The accompanying notes form an integral part of these financial statements.

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE SIX MONTHS ENDED 30 JUNE 2023

| Note | ← Attributable to equity holders of the Company → | | | Total S\$'000 | Non- controlling interests S\$'000 | Total equity S\$'000 |
|---|---|------------------------------|--------------------------------|------------------|---|----------------------------|
| | Share capital S\$'000 | Other reserves S\$'000 | Retained profits S\$'000 | | | |
| Group | | | | | | |
| For the six months ended 30 June 2023 (unaudited) | | | | | | |
| Beginning of financial period | 142,242 | (60,836) | 605,524 | 686,930 | 21,558 | 708,488 |
| Profit for the period | – | – | 38,301 | 38,301 | 4,092 | 42,393 |
| Other comprehensive income for the period | – | 6,980 | – | 6,980 | 32 | 7,012 |
| Total comprehensive income for the period | – | 6,980 | 38,301 | 45,281 | 4,124 | 49,405 |
| Dividends relating to 2022 paid | 22 | – | (4,204) | (4,204) | – | (4,204) |
| Total transactions with owners, recognised directly in equity | – | – | (4,204) | (4,204) | – | (4,204) |
| Issuance of shares from a subsidiary | – | – | – | – | 1,470 | 1,470 |
| End of financial period | 142,242 | (53,856) | 639,621 | 728,007 | 27,152 | 755,159 |
| Group | | | | | | |
| For the six months ended 30 June 2022 (unaudited) | | | | | | |
| Beginning of financial period | 142,242 | (25,049) | 542,521 | 659,714 | 17,605 | 677,319 |
| Profit for the period | – | – | 32,898 | 32,898 | 2,175 | 35,073 |
| Other comprehensive (loss)/income for the period | – | (19,156) | – | (19,156) | 61 | (19,095) |
| Total comprehensive (loss)/income for the period | – | (19,156) | 32,898 | 13,742 | 2,236 | 15,978 |
| Dividends paid to non-controlling interest | – | – | – | – | (490) | (490) |
| Dividends relating to 2021 paid | – | – | (4,213) | (4,213) | – | (4,213) |
| Total transactions with owners, recognised directly in equity | – | – | (4,213) | (4,213) | (490) | (4,703) |
| End of financial period | 142,242 | (44,205) | 571,206 | 669,243 | 19,351 | 688,594 |

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The accompanying notes form an integral part of these financial statements.

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE SIX MONTHS ENDED 30 JUNE 2023

| Note | For the six months ended 30 June | |
|--|-------------------------------------|--------------------------------|
| | 2023 S\$'000 (unaudited) | 2022 S\$'000 (unaudited) |
| Cash flows from operating activities | | |
| Total profit | 42,393 | 35,073 |
| Adjustments for: | | |
| – Income tax expense | 6,668 | 13,839 |
| – Depreciation | 1,736 | 1,737 |
| – Allowance/(write back) for impairment of trade and other receivables | 62 | (381) |
| – Net loss/(gain) on disposal of plant and equipment | 11 | (20) |
| – Net fair value gain on investment properties | (5,417) | (9,541) |
| – Interest income | (765) | (296) |
| – Finance expenses | 18,294 | 11,786 |
| – Share of profit of associated companies and joint venture | (4,199) | (3,619) |
| – Net loss on disposal of financial assets, at FVOCI | – | 6 |
| – Unrealised currency translation differences | 35 | 57 |
| Operating cash flow before working capital changes | 58,818 | 48,641 |
| Change in working capital | | |
| – Inventories | 117 | (78) |
| – Trade and other receivables | 1,288 | 2,830 |
| – Other assets | 2,377 | (954) |
| – Trade and other payables | (3,021) | (612) |
| Cash generated from operations | 59,579 | 49,827 |
| Income tax paid | (5,303) | (4,964) |
| Net cash provided by operating activities | 54,276 | 44,863 |
| Cash flows from investing activities | | |
| Proceeds from disposal of property, plant and equipment | 24 | 26 |
| Additions to investment properties | (47,115) | (1,839) |
| Purchases of property, plant and equipment | (1,274) | (282) |
| Interest received | 775 | 270 |
| Dividends received from associated companies and joint venture include return of capital from a joint venture | 5,602 | 2,543 |
| Short-term bank deposits charged as security to bank | (287) | – |
| Purchase of financial assets, at FVOCI | – | (1,000) |
| Deposits paid for acquisition of investment property | – | (933) |
| Proceeds from disposal of financial assets, at FVOCI | 1,000 | 500 |
| Net cash used in investing activities | (41,275) | (715) |

The accompanying notes form an integral part of these financial statements.

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE SIX MONTHS ENDED 30 JUNE 2023

| Note | For the six months ended 30 June | |
|---|-------------------------------------|--------------------------------|
| | 2023 S\$'000 (unaudited) | 2022 S\$'000 (unaudited) |
| Cash flows from financing activities | | |
| Proceeds from borrowings | 51,445 | 29,071 |
| Proceeds from non-controlling interests for issuance of ordinary shares | 1,470 | – |
| Loan from non-controlling interests | 1,180 | – |
| Repayment of loan from associated company | (1,500) | (1,800) |
| Repayment of borrowings | (30,440) | (52,896) |
| Interest paid on borrowings | (16,887) | (10,038) |
| Dividends paid to equity holders of the company | (4,204) | (4,213) |
| Dividends paid to non-controlling interests | – | (490) |
| Restricted cash released from bank | 36 | 615 |
| Interest paid on lease liabilities | (1,505) | (1,683) |
| Repayment of principal portion of lease liabilities | (9,445) | (8,924) |
| Premium paid for purchase of interest rate cap | (181) | – |
| Net cash used in financing activities | (10,031) | (50,358) |
| Net increase/(decrease) in cash and cash equivalents held | 2,970 | (6,210) |
| Cash and cash equivalents | | |
| Beginning of financial period | 66,556 | 66,309 |
| Effects of currency translation on cash and cash equivalents | 67 | (66) |
| End of financial period | 69,593 | 60,033 |

CORPORATE
INFORMATIONFINANCIAL
HIGHLIGHTSMANAGEMENT
DISCUSSION AND ANALYSISDISCLOSURE
OF INTERESTSCORPORATE GOVERNANCE
AND OTHER INFORMATION

FINANCIAL REPORT

The accompanying notes form an integral part of these financial statements.

NOTES TO THE CONDENSED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2023

These notes form an integral part of and should be read in conjunction with the accompanying financial statements.

1. GENERAL INFORMATION

The Company is incorporated and domiciled in the Republic of Singapore and is dual listed on both the Main Board of the Singapore Exchange Securities Trading Limited ("SGX-ST") and The Stock Exchange of Hong Kong Limited (the "SEHK"). The address of its registered office is 45 Ubi Road 1, #05-01, Singapore 408696.

The principal activities of the Company include investment holding and provision of management services.

The financial statements are presented in thousands of Singapore Dollars (S\$'000) unless otherwise stated.

2. SIGNIFICANT ACCOUNTING POLICIES

2.1 Basis of preparation

The interim financial report contains condensed interim consolidated financial statements comprising of the balance sheet as at 30 June 2023 and 31 December 2022, statement of profit or loss, statement of comprehensive income, statement of cashflow and statement of changes in equity for the six months ended 30 June 2023 and 30 June 2022, and selected explanatory notes.

This unaudited condensed interim consolidated financial statements for the six months ended 30 June 2023 have been prepared in accordance with International Accounting Standard ("IAS") 34, "Interim financial reporting" and the applicable disclosure requirement set out in the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "HK Listing Rules").

The unaudited condensed interim consolidated financial statements should be read in conjunction with the annual financial statements for the year ended 31 December 2022 ("FY2022"), which have been prepared in accordance with the Singapore Financial Reporting Standards (International) ("SFRS(I)s") and International Financial Reporting Standards ("IFRSs").

For the purpose of SFRS(I)s, financial statements that have been prepared in accordance and complied with IFRSs are deemed to have also complied with SFRS(I)s. SFRS(I)s comprise standards and interpretations that are equivalent to IFRSs. All references to SFRS(I)s and IFRSs are referred to collectively as "IFRSs" in these financial statements, unless specified otherwise.

The unaudited condensed interim consolidated 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 an understanding of the changes in the Group's financial position and performance of the Group since the last annual financial statements for FY2022.

The accounting policies and methods of computation used in the unaudited condensed interim consolidated financial statements for the six months ended 30 June 2023 are the same as those set out in the Group's annual financial statements for FY2022.

2.2 Impact of standards issued but not yet effective

The following are the new standards and amendments to standards that are relevant to the Group, which have been published but are not yet effective for the financial period and which the Group has not early adopted:

| | | Effective for annual periods beginning on or after |
|---------------------------|--|---|
| SFRS(I) 1-1 | Amendments to SFRS(I) 1-1 Non-current Liabilities with Covenants | 1 January 2024 |
| SFRS 16 | Amendments to SFRS(I) 16 Lease Liability in a Sale and Leaseback | 1 January 2024 |
| SFRS(I) 1-7, SFRS(I) 1-10 | Amendments to SFRS(I) 1-7 and SFRS(I) 1-10 Supplier Finance Arrangements | 1 January 2024 |

The Group has not applied new and revised SFRS(I)s and IFRSs that have been issued but are not effective.

NOTES TO THE CONDENSED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2023

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.3 New accounting standards and accounting changes

In the current period, the Group has adopted all the new and revised SFRS(I)s and IFRSs that are relevant to its operations and effective for its accounting period beginning on 1 January 2023. The adoption of these new and revised SFRS(I)s and IFRSs did not result in significant changes to the Group's accounting policies, presentation of the Group's financial statements and amounts reported for the current period and prior periods.

3. CRITICAL ACCOUNTING ESTIMATES, ASSUMPTIONS AND JUDGEMENTS

In preparing the unaudited condensed interim consolidated 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 financial statements as at and for the year ended 31 December 2022.

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.

Information about critical judgements in applying accounting policies that have the most significant effect on the amounts recognised in the financial statements is included in Note 14 — Classification of investment property.

Information about assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment to the carrying amounts of assets and liabilities within the next interim period are included in Note 14 — determination of fair value of investment property using significant unobservable inputs.

4. REVENUE

| | Group | |
|--|---|--------------------|
| | For the six months ended 30 June | |
| | 2023 | 2022 |
| | S\$'000 | S\$'000 |
| | (unaudited) | (unaudited) |
| Rental income from investment properties | 90,826 | 78,143 |
| <u>Revenue from contracts with customers (IFRS 15)</u> | | |
| Other revenue from accommodation business | 4,100 | 6,961 |
| Management services | 2,733 | 4,392 |
| Sale of optical storage media and other trading goods | 264 | 1,032 |
| | 7,097 | 12,385 |
| | 97,923 | 90,528 |

NOTES TO THE CONDENSED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2023

5. OTHER INCOME

| | Group For the six months ended 30 June | |
|---|--|--------------------------------|
| | 2023 S\$'000 (unaudited) | 2022 S\$'000 (unaudited) |
| Interest income | | |
| – Financial assets measured at amortised cost | 553 | 90 |
| – Debt investments measured at FVOCI | 212 | 206 |
| | 765 | 296 |
| Government grant income | 211 | 879 |
| Others | 90 | 105 |
| | 1,066 | 1,280 |

6. OTHER LOSSES — NET

| | Group For the six months ended 30 June | |
|--|--|--------------------------------|
| | 2023 S\$'000 (unaudited) | 2022 S\$'000 (unaudited) |
| Currency exchange losses – net | (249) | (820) |
| Net (loss)/gain on disposal of plant and equipment | (11) | 20 |
| Financial assets, at FVOCI | | |
| – reclassification from other comprehensive income on disposal | – | (6) |
| Others | 10 | (252) |
| (Allowance)/write back for impairment of trade and other receivables | (62) | 381 |
| Loss on derecognition of financial assets | – | (119) |
| | (312) | (796) |

7. FINANCE EXPENSES

| | Group For the six months ended 30 June | |
|---|--|--------------------------------|
| | 2023 S\$'000 (unaudited) | 2022 S\$'000 (unaudited) |
| Interest expense: | | |
| – bank borrowings and notes payable | 16,702 | 9,004 |
| – lease liabilities | 1,505 | 1,683 |
| – associated company | 911 | 351 |
| – non-controlling interests | 163 | 57 |
| Cash flow hedges, reclassified from hedging reserve | (987) | 691 |
| Finance expenses recognised in profit or loss | 18,294 | 11,786 |

NOTES TO THE CONDENSED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2023

8. INCOME TAXES

| | Group For the six months ended 30 June | |
|--|--|--------------------------------|
| | 2023 S\$'000 (unaudited) | 2022 S\$'000 (unaudited) |
| Tax expense attribute to the profit is made up of: | | |
| – Profit for the financial period | | |
| Current income tax | | |
| – Singapore | 4,255 | 4,063 |
| – Foreign | 2,042 | 1,546 |
| | 6,297 | 5,609 |
| Deferred income tax | 447 | 6,732 |
| | 6,744 | 12,341 |
| – (Over)/under provision in prior financial period | | |
| Current income tax | (75) | 1,514 |
| Deferred income tax | (1) | (16) |
| | 6,668 | 13,839 |

9. EARNINGS PER SHARE

(a) Basic earnings per share

Basic earnings per share is calculated by dividing the net profit attributable to equity holders of the Company by the weighted average number of ordinary shares outstanding during the financial period.

| | Group For the six months ended 30 June | |
|--|--|---------------------|
| | 2023 (unaudited) | 2022 (unaudited) |
| Net profit attributable to equity holders of the Company (S\$'000) | 38,301 | 32,898 |
| Weighted average number of ordinary shares outstanding for basic earnings per share ('000) | 840,779 | 840,779 |
| Basic earnings per share (cents) | 4.56 | 3.91 |

(b) Diluted earnings per share

For the purpose of calculating diluted earnings per share, profit attributable to equity holders of the Company and the weighted average number of ordinary shares outstanding are adjusted for the effects of all dilutive potential ordinary shares.

The basic and diluted earnings per share are the same, as the Company has no dilutive potential ordinary shares.

NOTES TO THE CONDENSED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2023

10. CASH AND BANK BALANCES

| | Group | |
|--------------------------|---------------------------------------|-------------------------------------|
| | 30 Jun 2023 S\$'000 (unaudited) | 31 Dec 2022 S\$'000 (audited) |
| Cash at bank and on hand | 32,778 | 31,794 |
| Short-term bank deposits | 38,784 | 36,480 |
| | 71,562 | 68,274 |

For the purpose of presenting the consolidated statement of cash flows, cash and cash equivalents comprised the following:

| | Group For the six months ended 30 June | |
|--|--|--------------------------------|
| | 2023 S\$'000 (unaudited) | 2022 S\$'000 (unaudited) |
| Cash and bank balances | 71,562 | 60,602 |
| Less: Short-term bank deposits charged as security to bank | (287) | – |
| Less: Restricted cash charged as security to bank | (1,682) | (569) |
| Cash and cash equivalents per consolidated statement of cash flows | 69,593 | 60,033 |

As at 30 June 2023, short-term bank deposits and restricted cash of the Group amounting to S\$1,969,000 (30 June 2022: S\$569,000) were charged as security to banks as a guarantee in relation to bank facilities.

The reconciliation of liabilities arising from financing activities as at 31 December 2022 and 30 June 2023 are as follows:

| | 31 Dec 2022 S\$'000 (audited) | Cash flows S\$'000 | Non-cash items S\$'000 | Interest expense S\$'000 | Currency translation differences S\$'000 | 30 Jun 2023 S\$'000 (unaudited) |
|---|--|--------------------------|------------------------------|--------------------------------|---|--|
| Bank borrowings (Note 17) | 559,990 | 27,255 | – | – | 4,489 | 591,734 |
| Notes payables (Note 17) | 58,689 | (6,250) | – | 75 | – | 52,514 |
| Lease liabilities (Note 18) | 86,952 | (10,950) | 1,204 | 1,505 | (1,173) | 77,538 |
| Loan from non-controlling interests (Note 17) | 7,456 | 1,180 | – | – | (2) | 8,634 |
| Loan from associated company (Note 17) | 36,568 | (1,500) | – | – | – | 35,068 |
| Interest payable (Note 17) | 400 | (1,888) | – | 1,809 | – | 321 |
| Derivative financial instruments – assets | (3,811) | 806 | 677 | (987) | (45) | (3,360) |
| Accrued interest expense | 510 | (15,986) | – | 15,892 | – | 416 |
| | 746,754 | (7,333) | 1,881 | 18,294 | 3,269 | 762,865 |

NOTES TO THE CONDENSED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2023

11. TRADE AND OTHER RECEIVABLES

The majority of the Group's sales are on cash terms. The remaining amounts are with credit terms of 30 to 60 days. At balance sheet dates, the ageing analysis of the trade receivables based on invoice date is as follows:

| | Group | |
|---|---------------------------------------|-------------------------------------|
| | 30 Jun 2023 S\$'000 (unaudited) | 31 Dec 2022 S\$'000 (audited) |
| Up to 3 months | 4,445 | 5,387 |
| 3 to 6 months | 501 | 1,088 |
| Over 6 months | 409 | 436 |
| | 5,355 | 6,911 |
| Less: Cumulative allowance for impairment | (752) | (796) |
| | 4,603 | 6,115 |

12. INVESTMENTS IN ASSOCIATED COMPANIES

| | Group | |
|--|---------------------------------------|-------------------------------------|
| | 30 Jun 2023 S\$'000 (unaudited) | 31 Dec 2022 S\$'000 (audited) |
| Beginning of financial period/year | 120,280 | 117,071 |
| Currency translation differences | 296 | (413) |
| Share of fair value (loss)/gain from cash flow hedges | (9) | 53 |
| Share of profit | 4,489 | 7,250 |
| Dividends received | (405) | (3,803) |
| Share of loss in excess of investment in an associated company | 20 | 122 |
| End of financial period/year | 124,671 | 120,280 |

There are no contingent liabilities relating to the Group's interests in the associated companies.

13. INVESTMENT IN A JOINT VENTURE

| | Group | |
|------------------------------------|---------------------------------------|-------------------------------------|
| | 30 Jun 2023 S\$'000 (unaudited) | 31 Dec 2022 S\$'000 (audited) |
| Beginning of financial period/year | 6,040 | 4,732 |
| Currency translation differences | (195) | (361) |
| Share of (loss)/profit | (290) | 1,669 |
| Dividends received | (1,352) | - |
| Return of capital | (3,845) | - |
| End of financial period/year | 358 | 6,040 |

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

NOTES TO THE CONDENSED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2023

14. INVESTMENT PROPERTIES

| | Group | |
|--|-------------|-------------|
| | 30 Jun 2023 | 31 Dec 2022 |
| | S\$'000 | S\$'000 |
| | (unaudited) | (audited) |
| Beginning of financial period/year | 1,314,097 | 1,354,593 |
| Currency translation differences | 11,117 | (64,309) |
| Additions to investment properties | 48,825 | 4,886 |
| Modification of lease liability in relation to the right-of-use asset | - | (55) |
| Net fair value gain in relation to owned investment properties | 14,624 | 36,442 |
| Net fair value loss in relation to right-of-use assets classified as investment properties | (9,207) | (17,460) |
| Net fair value gain recognised in profit or loss | 5,417 | 18,982 |
| End of financial period/year | 1,379,456 | 1,314,097 |

Investment properties are leased to non-related parties under operating leases (Note 20).

Included in additions are acquisition of an investment property of S\$42,211,000 (FY2022: S\$nil), capitalised expenditure of S\$5,410,000 (FY2022: S\$4,886,000) and right-of-use assets of S\$1,204,000 (FY2022: S\$nil).

Certain investment properties are pledged as security for the bank facilities extended to subsidiaries (Note 17(a)). The carrying values of these investment properties amounted to approximately \$1,288,440,000 (FY2022: \$1,213,555,000).

The fair value of the Group's investment properties is determined based on significant unobservable inputs and is categorised under Level 3 of the fair value measurement hierarchy.

The Group applies estimates, assumptions and judgements in the determination of fair values for investment properties. The valuation forms the basis for the carrying amounts of the investment properties held directly by the Group in the consolidated financial statements. There is significant judgement in key inputs used in the valuation. These key inputs include discount rate, rental rate, market value of comparable property, capitalisation rate, cost to complete and cost per square metre, and are dependent on the nature of each investment property and the prevailing market conditions.

The Group had carried out an internal assessment on its investment properties as at 30 June 2023, in consultation with the independent professional valuers who had performed the valuations of the Group's investment properties as at 31 December 2022, for any material changes in key inputs. The key inputs were found to remain substantially unchanged compared to 31 December 2022. After considering other factors including the operating performance of the properties, the prevailing local market outlook and the remaining lease terms of the leased properties, the Group recognised the net fair value gain on investment properties amounted to S\$5,417,000 (1H 2022: S\$9,541,000).

15. PROPERTY, PLANT AND EQUIPMENT

During the six months ended 30 June 2023, the additions and disposals of the Group's property, plant and equipment amounted to S\$1,232,000 (FY2022: S\$1,181,000) and S\$35,000 (FY2022: S\$62,000) respectively.

During the previous financial year, the Group renegotiated and modified an existing lease contract for office space by extending the lease term by another 3 years at revised lease payments. As this extension is not part of the terms and conditions of the original lease contract, it is accounted for as a lease modification with an addition of S\$1,538,000 to the ROU, classified under 'Property, plant and equipment'. The corresponding remeasurement to lease liability is recorded on balance sheet.

NOTES TO THE CONDENSED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2023

16. TRADE AND OTHER PAYABLES

At balance sheet dates, the ageing analysis of the trade payables based on invoice date were as follows:

| | Group | |
|----------------|---------------------------------------|-------------------------------------|
| | 30 Jun 2023 S\$'000 (unaudited) | 31 Dec 2022 S\$'000 (audited) |
| Up to 3 months | 4,372 | 2,904 |
| 3 to 6 months | 39 | 113 |
| Over 6 months | 274 | 215 |
| | 4,685 | 3,232 |

17. BORROWINGS

Current

Bank borrowings (Note (a))
Loan from non-controlling interests (Note (d))
Loan from an associated company (Note (c))
Interest payable

| | Group | |
|--|---------------------------------------|-------------------------------------|
| | 30 Jun 2023 S\$'000 (unaudited) | 31 Dec 2022 S\$'000 (audited) |
| Bank borrowings (Note (a)) | 47,682 | 75,574 |
| Loan from non-controlling interests (Note (d)) | 441 | 442 |
| Loan from an associated company (Note (c)) | – | 3,600 |
| Interest payable | 321 | 400 |
| | 48,444 | 80,016 |

Non-current

Bank borrowings (Note (a))
Loan from non-controlling interests (Note (d))
Loan from an associated company (Note (c))
Notes payables (Note (b))
Less: Transaction costs

| | Group | |
|--|---------------------------------------|-------------------------------------|
| | 30 Jun 2023 S\$'000 (unaudited) | 31 Dec 2022 S\$'000 (audited) |
| Bank borrowings (Note (a)) | 544,052 | 484,416 |
| Loan from non-controlling interests (Note (d)) | 8,193 | 7,014 |
| Loan from an associated company (Note (c)) | 35,068 | 32,968 |
| Notes payables (Note (b)) | 53,000 | 59,250 |
| Less: Transaction costs | (486) | (561) |
| | 52,514 | 58,689 |
| | 639,827 | 583,087 |
| Total borrowings | 688,271 | 663,103 |

At balance sheet dates, the Group's bank borrowings are analysed as follows:

| | Group | |
|--|---------------------------------------|-------------------------------------|
| | 30 Jun 2023 S\$'000 (unaudited) | 31 Dec 2022 S\$'000 (audited) |
| <u>Amount repayable within one year or on demand</u> | | |
| Secured | 44,132 | 73,837 |
| Unsecured | 4,312 | 6,179 |
| Total | 48,444 | 80,016 |
| <u>Amount repayable after one year</u> | | |
| Secured | 501,430 | 439,116 |
| Unsecured | 138,397 | 143,971 |
| Total | 639,827 | 583,087 |
| Total Borrowings | 688,271 | 663,103 |

NOTES TO THE CONDENSED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2023

17. BORROWINGS (CONTINUED)

The exposure of the borrowings of the Group to interest rate changes and the contractual repricing dates at the balance sheet dates are as follows:

| | Group | |
|-----------------------------|----------------|----------------|
| | 30 Jun 2023 | 31 Dec 2022 |
| | S\$'000 | S\$'000 |
| | (unaudited) | (audited) |
| – not later than one year | 48,444 | 80,016 |
| – between one to five years | 430,037 | 436,192 |
| – after five years | 209,790 | 146,895 |
| | 688,271 | 663,103 |

At balance sheet dates, the Group's bank borrowings are repayable as follows:

| | Group | |
|----------------------------|----------------|----------------|
| | 30 Jun 2023 | 31 Dec 2022 |
| | S\$'000 | S\$'000 |
| | (unaudited) | (audited) |
| Within one year | 47,682 | 75,574 |
| Between one and two years | 113,778 | 103,842 |
| Between two and five years | 262,902 | 258,617 |
| After five years | 167,372 | 121,957 |
| | 591,734 | 559,990 |

At balance sheet dates, the Group's other loans are repayable as follows:

| | Group | |
|----------------------------|---------------|----------------|
| | 30 Jun 2023 | 31 Dec 2022 |
| | S\$'000 | S\$'000 |
| | (unaudited) | (audited) |
| Within one year | 762 | 4,442 |
| Between one and two years | 332 | 10,182 |
| Between two and five years | 53,025 | 63,551 |
| After five years | 42,418 | 24,938 |
| | 96,537 | 103,113 |

(a) Bank borrowings

Bank borrowings are subject to floating interest rates of which S\$108,181,000 (31 Dec 2022: S\$111,806,000) are managed with interest rate swaps where floating rates are swapped into fixed interest rates and S\$22,440,000 (31 Dec 2022: S\$9,911,000) are managed with interest rate caps where floating rates are capped at fixed interest rates. The carrying amounts of the non-current borrowings approximated their fair values.

Total borrowings include secured liabilities of S\$545,562,000 (31 Dec 2022: S\$512,953,000) for the Group. These borrowings are secured over certain investment properties (Note 14).

NOTES TO THE CONDENSED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2023

17. BORROWINGS (CONTINUED)

(b) Notes payables

The MTN Programme was established on 6 September 2013 and updated on 7 October 2016 to a S\$750,000,000 Multicurrency Debt Issuance programme ("the Programme").

On 12 October 2020, the Group issued S\$55,000,000 fixed rate notes due 2024 (the "Series 005 Notes") under the Programme. The Series 005 Notes bear a fixed interest rate of 5.75% per annum payable semi-annually in arrear and shall mature on 12 April 2024.

On 7 November 2022, the Company issued an Exchange Offer invitation ("Invitation"), offering the holders of its outstanding S\$55,000,000 fixed rate notes due 2024 comprised in Series 005 (the "Existing Notes") to exchange any and all outstanding Existing Notes for a like principal amount of fixed rate notes due 2026 to be issued pursuant to its S\$750,000,000 Multicurrency Debt Issuance programme (the "Programme").

On 28 November 2022, the Company issued S\$53,000,000 fixed rate notes due 2026 (the "Series 006 Notes") under the Programme, comprising S\$38,500,000 in aggregate principal amount issued pursuant to the Invitation and S\$14,500,000 in aggregate principal amount of additional notes. The Series 006 Notes will bear interest as follows:

- (i) for the period from, and including 28 November 2022 to, but excluding, 28 May 2025: 6.50% per annum; and
- (ii) so long as the Series 006 Notes are not redeemed, for the period from, and including, 28 May 2025: 9.00% per annum payable semi-annually in arrears.

Unless previously redeemed or purchased and cancelled, the Series 006 Notes shall mature on 28 May 2026.

The net proceeds arising from the Series 006 Notes (after deducting for issue expenses) has been fully utilised to redeem Series 005 Notes. On 12 April 2023, the Group has fully redeemed the remaining Series 005 Notes due 2024 of S\$6,250,000.

As at 30 June 2023 and 31 December 2022, the Group is in compliance with all relevant financial covenants and the borrowings have been classified and presented appropriately based on the agreed terms.

(c) Loan from an associated company

The loan from an associated company is unsecured with fixed repayment terms.

The interest on the loan from an associated company is calculated based on the floating rates. The carrying amounts of the non-current borrowings approximated their fair values.

(d) Loan from non-controlling interests

The loan from non-controlling interests are unsecured with fixed terms of repayment. The interest on the loans are calculated based on the floating rates, except for part of the loan from non-controlling interests amounting to S\$1,285,000 (31 Dec 2022: S\$1,086,000) which is calculated based on fixed rates. The carrying amounts of the non-current borrowings approximate their fair values.

(e) Fair value of current and non-current notes payables

| | Group | |
|----------------|-------------|-------------|
| | 30 Jun 2023 | 31 Dec 2022 |
| | S\$'000 | S\$'000 |
| | (unaudited) | (audited) |
| Notes payables | 54,309 | 59,440 |

The fair values are within Level 2 of the fair value hierarchy. The fair values of the notes payables are based on indicative mid-market prices obtained from the bank.

NOTES TO THE CONDENSED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2023

18. LEASE LIABILITIES

The exposure of the lease liabilities of the Group to interest rate changes and the contractual repricing dates at the balance sheet date are as follows:

| | Group | |
|-----------------------------|---------------------------------------|-------------------------------------|
| | 30 Jun 2023 S\$'000 (unaudited) | 31 Dec 2022 S\$'000 (audited) |
| Current | | |
| – not later than one year | 16,474 | 17,739 |
| Non-current | | |
| – between one to five years | 21,959 | 26,273 |
| – after five years | 39,105 | 42,940 |
| | 61,064 | 69,213 |
| | 77,538 | 86,952 |

19. LEASES – THE GROUP AS A LESSEE

Nature of the Group's leasing activities – Group as a lessee

Property

The Group leases office space for the purpose of back office operations for a tenure of 3 years.

Leasehold land and building

The Group makes periodic lease payments for leasehold land and buildings, which are used in the Group's student and workers accommodation business. Some of these leases have escalation clauses and extension options. The right-of-use of these leasehold land and buildings are classified as investment properties (Note 14).

There are no externally imposed covenant on these lease arrangements.

| | Group | |
|---|---------------------------------------|-------------------------------------|
| | 30 Jun 2023 S\$'000 (unaudited) | 31 Dec 2022 S\$'000 (audited) |
| Carrying amount of right-of-use assets | | |
| ROU assets classified within Property, plant and equipment | | |
| Leased office space | 1,197 | 1,453 |

ROU assets classified within Investment properties

The right-of-use asset relating to the leasehold land and buildings presented under investment properties (Note 14) is stated at fair value and has a carrying amount at balance sheet date of S\$82,281,000 (FY2022: S\$91,718,000).

Addition to right-of use assets during the financial period was S\$1,204,000 (FY2022: S\$nil), which was related to investment properties (Note 14).

20. LEASES – THE GROUP AS A LESSOR

Nature of the Group's leasing activities – Group as a lessor

The Group has leased out their owned investment properties to third parties for monthly lease payments. To reduce credit risk, the Group obtains security deposits for the term of the lease. This lease is classified as an operating lease because the risk and rewards incidental to ownership of the assets are not substantially transferred.

Rental income from investment properties are disclosed in Note 4.

NOTES TO THE CONDENSED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2023

20. LEASES – THE GROUP AS A LESSOR (CONTINUED)

Maturity analysis of lease payments – Group as a lessor

The table below discloses the undiscounted lease payments from the operating leases to be received by the Group as a lessor for its leases and subleases after the reporting date are as follows:

| | Group | |
|----------------------------------|---------------------------------------|-------------------------------------|
| | 30 Jun 2023 S\$'000 (unaudited) | 31 Dec 2022 S\$'000 (audited) |
| Less than one year | 99,453 | 99,255 |
| One to two years | 4,594 | 5,216 |
| Two to three years | 544 | 1,011 |
| Three to four years | 540 | 935 |
| Four to five years | 540 | 732 |
| More than five years | 5,175 | 5,924 |
| Total undiscounted lease payment | 110,846 | 113,073 |

21. SHARE CAPITAL AND TREASURY SHARES

| | Group | |
|---|---|--------------------------|
| | No. of ordinary shares Issued share capital '000 | Share capital S\$'000 |
| 2023 | | |
| Beginning and end of financial period (unaudited) | 840,779 | 142,242 |

All issued ordinary shares are fully paid. There is no par value for these ordinary shares.

On 1 August 2011, the Company completed the acquisition of Westlite Dormitory (Toh Guan) Pte. Ltd. (then known as Centurion Dormitory (Westlite) Pte. Ltd.) ("Transaction"). The acquisition was accounted for as a reverse acquisition in accordance with IFRS 3 Business Combinations. Consequently, the Group's share capital amount differs from that of the Company.

22. DIVIDENDS

| | Group | |
|--|---------------------------------------|---------------------------------------|
| | 30 Jun 2023 S\$'000 (unaudited) | 31 Dec 2022 S\$'000 (unaudited) |
| Ordinary dividends paid | | |
| Final exempt dividend paid in respect of the previous financial year of 0.5 Singapore cent (1H 2022: final exempt dividend paid in respect of the financial year 2021 of 0.5 Singapore cent) per share | 4,204 | 4,213 |

At the Board Meeting on 10 August 2023, an interim dividend of 1.0 Singapore cent (1H 2022: 0.5 Singapore cent) per share amounting to a total of S\$8,408,000 (1H 2022: S\$4,209,000) had been declared.

Shareholders in Hong Kong will receive the interim dividend in Hong Kong Dollar equivalent of 5.77 Hong Kong cents* per share.

* Exchange rate used SGD1=HKD5.7737 as at 10 August 2023.

NOTES TO THE CONDENSED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2023

23. COMMITMENTS

(a) Capital commitments

Capital expenditures contracted for at the balance sheet date but not recognised in the financial statements are as follows:

| | Group 30 Jun 2023 S\$'000 (unaudited) | 31 Dec 2022 S\$'000 (audited) |
|-------------------------------|--|-------------------------------------|
| Property, plant and equipment | 153 | 105 |
| Investment properties | 19,193 | 13,350 |

(b) Corporate guarantees

The Group has provided corporate guarantees in favour of financial institutions in respect of facilities granted to associated companies and a joint venture amounting to S\$60,306,000 (31 Dec 2022: S\$68,889,000). As at 30 June 2023, the amount of the guaranteed loans drawn down by associated companies and a joint venture amounted to S\$60,306,000 (31 December 2022: S\$68,522,000).

As at 30 June 2023 and 31 December 2022, the fair value of the corporate guarantee were insignificant.

Except for the corporate guarantees disclosed above, the Group did not have any other contingent liabilities as at end of current and prior financial periods.

24. RELATED PARTY TRANSACTIONS

In addition to information disclosed elsewhere in the financial statements, the following transactions took place between the Group and related parties at terms agreed between the parties:

(a) Sales and purchases of goods and services

| | Group For the six months ended 30 June | |
|---|--|--------------------------------|
| | 2023 S\$'000 (unaudited) | 2022 S\$'000 (unaudited) |
| Services provided to immediate holding corporation | 74 | 93 |
| Services provided to associated companies | 1,200 | 1,106 |
| Purchases from a company which a director has an interest | 23 | 53 |
| Lease payments to associated companies | 461 | 473 |
| Interest charged by associated company | 911 | 350 |
| Interest charged by non-controlling interest | 163 | 57 |

(b) Key management personnel compensation

The key management personnel compensation is as follows:

| | Group For the six months ended 30 June | |
|---|--|--------------------------------|
| | 2023 S\$'000 (unaudited) | 2022 S\$'000 (unaudited) |
| Wages and salaries | 2,975 | 3,136 |
| Employer's contribution to defined contribution plan, including Central Provident Fund | 70 | 85 |
| | 3,045 | 3,221 |

Included in above, total compensation to directors of the Company amounted to S\$1,725,000 (1H 2022: S\$1,715,000).

NOTES TO THE CONDENSED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2023

25. SEGMENT INFORMATION

Management has determined the operating segments based on the reports reviewed by the Key Management that are used to make strategic decisions. The Key Management comprises the Deputy Chairman, the Group Chief Executive Officer, the Group Chief Financial Officer, and the Chief Operating Officer of each business/geographic segment.

The Key Management manages and monitors the business in three business segments which is the provision of dormitory accommodation and services for workers ("Workers accommodation"), provision of accommodation and services for students ("Student accommodation") and manufacture and sale of optical storage media and other trading goods ("Others").

The results of the respective countries within the Student accommodation and Workers accommodation business segments are aggregated into a single operating segment respectively as they share similar economic characteristics.

The segment information provided to the Key Management for the reportable segments for six months ended 30 June 2023 is as follows:

| | Workers accommodation S\$'000 | Student accommodation S\$'000 | Others S\$'000 | Total S\$'000 |
|--|-------------------------------------|-------------------------------------|-------------------|------------------|
| Six months ended 30 June 2023: (unaudited) | | | | |
| Revenue: | | | | |
| Sales to external parties | 73,338 | 24,259 | 326 | 97,923 |
| Timing of revenue recognition in relation to revenue from contracts with customers | | | | |
| – Point in time | 1,680 | 384 | 264 | 2,328 |
| – Over time | 3,654 | 1,053 | 62 | 4,769 |
| Segment results | 46,139 | 10,978 | (143) | 56,974 |
| Finance expense | (10,464) | (7,830) | – | (18,294) |
| Interest income | | | | 765 |
| Fair value gain/(loss) on investment properties | 5,767 | (350) | – | 5,417 |
| Share of profit/(loss) of associated companies and joint venture | 4,996 | (813) | 16 | 4,199 |
| Profit before tax | | | | 49,061 |
| Income tax expense | | | | (6,668) |
| Net profit | | | | 42,393 |
| Included in segment results: | | | | |
| Depreciation | 1,284 | 318 | 134 | 1,736 |
| As at 30 June 2023 (unaudited) | | | | |
| Segment assets | 883,007 | 554,813 | 1,213 | 1,439,033 |
| Short-term bank deposits | | | | 38,784 |
| Financial assets, at FVOCI | | | | 5,812 |
| Tax recoverable | | | | 713 |
| Investments in associated companies | 84,219 | 39,454 | 998 | 124,671 |
| Investment in a joint venture | – | 358 | – | 358 |
| Consolidated total assets | | | | 1,609,371 |
| Segment liabilities | 116,329 | 14,847 | 229 | 131,405 |
| Borrowings | 406,242 | 282,029 | – | 688,271 |
| Current income tax liabilities | | | | 13,173 |
| Deferred income tax liabilities | | | | 21,363 |
| Consolidated total liabilities | | | | 854,212 |
| Other segment items: | | | | |
| Capital expenditure | 43,926 | 4,378 | 549 | 48,853 |

NOTES TO THE CONDENSED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2023

25. SEGMENT INFORMATION (CONTINUED)

The segment information provided to the Key Management for the reportable segments for the six months ended 30 June 2022 is as follows:

| | Workers accommodation S\$'000 | Student accommodation S\$'000 | Others S\$'000 | Total S\$'000 |
|--|-------------------------------------|-------------------------------------|-------------------|------------------|
| Six months ended 30 June 2022: (unaudited) | | | | |
| Revenue: | | | | |
| Sales to external parties | 66,977 | 22,518 | 1,033 | 90,528 |
| Timing of revenue recognition in relation to revenue from contracts with customers | | | | |
| – Point in time | 1,531 | 447 | 1,033 | 3,011 |
| – Over time | 8,296 | 1,078 | – | 9,374 |
| Segment results | 38,124 | 9,389 | (271) | 47,242 |
| Finance expense | (7,116) | (4,670) | – | (11,786) |
| Interest income | | | | 296 |
| Fair value (loss)/gain on investment properties | (18,394) | 27,935 | – | 9,541 |
| Share of profit/(loss) of associated companies and joint venture | 5,262 | (1,642) | (1) | 3,619 |
| Profit before tax | | | | 48,912 |
| Income tax expense | | | | (13,839) |
| Net profit | | | | 35,073 |
| Included in segment results: | | | | |
| Depreciation | 1,358 | 370 | 9 | 1,737 |
| As at 31 December 2022 (audited) | | | | |
| Segment assets | 843,764 | 533,190 | 767 | 1,377,721 |
| Short-term bank deposits | | | | 36,480 |
| Financial assets, at FVOCI | | | | 6,466 |
| Tax recoverable | | | | 768 |
| Investments in associated companies | 79,609 | 39,623 | 1,048 | 120,280 |
| Investment in a joint venture | – | 6,040 | – | 6,040 |
| Consolidated total assets | | | | 1,547,755 |
| Segment liabilities | 127,677 | 15,369 | 125 | 143,171 |
| Borrowings | 377,875 | 285,228 | – | 663,103 |
| Current income tax liabilities | | | | 12,309 |
| Deferred income tax liabilities | | | | 20,684 |
| Consolidated total liabilities | | | | 839,267 |
| Twelve months ended 31 December 2022 (audited) | | | | |
| Other segment items: | | | | |
| Capital expenditure | 3,263 | 2,804 | – | 6,067 |

NOTES TO THE CONDENSED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2023

25. SEGMENT INFORMATION (CONTINUED)

Segment assets consist primarily of property, plant and equipment, investment properties, inventories, receivables, other current assets and operating cash, and exclude tax recoverable, deferred tax assets, investments in associated companies and a joint venture, financial assets, at FVOCI and short-term bank deposits. Segment liabilities comprise operating liabilities and exclude items such as tax liabilities and bank borrowings. Capital expenditure comprises additions to property, plant and equipment and investment properties.

Geographical information

The Group's three business segments operate in four main geographical areas:

- Singapore – the Company is headquartered and has operations in Singapore. The operations in this area are principally the provision of workers accommodation, provision of management services and manufacture and sale of optical storage media and other trading goods;
- Australia – the operations in this area are principally the provision of student accommodation and property investments;
- Malaysia – the operations in this area are principally the provision of workers accommodation;
- United Kingdom – the operations in this area are principally the provision of student accommodation;
- Other countries – the operations are principally property investments.

| | Group For the six months ended 30 June | |
|-----------------|--|--------------------------------|
| | 2023 S\$'000 (unaudited) | 2022 S\$'000 (unaudited) |
| Revenue | | |
| Singapore | 63,756 | 61,018 |
| Malaysia | 9,908 | 6,992 |
| Australia | 6,873 | 4,543 |
| United Kingdom | 16,590 | 16,699 |
| Other countries | 796 | 1,276 |
| | 97,923 | 90,528 |

26. FAIR VALUE MEASUREMENT OF FINANCIAL INSTRUMENTS

The following table presents the group's financial assets and financial liabilities measured and recognised at fair value at 30 June 2023 and 31 December 2022 on a recurring basis:

Fair value measurements

| | Level 1 S\$'000 | Level 2 S\$'000 | Level 3 S\$'000 |
|--|--------------------|--------------------|--------------------|
| Group | | | |
| As at 30 June 2023 (unaudited) | | | |
| Assets | | | |
| Financial assets, at FVOCI | 5,812 | – | – |
| Financial assets, at fair value through profit or loss | – | – | 51 |
| Derivative financial instruments | – | 3,360 | – |
| | | | |
| As at 31 December 2022 (audited) | | | |
| Assets | | | |
| Financial assets, at FVOCI | 6,466 | – | – |
| Financial assets, at fair value through profit or loss | – | – | 51 |
| Derivative financial instruments | – | 3,811 | – |

NOTES TO THE CONDENSED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2023

26. FAIR VALUE MEASUREMENT OF FINANCIAL INSTRUMENTS (CONTINUED)

Fair value measurements (Continued)

The fair value of financial instruments traded in active markets (such as trading and FVOCI securities) is based on quoted market prices at the balance sheet date. The quoted market price used for financial assets held by the Group is the current bid price. These instruments are included in Level 1.

The carrying amount less impairment provision of trade receivables and payables are assumed to approximate their fair values. The fair value of financial liabilities for disclosure purposes is estimated by discounting the future contractual cash flows at the current market interest rate that is available to the Group for similar financial instruments. The fair value of current borrowings approximated their carrying amount.

The fair value of interest rate swaps is calculated as the present value of the estimated future cash flows based on observable yield curves. These instruments are classified as Level 2.

The Group estimates the fair value of its unquoted investment classified as financial assets at fair value through profit or loss based on its share of the investee companies' net asset value ("NAV"), which is a significant unobservable input. NAV is determined by reference to the attributable net assets of the Group's investee companies based on the latest available financial information, adjusted, where applicable, for valuations of the underlying investment properties held by the investee companies determined by external, independent and qualified valuers.

Management of the Group reviews the appropriateness of the methodologies used to determine NAV, and also evaluates the appropriateness and reliability of the inputs used in the determination of NAV.

The financial assets at fair value through profit or loss are classified under Level 3 of the fair value hierarchy.

There were no transfers between the levels of the fair value hierarchy in 1H 2023. There were also no changes made to any of the valuation techniques applied as of 31 December 2022.

Financial instruments by category

The carrying amount of the different categories of the financial instruments are as disclosed on the face of the balance sheet to the financial statements, except for the following:

| | Group | |
|--|-------------|-------------|
| | 30 Jun 2023 | 31 Dec 2022 |
| | S\$'000 | S\$'000 |
| | (unaudited) | (audited) |
| Financial assets, at amortised cost | 86,519 | 86,532 |
| Financial liabilities, at amortised cost | 812,973 | 797,047 |