Low Keng Huat (Singapore) Limited

(Company Registration No. 196900209G)

CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE SIX-MONTH PERIOD AND FINANCIAL YEAR ENDED 31 JANUARY 2023

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LOW KENG HUAT (SINGAPORE) LIMITED (Reg. No. 196900209G)

Condensed Interim Financial Statements For The Six-Month Period And Financial Year Ended 31 January 2023

PART I - INFORMATION REQUIRED FOR ANNOUNCEMENT OF HALF YEARLY RESULTS

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

Condensed interim consolidated statement of profit or loss

	Note	Six-month Period Ended 31/1/2023 $'000	Six-month Period Ended 31/1/2022 $'000	Increase / (Decrease) %	Financial Year Ended 31/01/2023 $'000	Financial Year Ended 31/01/2022 $'000	Increase / (Decrease) %
Revenue	1	47,496	72,697	(35)	97,267	161,638	(40)
Cost of sales	2	(32,636)	(62,432)	(48)	(72,524)	(140,355)	(48)
Gross profit	3	14,860	10,265	45	24,743	21,283	16
Other income	4	3,347	5,733	(42)	10,216	35,324	(71)
Interest income	5	56	1,062	(95)	464	3,607	(87)
Distribution costs	6	(1,288)	(4,190)	(69)	(2,969)	(11,516)	(74)
Administrative costs	7	(6,968)	(4,461)	56	(13,566)	(9,427)	44
Other operating expenses	8	(3,613)	(7,408)	(51)	(28,825)	(8,433)	242
Finance costs	9	(12,386)	(4,469)	177	(18,118)	(7,811)	132
(Loss)/profit from operations		(5,992)	(3,468)	73	(28,055)	23,027	n.m.
Share of results of associated companies and joint ventures	10	(1,601)	241	n.m.	(2,200)	(40)	n.m.
(Loss)/profit before taxation		(7,593)	(3,227)	135	(30,255)	22,987	n.m.
Taxation	11	(408)	(1,378)	(70)	(1,641)	(2,580)	(36)
(Loss)/profit after taxation for the period/year		(8,001)	(4,605)	74	(31,896)	20,407	n.m.
Attributable to:							
Owners of the parent	12	(8,207)	(4,253)	93	(32,326)	20,815	n.m.
Non-controlling interests		206	(352)	n.m.	430	(408)	n.m.
		(8,001)	(4,605)	74	(31,896)	20,407	n.m.
Earnings per share (cents)							
- basic		(1.11)	(0.58)	93	(4.38)	2.82	n.m.
- diluted		(1.11)	(0.58)	93	(4.38)	2.82	n.m.

n.m.: Not Meaningful

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

Condensed interim consolidated statement of comprehensive income

	Six-month Period Ended 31/01/2023 $'000	Six-month Period Ended 31/01/2022 $'000	Increase / (Decrease) %	Financial Year Ended 31/01/2023 $'000	Financial Year Ended 31/01/2022 $'000	Increase / (Decrease) %
Net (loss)/profit for the period/year	(8,001)	(4,605)	74	(31,896)	20,407	n.m.
Other comprehensive (loss)/income after tax						
Items that will not be reclassified to profit and loss:						
Fair value (loss)/gain on financial assets at FVOCI (net of tax at Nil%)	(358)	1,743	n.m.	(90)	3,376	n.m.
Exchange differences on translation of the financial statements of foreign entities (net)	(170)	(54)	n.m.	(161)	(55)	192
Items that are or may be reclassified subsequently to profit and loss:						
Exchange differences on translation of the financial statements of foreign entities (net)	(1,415)	(1,233)	15	(1,450)	(1,978)	(27)
Total other comprehensive (loss)/income for the period/year, net of tax	(1,943)	456	n.m.	(1,701)	1,343	n.m.
Total comprehensive (loss)/income for the period/year	(9,944)	(4,149)	140	(33,597)	21,750	n.m.
Total comprehensive (loss)/income attributable to:						
Owners of the parent	(9,988)	(3,743)	167	(33,883)	22,213	n.m.
Non-controlling interests	44	(406)	n.m.	286	(463)	n.m.
Total comprehensive (loss)/income for the period/year	(9,944)	(4,149)	140	(33,597)	21,750	n.m.
n.m.: Not Meaningful						

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

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

   Revenue from the Development segment declined to $28.7M in FY2023 from $116.6M in FY2022. Last year, Development revenue was mainly driven by sales at Uptown @ Farrer. The project obtained Temporary Occupation Permit ("TOP") in September 2021. In FY2023, the remaining 4 units of the project (out of 116 units) were sold and the project attained Certificate of Statutory Completion ("CSC") in January 2023. 64 units at Uptown @ Farrer were sold in FY2022. In August 2021, Klimt Cairnhill, another residential project, was launched and 3 units were sold as at 31 January 2022. As at 31 January 2023, 8 units were sold (out of 138 units).

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

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

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

   Depreciation expense in cost of sales for property, plant and equipment increased to $7.6M in FY2023 from $4.9M in FY2022, mainly due to depreciation at Lyf @ Farrer, which commenced operation in February 2022.

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

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

4. Other income decreased to $10.2M in FY2023 from $35.3M in FY2022. In FY2023, the Group recognised a gain on early repayment of shareholder's loan amounting to $4.8M, in conjunction with the sale of its 20% equity interest in PRE13 Pte. Ltd. ("PRE13") and a write-back of impairment at Citadines Balestier amounting to $2.4M. In FY2022, the Group recognised gains on disposal of investment in joint ventures pertaining to Westgate Tower Pte. Ltd. and Westgate Commercial Pte. Ltd. ("Westgate Companies") amounting to $19.7M, gains on disposal of investment properties, comprising 4 office units at Paya Lebar Square amounting to $8.6M and a write-back of impairment at Citadines Balestier amounting to $3.4M.

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

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

7. Administrative costs increased to $13.6M in FY2023 from $9.4M in FY2022, mainly due to
   i) Fees incurred for the disposal of equity interest in PRE13;
   ii) Increase in management fees for Citadines Balestier and Lyf @ Farrer; and
   iii) Increase in salary and related expenses.

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

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

10. Share of results of associated companies and joint ventures was negative $2.2M in FY2023 as compared to negative $40K in FY2022. The increase in share of losses was mainly due to a net loss recognised on the Group's stake in Dalvey Breeze Development Pte. Ltd. in FY2023. As at 31 Jan 2023, 4 units (out of 17 units) in the project were sold.

11. Tax expenses decreased to $1.6M in FY2023 from $2.6M in FY2022. The decrease was mainly due to the recognition of deferred tax assets, arising from unutilised tax losses, for Duxton Hotel Perth and less taxable profits in Development segment.

12. Net loss attributable to shareholders was $32.3M in FY2023, as compared to a profit of $20.8M in FY2022. The net loss for the period was mainly driven by the $23.3M loss on disposal of investment in associates recognised, partially offset by $4.8 gain on the early repayment of shareholder's loan owing by PRE13. In FY2022, the Group recognised gains on disposal of Westgate companies and office units at Paya Lebar Square amounting to $19.7M and $8.6M respectively.

    If the extraordinary or one-off gains and losses for both years were excluded, net loss attributable to shareholders would have been $13.8M in FY2023 and $7.5M in FY2022. The higher net loss was mainly due to the lower profit recognised from property sales, higher exchange losses and increased finance costs, partially offset by the improved profitability from the Hotel segment.

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

	Note	Group 31/01/2023 $'000	Group 31/01/2022 $'000	Company 31/01/2023 $'000	Company 31/01/2022 $'000
ASSETS					
Non-current assets					
Investment properties	1	292,714	293,716	-	-
Property, plant and equipment	1	298,289	308,074	4,212	4,788
Subsidiaries		-	-	700,339	675,433
Joint ventures		10,256	10,812	10,450	10,797
Associated companies	2	27,082	92,288	-	-
Financial assets at FVOCI	3	5,214	13,458	-	1,267
Financial asset at FVPL	3	36,320	15,708	-	-
Other receivables	4	1,262	1,262	4,943	2,990
Deferred tax assets		882	201	-	-
		672,019	735,519	719,944	695,275
Current assets					
Development properties	5	543,840	546,501	-	-
Inventories		339	406	-	-
Contract assets	6	8,376	24,829	4,964	2,167
Contract costs		1,652	1,018	-	-
Amount owing by non-controlling interests	7	-	1,618	-	-
Amount owing by subsidiaries		-	-	2,708	2,230
Trade and other receivables	4	32,109	9,650	4,610	3,072
Fixed deposits	8	7,493	7,473	-	-
Cash and cash equivalents	8	42,894	119,929	3,662	25,607
		636,703	711,424	15,944	33,076
Total assets		1,308,722	1,446,943	735,888	728,351
EQUITY AND LIABILITIES					
Capital and reserves					
Share capital		161,863	161,863	161,863	161,863
Capital reserves		(30,214)	(30,214)	-	-
Fair value reserves		1,514	1,860	-	516
Retained profits		493,285	540,127	525,476	509,313
Exchange fluctuation account		(4,034)	(2,563)	-	-
		622,414	671,073	687,339	671,692
Non-controlling interests	9	10,942	12,536	-	-
Total equity		633,356	683,609	687,339	671,692
LIABILITIES					
Non-current liabilities					
Borrowings	10	250,724	654,745	2,354	3,602
Trade and other payables	11	-	3,106	-	-
Provisions		29	28	-	-
Deferred tax liabilities		3,022	3,082	-	-
		253,775	660,961	2,354	3,602
Current liabilities					
Borrowings	10	373,595	63,431	18,247	26,223
Contract liabilities		-	1,554	-	-
Amount owing to subsidiaries		-	-	10,012	12,944
Amount owing to joint ventures		-	253	-	-
Amount owing to non-controlling interests		1,256	1,350	-	-
Provision for directors' fee		215	215	215	215
Provision for taxation		5,274	5,711	95	95
Trade and other payables	11	41,251	29,859	17,626	13,580
		421,591	102,373	46,195	53,057
Total liabilities		675,366	763,334	48,549	56,659
Total equity and liabilities		1,308,722	1,446,943	735,888	728,351

1(b)(ii) Notes to the statement of financial position

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

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

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

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

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

4. Trade and other receivables increased by \$22.5M to \$33.4M as at 31 January 2023 from \$10.9M as at 31 January 2022. The increase was mainly due to a reclassification from contract assets relating to progress billings for Uptown @ Farrer, which attained CSC in January 2023.

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

6. Contract assets decreased by \$16.4M to \$8.4M as at 31 January 2023 from \$24.8M as at 31 January 2022, mainly due to a reclassification of unbilled revenue from contract assets to trade receivables upon billing customers after Uptown @ Farrer attained CSC in January 2023.

7. Amount owing by non-controlling interests of \$1.6M as at 31 January 2022 was offset against final distributions declared by subsidiaries, Newfort Alliance (Kismis) Pte. Ltd. and Paya Lebar Development Pte. Ltd., both of which were liquidated pursuant to members' voluntary liquidation.

8. Cash and cash equivalents and fixed deposits decreased by \$77.0M to \$50.4M as at 31 January 2023 from \$127.4M as at 31 January 2022. During the financial year, the Group reduced its bank borrowings by \$93.9M, paid interest of \$17.7M, paid dividends of \$14.8M and contributed capital of \$23.6M to invest in financial assets at FVPL, with cash proceeds from the loan repayment by PRE13 of \$43.8M, cash flows generated from operating activities of \$23.3M and cash on hand.

9. Non-controlling interests decreased by \$1.6M to \$10.9M as at 31 January 2023 from \$12.5M as at 31 January 2022, mainly due to non-wholly owned subsidiaries liquidated during the current period, namely Newfort Alliance (Kismis) Pte. Ltd. and Paya Lebar Development Pte. Ltd.

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

11. Trade and other payables increased by $8.3M to $41.3M as at 31 January 2023 from $33.0M as at 31 January 2022 mainly due to deposits received from prospective buyers at Klimt Cairnhill and increase in accrued project costs at Dalvey Haus.

1(c) A statement (for the issuer and group) showing either (i) all changes in equity or (ii) changes in equity other than those arising from capitalisation issues and distributions to shareholders, together with a comparative statement for the corresponding period of the immediately preceding year

The Company	Share capital $'000	Reserves $'000	Retained profits $'000	Total $'000
Balance at 1 February 2022	161,863	516	509,313	671,692
Total comprehensive income for the year	-	30	30,393	30,423
Transfer upon disposal of financial assets at FVOCI	-	(546)	546	-
Transaction with owners: -				
Dividends paid in respect of financial year ended 31 January 2022	-	-	(14,776)	(14,776)
Balance at 31 January 2023	161,863	-	525,476	687,339
Balance at 1 February 2021	161,863	214	514,175	676,252
Total comprehensive income for the year	-	305	13,605	13,910
Transfer upon disposal of financial assets at FVOCI	-	(3)	3	-
Transaction with owners: -				
Dividends paid in respect of financial year ended 31 January 2021	-	-	(18,470)	(18,470)
Balance at 31 January 2022	161,863	516	509,313	671,692

The Group	Share capital $'000	Reserves $'000	Retained profits $'000	Exchange fluctuation account $'000	Sub-total $'000	Non-controlling interests $'000	Total $'000
Balance at 1 February 2022	161,863	(28,354)	540,127	(2,563)	671,073	12,536	683,609
Total comprehensive income and (loss) for the year	-	(86)	(32,326)	(1,471)	(33,883)	286	(33,597)
Transfer upon disposal of financial assets at FVOCI	-	(260)	260	-	-	-	-
Transaction with owners: -							
Dividends paid	-	-	(14,776)	-	(14,776)	-	(14,776)
Transactions with non-controlling interests	-	-	-	-	-	(1,880)	(1,880)
Balance at 31 January 2023	161,863	(28,700)	493,285	(4,034)	622,414	10,942	633,356
Balance at 1 February 2021	161,863	(3,518)	537,779	(585)	695,539	32,172	727,711
Total comprehensive income and (loss) for the year	-	3,376	20,815	(1,978)	22,213	(463)	21,750
Transaction with owners: -							
Dividends paid	-	-	(18,470)	-	(18,470)	(943)	(19,413)
Transaction with non-controlling interests	-	(28,209)	-	-	(28,209)	(18,230)	(46,439)
Balance at 31 January 2022	161,863	(28,354)	540,127	(2,563)	671,073	12,536	683,609

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

	For the Financial Year Ended	
	31/01/2023	31/01/2022
	$'000	$'000
Cash Flows from Operating Activities		
(Loss)/profit before taxation	(30,255)	22,987
Adjustments for:		
Share of results of associated companies and joint ventures	2,200	40
Depreciation of investment properties	3,874	4,149
Depreciation of property, plant and equipment	8,129	5,407
Loss on disposal of property, plant and equipment	156	55
Gain on disposal of investment property	-	(8,630)
Gain on lease modification	-	(3)
Gain on disposal of joint ventures	-	(19,685)
Loss on disposal of associates	23,303	-
Gain on early repayment of shareholder loan owing by associate company	(4,783)	-
Government grant income	(215)	(1,568)
Write-back of impairment loss on property, plant and equipment	(2,418)	(3,391)
Impairment loss on investment properties	-	1,902
Impairment loss on property, plant and equipment	34	48
Write-back of impairment loss on receivables	(358)	(353)
Bad debts recovered	-	115
Amortisation of contract costs	542	4,844
Property, plant and equipment written off	199	335
Investment properties written off	51	-
Fair value loss on financial assets at FVPL	1,156	3,480
Dividend income from quoted equity investments	(112)	(356)
Long outstanding payables written off	(253)	-
Finance costs	18,118	7,811
Interest income	(464)	(3,607)
Operating profit before working capital changes	18,904	13,580
Decrease/(increase) in inventories	67	(4)
Decrease in development properties	4,822	75,479
Decrease/(increase) in contract assets & contract costs	15,277	(4,470)
Increase in operating receivables	(19,673)	(1,176)
Increase in operating payables	8,170	1,725
(Decrease)/increase in contract liabilities	(1,554)	1,554
Cash generated from operations	26,013	86,688
Income tax (paid)/refunded	(2,749)	674
Net cash generated from operating activities	23,264	87,362
Balance carried forward	23,264	87,362

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

		For the Financial Year Ended	
		31/01/2023	31/01/2022
		$'000	$'000
Balance brought forward		23,264	87,362
Cash Flows from Investing Activities			
Acquisition of property, plant and equipment		(2,209)	(10,682)
Acquisition of investment properties		-	(30)
Interest received		151	251
Dividend received from quoted equity investments		112	356
Advances and loans made to associated companies and joint ventures		(1,061)	(1,178)
Proceeds from disposal of financial asset @FVOCI		8,153	6
Advances to non-controlling shareholders of subsidiaries		-	(661)
Investment in financial asset at FVPL		(23,625)	(19,043)
Proceeds from disposal of joint ventures and associate companies	Note A	1,389	18,626
Repayment of loans owing from joint ventures and associate companies	Note A	43,761	80,548
Proceeds from disposal of investment properties		-	22,776
Proceeds from disposal of property, plant and equipment		-	255
Net cash generated from investing activities		26,671	91,224
Cash Flows from Financing Activities			
Dividends paid to shareholders of the Company		(14,776)	(18,470)
Final distributions paid to non-controlling interests,		(51)	-
Repayment of loans from non-controlling shareholders of subsidiary	Note A	-	(47,566)
Bank borrowings:			
- Proceeds		178,610	30,000
- Principal paid		(272,037)	(48,490)
- Interest paid		(17,723)	(6,900)
Acquisition of non-controlling interests	Note A	-	(44,625)
Government grant received		215	1,568
Fixed deposit pledged		(19)	(17)
Payment of lease liability			
- Principal paid		(312)	(289)
- Interest paid		(50)	(63)
Net cash used in financing activities		(126,143)	(134,852)
Net (decrease)/increase in cash and cash equivalents		(76,208)	43,734
Cash and cash equivalents at beginning of year		119,929	76,427
Exchange differences on translation of cash and cash		(827)	(232)
Cash and cash equivalents at end of year		42,894	119,929

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

Note A

For the financial year ended 31 January 2023

Please refer to Note 16 of the interim financial statements for details related to the disposal of investments in associates, PRE 13 Pte. Ltd. ("PRE13") and Perennial Shenton Investors Pte. Ltd. ("PSI").

For the financial year ended 31 January 2022

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

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

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

The Group generated net cash from operating activities of $23.3M in FY2023, mainly contributed by recurring cashflows from its retail and hospitality portfolio, as well as from sales of residential development properties.

The Group generated net cash from investing activities of $26.7M in FY2023, mainly contributed by proceeds from the repayment of a loan from an associated company, as part of its divestment. The cash generated was partially offset by outflows for investments into financial asset at FVPL and capital expenditure.

Net cash used in financing activities for FY2023 was $126.1M, mainly due to dividends paid to shareholders, net repayment of bank borrowings, as well as interest payments.

The Group has unused bank facilities of $137.4M as at 31 January 2023.

Notes to the condensed interim financial statements

1 Corporate information

Low Keng Huat (Singapore) Limited ("Company") is incorporated and domiciled in Singapore and whose shares are publicly traded on the Mainboard of the Singapore Exchange. These condensed interim financial statements for six-month period and financial year ended 31 January 2023 comprise the Company and its subsidiaries (collectively, the Group). The principal activities of the Group are those of property development, hotel and investment holding.

2 Basis of preparation

The condensed interim financial statements for the six-month period and financial year ended 31 January 2023 have been prepared in accordance with the Singapore Financial Reporting Standards (International) ("SFRS(I)") 1-34 *Interim Financial Reporting* issued by the Accounting Standards Council Singapore. The condensed interim financial statements do not include all the information required for a complete set of financial statements. However, selected explanatory notes are included to explain events and transactions that are significant to the understanding of the changes in the Group's financial positionand performance of the Group since the last annual audited financial statements for the financial year ended 31 January 2022.

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

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

2.1 New and amended standards adopted by the Group

The Group has adopted all the new and revised standards which are effective as at 1 February 2022. The adoption of these new standards did not have any significant impact on the condensed consolidated interim financial statements of the Group.

2.2 Use of judgements and estimates

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

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

3. Seasonal operations

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

4. Segment and revenue information

The Group is organised into the following main business segments:

(i) Development
Activities in this segment comprise the development of properties.

(ii) Hotel
Activities in this segment comprise ownership and operation of service apartments, a hotel and a restaurant.

(iii) Investment
Activities in this segment relate mainly to investments in properties, investments in quoted and unquoted equities, as well as construction activities.

These operating segments are reported in a manner consistent with internal reports provided to the Executive Chairman and the Managing Director, who are responsible for the allocation of resources and the assessment of performance for each operating segment.

4. Segment and revenue information

4.1(a) Business Segments

	Six-month Period Ended 31 January 2023				Financial Year Ended 31 January 2023			
	Development	**Hotel**	**Investment**	**Consolidated**	**Development**	**Hotel**	**Investment**	**Consolidated**
The Group	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**
Revenue								
Total segment revenue	9,183	22,957	27,147	59,287	28,687	40,195	47,939	116,821
Inter-segment revenue	-	(693)	(11,098)	(11,791)	-	(1,429)	(18,125)	(19,554)
External sales	9,183	22,264	16,049	47,496	28,687	38,766	29,814	97,267
Results								
Segment results	1,041	5,445	(148)	6,338	3,497	5,192	(19,090)	(10,401)
Interest income	20	3	33	56	30	4	430	464
Finance costs	(6,777)	(1,790)	(3,819)	(12,386)	(9,247)	(3,136)	(5,735)	(18,118)
(Loss)/profit from operations	(5,716)	3,658	(3,934)	(5,992)	(5,720)	2,060	(24,395)	(28,055)
Share of results of joint ventures and associate companies	(1,600)	-	(1)	(1,601)	(1,968)	-	(232)	(2,200)
(Loss)/profit before taxation	(7,316)	3,658	(3,935)	(7,593)	(7,688)	2,060	(24,627)	(30,255)
Taxation				(408)				(1,641)
Profit attributable to non-controlling interests				(206)				(430)
Net loss attributable to owners of the parent				(8,207)				(32,326)
Segment assets as at 31 January 2023					653,785	303,626	351,311	1,308,722
Segment liabilities as at 31 January 2023					339,558	113,148	222,660	675,366

4. Segment and revenue information

4.1(a) Business Segments (Cont'd)

	Six-month Period Ended 31 January 2022				Financial Year Ended 31 January 2022			
	Development	Hotel	Investment	Consolidated	Development	Hotel	Investment	Consolidated
The Group	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Revenue								
Total segment revenue	49,394	11,240	20,022	80,656	116,597	21,867	41,542	180,006
Inter-segment revenue	-	(736)	(7,223)	(7,959)	-	(1,502)	(16,866)	(18,368)
External sales	49,394	10,504	12,799	72,697	116,597	20,365	24,676	161,638
Results								
Segment results	1,852	1,654	(3,567)	(61)	2,608	(414)	25,037	27,231
Interest income	25	1	1,036	1,062	55	3	3,549	3,607
Finance costs	(2,294)	(679)	(1,496)	(4,469)	(2,757)	(1,344)	(3,710)	(7,811)
Profit/(loss) from operations	(417)	976	(4,027)	(3,468)	(94)	(1,755)	24,876	23,027
Share of results of joint ventures and associate companies	286	-	(45)	241	58	-	(98)	(40)
Profit/(loss) before taxation	(131)	976	(4,072)	(3,227)	(36)	(1,755)	24,778	22,987
Taxation				(1,378)				(2,580)
Loss attributable to non-controlling interests				352				408
Net profit/(loss) attributable to owners of the parent				(4,253)				20,815
Segment assets as at 31 January 2022					719,084	304,640	423,219	1,446,943
Segment liabilities as at 31 January 2022					419,110	108,655	235,569	763,334

4. Segment and revenue information

4.1(b) Geographical Segments

The Group	Revenue – Six-month Period Ended 2023 $'000	2022 $'000	Revenue – Financial year ended 2023 $'000	2022 $'000	Non-current Assets 2023 $'000	2022 $'000
Singapore	**36,913**	65,992	**78,954**	148,673	**518,643**	547,263
Australia	**10,583**	6,705	**18,313**	12,965	**28,725**	29,370
Malaysia	**-**	-	**-**	-	**48,073**	56,798
	47,496	72,697	**97,267**	161,638	**595,441**	633,431

Revenue is based on the location of customers regardless of where the services are rendered. Non-current assets are based on the location of those assets.

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

4.2 Disaggregation of Revenue

Revenue of the Group comprises of the sale of development properties, the operation of a hotel, serviced apartments and a restaurant, rental income generated from retail properties and income from construction contracts.

The revenue excludes inter-company transactions and applicable goods and services taxes or value-added taxes. The Group derives revenue from contracts with customers based on transfer of goods and services over time and at a point in time as follows:

The Group	**Financial Year Ended 31 January 2023** At a point in time $'000	Over Time $'000	Total $'000	Financial Year Ended 31 January 2022 At a point In time $'000	Over Time $'000	Total $'000
Revenue from contracts with customers:						
Sales of development properties	**-**	**28,687**	**28,687**	-	116,597	116,597
Hotel operations	**9,598**	**29,168**	**38,766**	7,527	12,838	20,365
Construction of buildings	**-**	**11,836**	**11,836**	-	7,816	7,816
	9,598	**69,691**	**79,289**	7,527	137,251	144,778
Rental income	**-**	**17,978**	**17,978**	-	16,860	16,860
	9,598	**87,669**	**97,267**	7,527	154,111	161,638

The Group	**Six-month Period Ended 31 January 2023** At a point in time $'000	Over Time $'000	Total $'000	Six-month Period Ended 31 January 2022 At a point In time $'000	Over Time $'000	Total $'000
Revenue from contracts with customers:						
Sales of development properties	**-**	**9,183**	**9,183**	-	49,394	49,394
Hotel operations	**5,527**	**16,737**	**22,264**	4,229	6,274	10,503
Construction of buildings	**-**	**6,554**	**6,554**	-	4,621	4,621
	5,527	**32,474**	**38,001**	4,229	60,289	64,518
Rental income	**-**	**9,495**	**9,495**	-	8,179	8,179
	5,527	**41,969**	**47,496**	4,229	68,468	72,697

5. Financial assets and financial liabilities

Set out below is an overview of the financial assets and financial liabilities of the Group and the Company as at 31 January 2023 and 31 January 2022:

	The Group		The Company	
	2023	2022	**2023**	2022
	$'000	$'000	**$'000**	$'000
Financial Assets				
Financial assets at fair value through other comprehensive income (FVOCI)	**5,214**	13,458	**-**	1,267
Financial assets at fair value through profit or loss (FVPL)	**36,320**	15,708	**-**	-
Cash and bank balances	**42,894**	119,929	**3,662**	25,607
Fixed deposits	**7,493**	7,473	**-**	-
Amount owing by subsidiaries	**-**	-	**2,708**	2,230
Amount owing by non-controlling shareholders of subsidiaries	**-**	1,618	**-**	-
Amount owing by associate companies	**-**	38,673	**-**	-
Trade and other receivables (i)	**32,388**	10,031	**8,716**	5,777
Financial assets at amortised cost	**82,775**	177,724	**15,086**	33,614
Financial Liabilities				
Amount owing to subsidiaries	**-**	-	**10,012**	12,944
Amount owing to joint ventures	**-**	253	**-**	-
Amount owing to non-controlling shareholders of subsidiaries	**1,256**	1,350	**-**	-
Provision for directors' fee	**215**	215	**215**	215
Borrowings	**624,319**	718,176	**20,601**	29,825
Trade and other payables (ii)	**29,102**	32,177	**17,625**	13,575
Financial liabilities at amortised cost	**654,892**	752,171	**48,453**	56,559

(i) This excludes GST receivable, prepayment and government grant receivable.
(ii) This excludes GST payable, advanced payments received from customers and deferred income.

6. Profit before taxation
6.1 Significant items

	Six-month Period Ended 31 January		Financial Year Ended 31 January	
	2023	2022	**2023**	2022
The Group	**$'000**	$'000	**$'000**	$'000
Income				
Management fee	**837**	471	**1,478**	1,057
Government grant income	**152**	1,143	**215**	1,568
Dividend income	**-**	147	**112**	356
Interest income	**56**	1,062	**464**	3,607
Gain on early redemption of shareholder loan	**-**	-	**4,783**	-
Gain on disposal of joint ventures	**-**	-	**-**	19,685
Gain on disposal of investment properties	**-**	-	**-**	8,630
Write-back of impairment on:				
- Receivables	**95**	96	**358**	353
- Property, plant and equipment	**2,418**	3,391	**2,418**	3,391
Bad debts recovered	**-**	142	**-**	-

6. Profit before taxation (Cont'd)

6.1 Significant items (Cont'd)

	Six-month Period Ended 31 January		Financial Year Ended 31 January	
	2023	2022	**2023**	2022
The Group	**$'000**	$'000	**$'000**	$'000
Expenses				
Loss on disposal of associates	**-**	-	**(23,303)**	-
Interest on borrowings and lease liabilities	**(12,386)**	(3,593)	**(18,118)**	(6,935)
Depreciation of investment properties	**(1,860)**	(2,013)	**(3,874)**	(4,149)
Depreciation of property, plant and equipment	**(3,946)**	(2,654)	**(8,129)**	(5,407)
Impairment loss on investment properties	**-**	(1,902)	**-**	(1,902)
Impairment loss on property, plant and equipment	**(34)**	(48)	**(34)**	(48)
Amortisation of contract costs	**(289)**	(1,936)	**(542)**	(4,844)
Bad debts written off	**-**	-	**-**	(115)

6.2 Related party transactions

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

	Six-month Period Ended 31 January		Financial Year Ended 31 January	
	2023	2022	**2023**	2022
The Group	**$'000**	$'000	**$'000**	$'000
Security services charged by other related party	**107**	144	**213**	254
Repayment of shareholder loans to non- controlling shareholders of subsidiary	**-**	-	**-**	47,566
Dividends to non-controlling shareholders of subsidiaries	**-**	-	**-**	943
Final distributions paid to non-controlling interests	**-**	-	**51**	-
Shareholders' loans to a joint venture	**79**	38	**125**	86
Proceeds from disposal of joint ventures	**-**	-	**-**	18,626
Repayment of shareholder loans by joint ventures	**-**	-	**-**	80,548
Construction work performed for an associated company	**5,861**	4,621	**11,836**	7,816
Proceeds from disposal of associated companies	**-**	-	**1,389**	-
Repayment of shareholder loans by an associated company	**-**	-	**43,761**	-
Advances to associated companies	**498**	283	**936**	1,092
Management fee charged to joint ventures	**837**	471	**1,478**	1,057

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

7. Taxation

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

	Six-month Period ended 31 January		Financial Year Ended 31 January	
	2023	2022	**2023**	2022
	$'000	$'000	**$'000**	$'000
Current income tax expense	**(18)**	1,167	**1,933**	2,175
Deferred taxation	**(40)**	662	**(769)**	822
Under/(over) provision of current taxation in respect of prior years	**466**	(451)	**477**	(417)
	408	1,378	**1,641**	2,580

8. Dividends

The Company	**2023** **$'000**	2022 $'000
Dividends paid		
- Ordinary dividends:		
First and final dividend of 2.0 (2022 – 2.5) cents per share, tax exempt paid in respect of the previous financial year	**14,776**	18,470

At the forthcoming Annual General Meeting, a first and final tax-exempt (one-tier) ordinary dividend of 1.0 cent (2022 – 2.0 cents) per share amounting to $7,388,000 (2022 - $14,776,000) will be proposed. These financial statements do not reflect these dividends payable, which will be accounted for as a reduction in equity as a distribution of retained profits in the financial year ending 31 January 2024.

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

	The Group		The Company	
	2023	2022	**2023**	2022
	$'000	$'000	**$'000**	$'000
Net asset value per ordinary share	**84 cents**	91 cents	**93 cents**	91 cents
Net tangible assets per ordinary share	**84 cents**	91 cents	**93 cents**	91 cents

10. Financial assets at fair value

Financial assets at fair value comprise the following:

	The Group		The Company	
	2023	2022	**2023**	2022
	$'000	$'000	**$'000**	$'000
Financial assets at FVOCI				
- Listed in Singapore	**5,214**	11,270	**-**	-
- Listed in Malaysia	**-**	2,188	**-**	1,267
	5,214	13,458	**-**	1,267
Financial assets at FVPL				
- Investment in limited partnership	**36,320**	15,708	**-**	-
Total equity securities	**41,534**	29,166	**-**	1,267

10.1 Fair value measurement

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

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

The following table shows the levels within the hierarchy of financial assets at fair value on a recurring basis at 31 January 2023 and 31 January 2022:

	Level 1	Level 2	Level 3
	$'000	$'000	$'000
The Group			
31 January 2023			
Financial assets at FVPL – Unquoted equity investments	**-**	-	**36,230**
Financial assets at FVOCI – Quoted equity investments	**5,214**	**-**	**-**
31 January 2022			
Financial assets at FVPL – Unquoted equity investments	-	-	15,708
Financial assets at FVOCI – Quoted equity investments	13,458	-	-
The Company			
31 January 2023			
Financial assets at FVOCI – Quoted equity investments	**-**	**-**	**-**
31 January 2022			
Financial assets at FVOCI – Quoted equity investments	1,267	-	-

11. Property, plant and equipment

	The Group		The Company	
	31 January 2023 $'000	31 January 2022 $'000	**31 January 2023 $'000**	31 January 2022 $'000
Cost				
Balance at beginning of year	**363,057**	356,855	**8,652**	8,556
Additions	**2,209**	10,705	**17**	771
Written off	**(208)**	(351)	**-**	-
Disposals	**(265)**	(658)	**(255)**	(675)
Adjustment to completion costs accrued	**(2,161)**	-	**-**	-
Transfer (to)/from investment properties	**(2,936)**	1,000	**-**	-
Exchange translation difference	**(1,955)**	(4,494)	**-**	-
Balance at end of year	**357,741**	363,057	**8,414**	8,652
Accumulated depreciation				
Balance at beginning of year	**51,055**	48,171	**3,864**	3,790
Depreciation for the year	**8,129**	5,407	**438**	436
Written off	**(9)**	(16)	**-**	-
Disposals	**(109)**	(348)	**(100)**	(362)
Transfer (to)/from investment properties	**(13)**	408	**-**	-
Exchange translation difference	**(1,145)**	(2,567)	**-**	-
Balance at end of year	**57,908**	51,055	**4,202**	3,864
Accumulated impairment				
Balance at beginning of year	**3,928**	7,271	**-**	-
Additions	**34**	48	**-**	-
Written back	**(2,418)**	(3,391)	**-**	-
Balance at end of year	**1,544**	3,928	**-**	-
Net book value	**298,289**	308,074	**4,212**	4,788

12. Investment properties

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

	The Group		The Company	
	2023	2022	**2023**	2022
	$'000	$'000	**$'000**	$'000
Cost				
Balance at beginning of year	**318,885**	335,046	**-**	19,061
Additions	**-**	30	**-**	-
Written off	**(54)**	-	**-**	-
Disposals	**-**	(15,191)	**-**	(19,061)
Transferred from/(to) property, plant and equipment	**2,936**	(1,000)	**-**	-
Balance at end of year	**321,767**	318,885	**-**	-
Accumulated depreciation				
Balance at beginning of year	**23,267**	20,571	**-**	1,244
Depreciation for the year	**3,874**	4,149	**-**	66
Written off	**(3)**	-	**-**	-
Disposals	**-**	(1,045)	**-**	(1,310)
Transferred from/(to) property, plant and equipment	**13**	(408)	**-**	-
Balance at end of year	**27,151**	23,267	**-**	-
Accumulated impairment				
Balance at beginning of year	**1,902**	-	**-**	-
Impairment for the period/year	**-**	1,902	**-**	-
Balance at end of year	**1,902**	1,902	**-**	-
Net book value	**292,714**	293,716	**-**	-

13 Valuation

The Group engages external, independent and qualified valuers to determine the fair value of the Group's significant property plant and equipment and investment properties at the end of every financial year, based on the properties' highest-and-best use. As at 31 January 2023, the fair values of certain properties were determined by Savills Valuation & Professional Services (S) Pte Ltd. For other properties, management estimated the properties' fair value based on the properties' highest-and-best use, using the current market trend, with reference to indicative market prices for similar properties in the area.

The fair value measurement was categorised as a Level 3 fair value based on the inputs in the valuation technique used. Level 3 fair values of the Group's certain properties were derived using Income Capitalisation Method and Direct Comparison Method.

The Income Capitalisation Method capitalises an income stream into a present value using single-year capitalisation rates. In Direct Comparison Method, properties are valued using transacted prices for comparable properties in the vicinity and elsewhere with necessary adjustments made for differences in location, tenure, size, design, layout, age and condition of the buildings, availability of car parking facilities, dates of transactions and the prevailing market conditions. The most significant input to the valuation approach would be the adopted value per square foot.

13 Valuation (Cont'd)

	As at 31 January 2023			As at 31 January 2022		
	Carrying amount $'000	**Fair value $'000**	**Fair value hierarchy**	Carrying amount $'000	Fair value $'000	Fair value hierarchy
The Group						
Investment properties:						
Retail units	**246,688**	**373,200**	**Level 3**	249,508	373,200	Level 3
Commercial units	**46,026**	**49,870**	**Level 3**	44,208	45,200	Level 3
Property, plant and equipment:						
Hotel	**17,559**	**85,640**	**Level 3**	18,222	85,640	Level 3
Serviced apartment	**261,820**	**404,630**	**Level 3**	263,840	390,400	Level 3
Office units	**5,974**	**23,306**	**Level 3**	4,993	22,705	Level 3
The Company						
Property, plant and equipment:						
Office units	**2,436**	**11,231**	**Level 3**	2,480	11,002	Level 3

14 Borrowings

The Group	**2023 $'000**	2022 $'000
Revolving credit loan – unsecured	**17,000**	25,000
Temporary bridging loan – unsecured	**3,583**	4,800
Revolving credit loan – secured / money market loan – secured	**30,200**	29,610
Term loans – secured	**572,186**	656,986
	622,969	716,396
Lease liabilities	**1,350**	1,780
	624,319	718,176
Amount repayable:		
Not later than one year	**373,595**	**63,431**
Later than one year and not later than five years	**250,724**	**654,745**
	624,319	**718,176**

The Company	**2023 $'000**	2022 $'000
Revolving credit loan – unsecured	**17,000**	25,000
Temporary bridging loan – unsecured	**3,583**	4,800
	20,583	29,800
Lease liabilities	**19**	25
	20,602	29,825
Amount repayable:		
Not later than one year	**18,248**	26,223
Later than one year and not later than five years	**2,354**	3,602
	20,602	29,825

14 Borrowings (Cont'd)

The Group's term loans and secured revolving credit loans/money market loans are secured by:

i) mortgages over the development properties, investment properties and certain property, plant and equipment;
ii) charges on all new assignments of tenancy, sales agreements, contracts with the operator of the serviced apartment and construction contracts;
iii) an Interest Reserve Account of $2,320,000 (31 January 2022 - $Nil); and
iv) a fixed deposit of $3,600,000 (31 January 2022 - $3,600,000).

The interest rate per annum for the Group's bank borrowings ranges from 1.05% to 5.35% (2022 – 1.00% to 1.50%).

15 Share capital

	2023	2022	**2023**	2022
The Group and The Company	No. of ordinary shares		**$'000**	$'000
Issued and fully paid with no par value:				
Balance at beginning and end of year	**738,816,000**	738,816,000	**161,863**	161,863

The Company did not hold any treasury shares as at 31 January 2023 and 31 January 2022.

There were no outstanding executives' share options granted as at 31 January 2023 and 31 January 2022.

16 Significant Events

(a) Disposal of investments in associates

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

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

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

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

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

16 Significant Events (Cont'd)

(b) Shareholder loan owing by associated company

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

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

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

Note: The above transaction follows the Group's earlier disposal of an effective 10% interest in AXA Tower (via PSI's sale of stake in PSH) in June 2020, which resulted in a $50,176,000 gain on disposal. Such gain was included in the share of profit from associates for the financial year ended 31 January 2021. Therefore, the Group's net gains for its investment in AXA Tower, aggregating the transactions in FY2021 and FY2023, was $31,655,000.

17 Subsequent events

There is no known subsequent event which has led to adjustments to this set of condensed interim financial statements.

Other Information Required by Listing Rule Appendix 7.2

OTHER INFORMATION

1. Review

The condensed consolidated statement of financial position of the Company and its subsidiaries as at 31 January 2023 and the related consolidated profit or loss and other comprehensive income, condensed consolidated statements of changes in equity and condensed statement of cash flows for the financial year then ended and certain explanatory notes have not been audited or reviewed.

2. Review of performance of the Group

Development

Development revenue declined by $87.9M to $28.7M in FY2023 from $116.6M in FY2022. The decrease in revenue was mainly due to the lower contribution from the Uptown @ Farrer project, partially offset by revenue contribution from Klimt Cairnhill.

Uptown @ Farrer obtained TOP on 7 September 2021 and 4 out of 116 units remained unsold as at 31 January 2022. These 4 units were subsequently sold in FY2023, as compared to 64 units sold in FY2022.

Klimt Cairnhill, another residential project, was launched in August 2021. Klimt Cairnhill is a 36 storey, high-end freehold condominium development located within the Orchard vicinity near to Newton MRT station, with a total of 138 units. 3 units were sold as at 31 January 2022. 5 units were sold in FY2023. As at 31 January 2023, Klimt Cairnhill had a total of 8 units sold at a completion stage of 31%.

The segment saw a net loss before tax and non-controlling interests of $7.7M in FY2023, as compared to a net loss before tax and non-controlling interests of $0.1M in FY2022. In the previous year, profits generated from the Uptown@Farrer project were able to cover most of the marketing costs and interest expenses incurred for both projects (including Klimt Cairnhill). In FY2023, despite the lower marketing expenses incurred for Klimt Cairnhill, the weaker sales at this project, as well as the steep increase in interest rates, resulted in the higher net loss position.

Investments

Investment revenue increased to $29.8M in FY2023 from $24.7M in FY2022. The increase was mainly due to increased construction revenue from the Dalvey Haus project. The construction of Dalvey Haus project was 83% completed as at 31 January 2023. Revenue from Paya Lebar Square also increased as there was no rental relief granted to tenants at the retail mail in the current year. Occupancy at Paya Lebar Square remained healthy at 99.9% with average rental rates stable in FY2023.

The segment generated a net loss before tax and non-controlling interests of $24.6M in FY2023, as compared to a net profit before tax and non-controlling interests of $24.8M in the previous year. During the year, an aggregate net loss in relation to the disposal of PRE13 and PSI, amounting to $18.5M, was recognised. In FY2022, the Group recognised extraordinary gains of $28.3M, pertaining to gains on disposal of Westgate group of companies and office units at Paya Lebar Square, amounting to $19.7M and $8.6M, respectively. The segment also recognised higher exchange losses and finance costs in FY2023, due to weakening of Australian Dollar, Malaysian Ringgit and Chinese Renminbi against Singapore Dollar, and rising interest rates.

Hotel

Revenue from the Hotel segment increased to $38.8M in FY2023 from $20.4M in FY2022. The increase was mainly due to Duxton Hotel Perth and Citadines Balestier achieving higher occupancies and average room income in FY2023.

In FY2023, average occupancy at Duxton Hotel Perth increased to 54% from 34% achieved in the previous year, whilst average occupancy at Citadines Balestier increased to 89% from 80% over the same period. Average room income for Citadines Balestier saw an increase of approximately 53% year on year. Lyf Farrer Park Singapore commenced operations on 1 February 2022 with an average occupancy of 85%. Carnivore, the restaurant operated by the Group, also saw an increase in receipts as business picked up post relaxation of Covid-19 restrictions earlier in the financial year.

Net profit before tax and non-controlling interests for Hotel segment was $2.1M in FY2023, compared to net loss of $1.8M in FY2022, driven by improvements across all assets in this segment, partially offset by higher finance costs.

Net loss attributable to shareholders

Net loss attributable to shareholders was $32.3M in FY2023, compared to a net profit of $20.8M in FY2022. The net loss in FY2023 was mainly driven by the $23.3M loss on disposal of investment in associates recognised, partially offset by $4.8M gain on the early repayment of shareholder's loan owing by PRE13. In FY2022, the Group recognised gains on disposal of Westgate group of companies and office units at Paya Lebar Square amounting to $19.7M and $8.6M, respectively.

If the extraordinary or one-off gains and losses for both years were excluded, net loss attributable to shareholders would have been $13.8M n F2023 and $7.5M in FY2022. The higher net loss was mainly due to the lower profit recognised from property sales, higher exchange losses and increased finance costs, partially offset by the improved profitability from the Hotel segment.

Financial position and working capital of the Group

The Group's total assets as at 31 January 2023 decreased by $138.2M to $1,308.7M as at 31 January 2023 from $1,446.9M as at 31 January 2022. The decrease was mainly due to the lower cash and cash equivalents arising mainly from the repayment of borrowings and interest payments, as well as the disposal of investments in PRE13 and PSI.

The Group's total liabilities as at 31 January 2023 decreased by $88.0M to $675.4M as at 31 January 2023 from $763.3M as at 31 January 2022. The decrease was mainly due to the net repayment of bank loans. Net gearing ratio was 0.92 as at 31 January 2023, compared to 0.88 as at 31 January 2022.

The Group had a working capital of $215.1M as at 31 January 2023.

Cash flows

Cash and cash equivalents and fixed deposits decreased by $77.0M to $50.4M as at 31 January 2023 from $127.4M as at 31 January 2022. During the financial year, the Group reduced its bank borrowings by $93.9M, paid interest of $17.7M, paid dividend of $14.8M and contributed capital of $23.6M to invest in financial assets at FVPL. The cash outflow was funded mainly with cash proceeds from the loan repayment by PRE13 of $43.8M, cash flows generated from operating activities of $23.3M and cash on hand.

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

Not applicable

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

The Ministry of Trade and Industry announced that Singapore's economic growth expanded by 3.6 % in 2022, and maintained a growth forecast of between 0.5% and 2.5% in 2023. In the fourth quarter of 2022, Singapore's economy expanded by 2.1% year-on-year, easing from the 4.0% growth achieved in the previous quarter. While China's easing of its COVID-19 restrictions has led to improved growth outlooks in regional economies, the global economy remains uncertain, driven mainly by tighter financial conditions caused by higher interest rates, as well as inflationary pressures caused by the protracted Russian-Ukraine conflict and US-China tensions.

The increasing property price trend in Singapore, amid escalating interest rates, prompted the Singapore government to implement new cooling measures in September 2022. These measures aim to ensure prudent borrowing and moderate demand amid a rising interest rate environment. In addition, a rise in buyer's stamp duty was announced in the Singapore Budget in February 2023, impacting transactions of higher-end properties. The Group will focus on the successful completion and sale of existing residential development projects, with the reopening of the borders resulting in the gradual return of foreign buyers to Singapore's luxury residential property sector. In fact, the Group saw a pickup in sales at Klimt Cairnhill, post-financial year end, with a total of 32 units sold as at 24 March 2023.

The easing of cross-border travel restrictions and resumption of global travel have resulted in improved room rates and occupancies for its hospitality assets. Particularly, the Formula 1 Singapore Grand Prix and the return of MICE events, was a key contributor to a surge in room rates and occupancies in Singapore during the September-November period in the most recent financial year.

Retail mall rents and occupancies are expected to be stable, supported by a recovery in consumption, rising wages and tourist arrivals.

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

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

Not applicable.

6. Dividend

(a) Current Financial Period Reported On

Any dividend declared/recommended for the current financial period reported on? Yes

Name of Dividend: First & Final Dividend
Dividend Type: Cash
Dividend Amount: 1.0 cent per ordinary share
Tax Rate: Tax exempt (One-Tier tax)

(b) Corresponding Period of the Immediately Preceding Financial Year

Any dividend declared for the corresponding period of the immediately preceding financial year? Yes

Name of Dividend: First & Final Dividend
Dividend Type: Cash
Dividend Amount: 2.0 cents per ordinary share
Tax Rate: Tax exempt (One-Tier tax)

(c) Date payable
Subject to shareholders' approval at the Annual General meeting to be held on 31 May 2023, the proposed first and final dividend will be paid on 23 June 2023.

(d) Books closure date

The Share Transfer Books and the Register of Members of the Company will be closed on 13 June 2023 after 5.00pm for the purpose of determining shareholders' entitlement to the first and final dividend. Duly completed registrable transfers received by the Company's Share Registrar, KCK CorpServe Pte. Ltd., 1 Raffles Place, #04-63 One Raffles Place, Singapore 048616 up to 5.00pm on 13 June 2023 will be registered to determine shareholders' entitlements to the said proposed first and final dividend. Members whose Securities Accounts with The Central Depository (Pte) Limited are credited with shares at 5.00pm on 13 June 2023 will be entitled to the abovementioned proposed first and final dividend.

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

Not applicable

8. If the Group has obtained a general mandate from shareholders for IPTs, the aggregate value of such transactions as required under Rule 920(1)(a)(ii). If no IPT mandate has been obtained, a statement to that effect.

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

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

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

10. Segmented revenue and results for business or geographical segments (of the group) in the form presented in the issuer's most recently audited annual financial statements, with comparative information for the immediately preceding year

Please refer to paragraph 2 above.

11. Additional Information Required Pursuant to Rule 706A

During the financial year ended 31 January 2023, the Company did not incorporate or acquire any shares which resulted in any company becoming a subsidiary or associated company, or increasing its shareholding percentage in any subsidiary.

During the financial year ended 31 January 2023, the Group disposed 20% of the issued and paid-up share capital of both PRE13 and PSI. Details are disclosed in Note 16 to the condensed interim financial statements.

The Group's dormant subsidiaries, Paya Lebar Development Pte. Ltd., Kwan Hwee Investment Pte. Ltd. and Newfort Alliance (Kismis) Pte. Ltd. were liquidated pursuant to members' voluntary liquidation. The liquidation did not have any material impact on the earnings per share and the net tangible assets per share of the Company for the financial year ended 31 January 2023.

12. In the review of performance, the factors leading to any material changes in contributions to turnover and earnings by the operating segments

Revenue from the development segment decreased by 75.4% to $28.7M in FY2023 from $116.6M in FY2022, driven by slow residential property sales. High-end luxury residential sales for projects under construction were affected by cooling measures implemented by the Singapore Government, border closures in China and rising interest rates. While all 116 units at Uptown@Farrer were fully sold as at 31 January 2023, only four units were sold during the financial year. Five units were sold at Klimt Cairnhill project in FY2023, with a total of eight units sold as at 31 January 2023.

Revenue from the hotel segment increased by 83.8% to $38.8M in FY2023 from $20.4M in the previous year. Average room income and occupancies improved for both Citadines Balestier and Duxton Hotel Perth. The commencement of Lyf@Farrer in February 2022, also contributed to the higher revenue achieved for the segment. However, rising interest rates led to a steep increase in finance costs, which impacted its bottomline.

During the year, the Group recognized an aggregate net $18.5M loss from the disposal of its remaining stake in AXA Tower, which impacted the net profit for the investment segment.

13. A breakdown of sales

	Financial Year Ended 31/01/2023 $'000	31/01/2022 $'000	Increase/ (Decrease) %
Sales reported for first half year	49,771	88,941	(44)
Operating (loss)/profit after tax before deducting non-controlling interests reported for first half year	(23,895)	25,012	n.m.
Sales reported for second half year	47,496	72,697	(35)
Operating loss after tax before deducting non-controlling interests reported for second half year	(8,001)	(4,605)	74

14. A breakdown of the total annual dividend (in dollar value) for the issuer's latest full year and its previous full year

	For The Financial Year Ended 31/01/2023 $'000	31/01/2022 $'000
Ordinary one-tier dividend	7,388	14,776

Dividend for the financial year ended 31 January 2023 is proposed by the Board, subject to shareholders' approval.

15. Interested parties transactions

Name of interested person	Nature of relationship	Aggregate value of all interested person transactions during the financial year under review (excluding transactions less than S$100,000 and transactions conducted under shareholders' mandate pursuant to Rule 920)	Aggregate value of all interested person transactions conducted under shareholders' mandate pursuant to Rule 920 (excluding transactions less than S$100,000)
Binakawa Sdn. Bhd.	Subsidiary of immediate and ultimate holding company, Consistent Record Sdn. Bhd.	Loan to Binakawa Sdn. Bhd: S$728,385	Nil
Bina Meganmas Sdn. Bhd.	Subsidiary of immediate and ultimate holding company, Consistent Record Sdn. Bhd.	Loan to Bina Meganmas Sdn. Bhd: S$124,722	Nil
Hawkeye Security Solutions Pte. Ltd.	Owned/managed by daughter and son-in-law of Executive Chairman, Low Keng Boon @ Lau Boon Sen	Security services awarded to Hawkeye Security Solutions Pte. Ltd: S$212,673	Nil

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

16. Disclosure of person occupying a managerial position in the issuer or any of its principal subsidiaries who is a relative of a director or chief executive officer or substantial shareholder of the issuer pursuant to Rule 704(13) in the format below. If there are no such persons, the issuer must make an appropriate negative statement.

	Name	Age	Family Relationship with any Director, CEO and/or Substantial Shareholder	Current position and duties, and the year the position was first held	Details of changes in duties and position held, if any, during the year
1.	Low Poh Kok	50	Brother of Low Poh Kuan. Nephew of Low Keng Boon @ Lau Boon Sen. Cousin of Dato' Marco Low Peng Kiat.	Director - Business Development with effect from 1st February 2021. Chief Technology Officer with effect from 1st April 2022. Head of Human Resource department with effect from 1st September 2022	Mr Low Poh Kok was appointed Chief Technology Officer and Head of Human Resource department during the year.
2.	Low Chin Han	41	Son of Low Keng Boon @ Lau Boon Sen. Cousin of Dato' Marco Low Peng Kiat and Low Poh Kuan.	Director of Duxton Hotel Perth with effect from 1st November 2011. Director – Hospitality with effect from 1st March 2014. Chief Sustainability Officer with effect from 13th December 2022.	Mr Low Chin Han was appointed Chief Sustainability Officer during the year.

BY ORDER OF THE BOARD

Low Keng Boon @ Lau Boon Sen
Executive Chairman

Dato' Marco Low Peng Kiat
Managing Director

31 March 2023