BUILDING SUSTAINABLE GROWTH

LOW KENG HUAT (SINGAPORE) LIMITED

Annual Report 2021/2022

LOW KENG HUAT (SINGAPORE) LIMITED


Klimt Cairnhill

CONTENTS

Klimt Cairnhill

CORPORATE PROFILE

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

Dalvey Haus

Citadines Balestier & BT Centre

Lyf @ Farrer

CHAIRMAN'S STATEMENT

Review of Financial Year

The effects of COVID-19 continued to be felt in the economy, resulting in the Group's businesses being impacted in various ways. Prices of new private residential properties in Singapore increased in 2021, but retail rents declined. In addition, the hospitality segment continued to be impacted by travel restrictions. Despite the challenges, we managed to achieve satisfactory results for the financial year ended 31 January 2022, with a group net profit attributable to shareholders of $20.8 million, albeit this being lower than the $48.7 million achieved in the previous year. The decrease in profit was mainly due to the lower gains on disposal recognized in the Investment segment as compared to the previous year, partially offset by narrowing losses in the Development and Hotel segments.

Our financial position remained healthy, with a net gearing of 0.88x as at 31 January 2022, which was an improvement from the 0.94x in the previous year. This, coupled with strong operating cash flows, supported by the progressive payments received from development sales at Uptown @ Farrer Park, underpin the proposed dividend of 2.0 cents per share. The total dividend payment will amount to $14.8 million, representing a payout ratio of 71.4%.

In June 2021, the Group disposed its interests in Westgate Tower for $97.1 million, and acquired the remaining 45% of Paya Lebar Square that was not already owned for $90.5 million, a move to shift our focus to retail from commercial office developments. On the development front, we launched Klimt Cairnhill, a luxury development located in the prime Cairnhill estate, in August and Uptown @ Farrer obtained TOP in September.

Development

Development revenue increased to $116.6 million in the current year from $40.6 million in the previous year. The increase in revenue was mainly contributed from Uptown @ Farrer. As at 31 January 2022, 112 out of 116 units were sold at an average selling price of $1,859 per square feet. In comparison, only 48 units were sold as at 31 January 2021. Another project, Klimt Cairnhill, was launched in August 2021, of which 3 units were sold as at 31 January 2022. Uptown @ Farrer obtained TOP on 7 September 2021, while Klimt Cairnhill was 16% completed as of 31 January 2022.

Net loss before tax and non-controlling interests for the Development segment narrowed to $0.04 million in the current year, as compared to a loss of $1.5 million in the previous year, driven mainly by higher sales at Uptown @ Farrer, offset by the higher showflat costs at Klimt Cairnhill.

Investment

Investment revenue increased to $24.7 million in the current year from $16.7 million in the previous year. The increase in revenue was mainly driven by higher construction revenue from the Dalvey Haus project, as well as lower rental relief granted to tenants at Paya Lebar Square's retail mall. Dalvey Haus project was 43% completed as at 31 January 2022.

Net profit before tax and non-controlling interests for the Investment segment decreased to $24.8 million in the current year, from $56.9 million in the previous year. During the year, a gain on disposal of Westgate Tower Pte. Ltd. and Westgate Commercial Pte. Ltd., amounting to $19.7 million, was recognized. An $8.6 million of disposal gain was also recognized for the sale of office units at Paya Lebar Square. However, such gains were lower than the gain on sale of equity stake in Perennial Shenton Holding Pte. Ltd., amounting to $50.0 million, recognized in the previous financial year.

Profit before tax at Paya Lebar Square increased to $8.0 million in the current year from $3.8 million in the previous year, mainly due to reduced rental reliefs granted to tenants, decrease in provision of doubtful debts and lower interest expense. However, loss before tax at BT Centre widened to $3.8 million from a loss of $0.6 million in the previous year, mainly due to an impairment loss on investment properties, as well as a decrease in government grants and property tax rebate. As at 31 January 2022, occupancies at Paya Lebar Square retail mall was 100% and BT Centre was 92%.

Hotel & F&B

Hotel & F&B revenue increased to $20.4 million in the current year from $16.0 million in the previous year, driven by improved contributions from both Citadines Balestier and Duxton Hotel Perth. Higher average room rates at these properties was the key driver for the increase, while Duxton Hotel Perth also generated improved restaurant takings.

Net loss before tax and non-controlling interests for the Hotel segment was $1.8 million in the current year, as compared to a loss of $6.7 million in the previous year. Key drivers for the lower loss include a write-back of provision for impairment loss at Citadines Balestier of $3.4 million, and lower operational loss of $1.5 million at the property. On the other hand, Duxton Hotel Perth suffered a higher operational loss of $3.1 million, due to higher costs and lower occupancy from the lockdown in Perth. Lyf @ Farrer commenced business in February 2022, with pre-operating expenses of $0.4 million incurred in the current year.

CHAIRMAN'S STATEMENT

Dividends

The Board is pleased to recommend a first and final dividend of 2.0 cents per share. The dividend is tax exempt (one-tier) and total dividend payment will amount to approximately $14.8 million. The proposed dividend represents 71.4% of our earnings per share of 2.8 cents. This dividend recommendation is subject to the approval of shareholders at the Annual General Meeting to be held on 31 May 2022. The proposed dividend, if approved by shareholders, will be paid on 24 June 2022.

Outlook

With the easing of community and border restrictions by the Government, the impact of COVID-19 on our business has generally subsided. While we remain cautiously optimistic of the year ahead, any recovery is expected to be gradual and uneven due to risks associated with global supply bottlenecks, inflationary pressures, as well as increasing geopolitical tensions. The Group will focus on the successful completion and sales of our existing development projects. We will also look to optimize operational efficiencies in both the investment and hotel segments, and strengthen our sustainability efforts. We will continue to be selective and strategic in our business acquisitions, and remain disciplined in capital management.

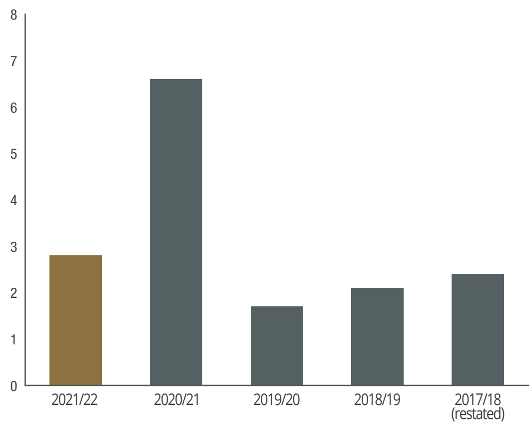
Appreciation

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

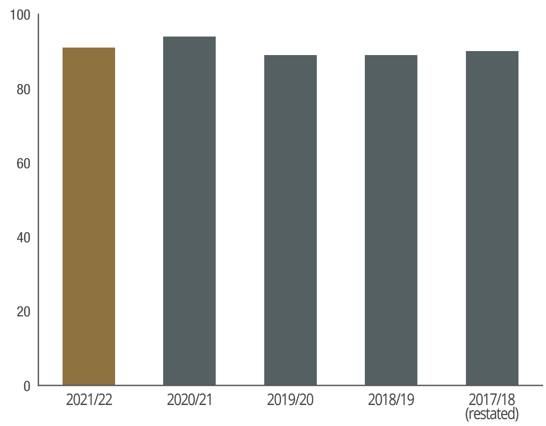
Low Keng Boon
Executive Chairman
May 2022

5 YEARS
FINANCIAL HIGHLIGHTS

EARNINGS PER SHARE (cents)



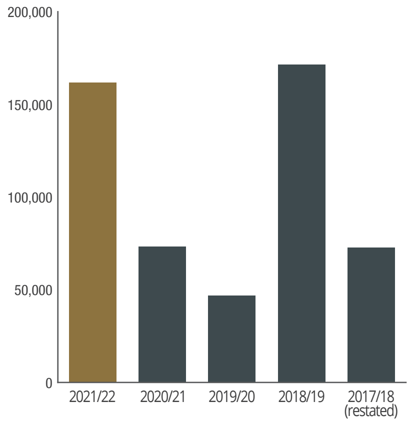
NET TANGIBLE ASSETS PER SHARE (cents)



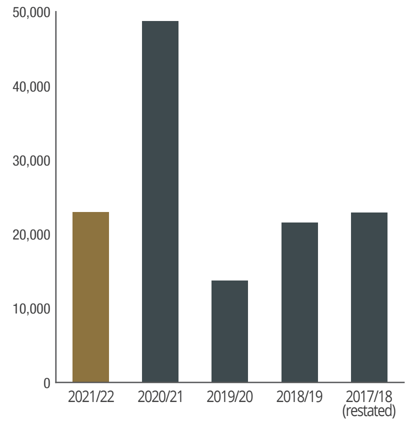
FINANCIAL YEAR	2021/22	2020/21	2019/20	2018/19	2017/18 (restated)
OPERATING RESULTS					
Revenue ($'000)	161,638	73,351	46,710	171,396	72,669
EBITDA ($'000)	45,198	69,155	30,463	33,976	35,016
Pretax profit ($'000)	22,987	48,741	13,708	21,511	22,905
Net Profit ($'000)	20,407	47,872	12,198	18,746	18,958
EBITDA margin (%)	28.0%	94.3%	65.2%	19.8%	48.2%
Pretax margin (%)	14.2%	66.4%	29.3%	12.6%	31.5%
Net margin (%)	12.6%	65.3%	26.1%	10.9%	26.1%
FINANCIAL POSITION					
Total assets ($'000)	1,446,943	1,548,649	1,511,942	1,213,119	1,156,958
Total borrowings ($'000)	718,176	737,122	740,408	447,197	373,084
Shareholders' equity ($'000)	671,073	695,539	657,013	655,216	664,082
Net debt : equity (times)	0.88	0.94	1.03	0.49	0.35
PER SHARE DATA					
Earnings (cents)	2.8	6.5	1.7	2.1	2.4
Dividends (cents)	2.0	2.5	1.5	1.5	2.0
Net tangible assets (cents)	91.0	94.0	89.0	89.0	90.0
Year end share price (cents)	44.5	40.0	43.0	57.5	69.5
SHAREHOLDERS' RETURN					
Return on equity (%)	3.0%	6.9%	1.9%	2.9%	2.9%
Return on asset (%)	1.4%	3.1%	0.8%	1.5%	1.6%
Dividend yield (%)	4.5%	6.3%	3.5%	2.6%	2.9%
Dividend payout ratio (%)	71.4%	37.9%	88.2%	71.4%	83.3%

5 YEARS
FINANCIAL HIGHLIGHTS

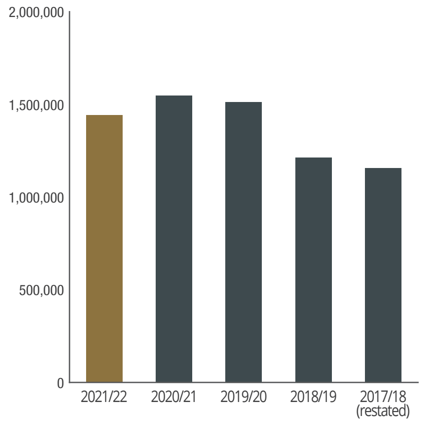
REVENUE
($'000)



PROFIT BEFORE TAX
($'000)



TOTAL ASSETS
($'000)



FINANCIAL YEAR	2021/22 $'000	2020/21 $'000	2019/20 $'000	2018/19 $'000	2017/18 (restated) $'000
REVENUE					
Development	116,597	40,585	8,020	135,030	32,100
Hotels	20,365	16,027	20,986	18,817	23,282
Investments	24,676	16,739	17,704	17,549	17,287
Total	161,638	73,351	46,710	171,396	72,669
PROFIT/(LOSS) BEFORE TAX					
Development	(36)	(1,495)	(1,687)	10,592	8,510
Hotels	(1,755)	(6,711)	12,602	1,705	1,361
Investments	24,778	56,947	2,793	9,214	13,034
Total	22,987	48,741	13,708	21,511	22,905
TOTAL ASSETS *					
Development	795,991	683,894	655,728	454,712	378,653
Hotels	35,077	143,231	134,055	166,363	148,287
Investments	615,667	720,460	721,379	591,674	629,616
Total	1,446,735	1,547,585	1,511,162	1,212,749	1,156,556

* Excluding deferred tax asset and any GST receivables

OPERATING &
FINANCIAL REVIEW

Overall

Revenue increased by $88.2 million to $161.6 million in current year from $73.4 million in previous year. It increased by $22.2 million to $72.7 million in 2H current year from $50.5 million in 2H previous year. Increase in YTD revenue was mainly from Development segment of $76.0 million. Revenue from Investment segment and Hotel segment increased by $7.9 million and $4.3 million respectively. Development revenue increase was mainly due to sales at Uptown @ Farrer, which obtained TOP on 7 September 2021. As at 31 January 2022, 112 units out of total 116 units were sold at average of $1,859 psf. The increase in revenue in Investment segment was mainly from increased construction revenue due to increase in construction completion for Dalvey Haus project and decrease in rental relief granted to tenants at the retail mall at Paya Lebar Square. Revenue in Hotel segment increased by $4.3 million to $20.3 million in current year from $16.0 million in prior year mainly due to higher average room rates at both Duxton Perth and Citadines Balestier and higher restaurant revenue at Duxton Perth.

Uptown @ Farrer

Cost of sales increased by $79.5 million to $140.4 million in current year from $60.9 million in previous year. It increased by $18.1 million to $62.4 million in 2H current year from $44.3 million in 2H previous year. The increase in cost of sales was mainly due to higher sales in Development segment and higher operational cost at Duxton Perth in Hotel segment.

Duxton Perth

Other income increased by $27.9 million to $35.3 million in current year from $7.4 million in previous year. It increased by $0.5 million to $5.7 million in 2H current year from $5.2 million in 2H previous year. Increase was mainly due to gain on disposal of investment in joint ventures at Westgate Tower Pte. Ltd. and Westgate Commercial Pte. Ltd. of $19.7 million, gain on disposal of $8.6 million from sales of office units at Paya Lebar Square, reversal of impairment at Citadines Balestier of $3.4 million, reversal of provision for doubtful debts of $0.3 million at Paya Lebar Square retail mall offset by decrease in government grants of $3.7 million.

OPERATING &
FINANCIAL REVIEW


Uptown @ Farrer

Interest income decreased by $1.6 million to $3.6 million in current year from $5.2 million in previous year. It decreased by $1.4 million to $1.1 million in 2H current year from $2.5 million in 2H previous year. The decrease was mainly due to lower fixed deposit interest and lower bond interest income in current year because of lower interest rate and redemption of junior bond on 30 June 2020.

Distribution costs increased by $6.2 million to $11.5 million in current year from $5.3 million in previous year. It decreased by $0.5 million to $4.2 million in 2H current year from $4.7 million in 2H previous year. The increase was due to increase in sales agent commission at Uptown @ Farrer and show flat costs at Klimt Cairnhill.

Other operating expenses increased by $2.7 million to $8.4 million in current year from $5.7 million in previous year. It increased by $4.5 million to $7.4 million in 2H current year from $2.9 million in 2H previous year. The increase was mainly due to $3.5 million fair value loss recognised on financial assets and $1.9 million impairment loss at BT Centre, offset by decrease in property tax refund granted to tenants at Paya Lebar Square retail mall.

Finance costs decreased by $1.4M to $7.8 million in current year from $9.2 million in previous year. It increased by $0.6 million to $4.5 million in 2H current year from $3.9 million in 2H previous year. The decrease in finance cost was due to lower interest expense due to loan repayments and lower average interest rate in current year.

Share of results of associated companies and joint ventures was negative $40K in current year compared to $53.0 million in previous year. Share of results of associated companies and joint ventures was $0.2 million in 2H current year compared to a negative $0.8 million in 2H previous year. The decrease was mainly due to gain on sale of equity stake in Perennial Shenton Holding Pte. Ltd. of $50.0 million in previous year.


Dalvey Haus


Lyf @ Farrer

Lyf @ Farrer

Taxation increased by $1.7 million to $2.6 million in current year from $0.9 million in previous year. It increased by $1.2 million to $1.4 million in 2H current year from $0.2 million in 2H previous year. The increase was mainly due to increase in taxable profits in Development segment.

The net book value of Investment properties decreased by $20.8 million to $293.7 million as at 31 January 2022 from $314.5 million as at 31 January 2021. The decrease was mainly due to disposal of 4 office units at Paya Lebar Square. The net book value of property, plant and equipment increased by $6.7 million to $308.1 million as at 31 January 2022 from $301.4 million as at 31 January 2021. The increase was mainly due to Lyf @ Farrer obtaining TOP in September 2021. Lyf @ Farrer was 86.1% completed as at January 2021.

Joint ventures decreased by $78.6 million to $10.8 million as at 31 January 2022 from $89.4 million as at 31 January 2021 mainly due to disposal of joint ventures, Westgate Tower and Westgate Commercial on 30 June 2021 and repayment of shareholder loans as part of the consideration. Amount due from associated companies increased by $3.2 million to $92.3 million as at 31 January 2022 from $89.1 million as at 31 January 2021. The increase was mainly from imputed interest charged of $1.8M and increase in share of profit of $0.5 million from Pre 13 Pte. Ltd., and additional shareholder loan of $0.9M to Binakawa Sdn. Bhd..

Cash and cash equivalents and fixed deposits increased by $43.5 million to $127.4 million as at 31 January 2022 from $83.9 million as at 31 January 2021 mainly due to progressive payments received from development sales at Uptown @ Farrer.

Development properties decreased by $75.5 million to $546.5 million as at 31 January 2022 from $622.0 million as at 31 January 2021. The decrease was mainly due to reclassification of $98.6 million to cost of sales recognised for Uptown @ Farrer offset by $19.2 million increase in development costs at Klimt Cairnhill. Uptown @ Farrer obtained Temporary Occupation Permit on 7 September 2021 and construction at Klimt Cairnhill was 16% completed as at 31 January 2022.


Klimt Cairnhill

Paya Lebar Square

Capital reserves were negative $30.2 million as at 31 January 2022 compared to negative $2.0 million as at 31 January 2021 mainly due to premium paid on acquisition of non-controlling interests in Paya Lebar Square Pte. Ltd. on 30 June 2021. Fair value reserves were $1.9 million as at 31 January 2022 compared to negative $1.5 million as at 31 January 2021 mainly due to increase in fair value of quoted equity investments measured at FVOCI.

Amount due to non-controlling interests decreased by $43.9 million to $1.4 million as at 31 January 2022 from $45.3 million as at 31 January 2021. The decrease was due to repayment of loans owing to non-controlling interests as part of the agreement for the acquisition of non-controlling interests in Paya Lebar Square Pte. Ltd.

Borrowings decreased by $19.0 million to $718.1 million as at 31 January 2022 from $737.1 million as at 31 January 2021 due to repayment of loans offset by loan drawdown to finance daily operations. Gearing ratio was 0.88 as at 31 January 2022 compared to 0.94 as at 31 January 2021. The Group has unused bank facilities of $136.0 million as of 31 January 2022. The Group generated a net increase in cash flow of $43.7 million for current year compared to net increase of $15.9 million for previous year. The net increase in cash and cash equivalents was due to $87.4 million and $91.2 million cash generated from operating and investing activities respectively offset by $134.9 million cash used in financing activities.

Non-controlling interests decreased by $19.7 million to $12.5 million as at 31 January 2022 from $32.2 million as at 31 January 2021 mainly due to acquisition of non-controlling interests in Paya Lebar Square Pte. Ltd. on 30 June 2021.

A. DEVELOPMENT PROJECTS ON HAND	LOCATION	LKHS' SHARE (%)	TYPE	NO. OF UNITS	STATUS
1. Uptown @ Farrer	2 Perumal Road	100	Condominium	116	Obtained TOP on 7 September 2021 and 100% sold as at April 2022.
2. Klimt Cairnhill	71 Cairnhill Road	100	Freehold Condominium	138	Expected TOP is Q1 FY 2026
3. Dalvey Haus	101 Dalvey Road	40	Freehold Condominium	17	Expected TOP is Q3 FY 2024
4. Bina Park	Jalan Bina 1, Bina Park, Bandar Seri Alam, Johor	49	3 Storey shops with sub-basement	31	Launched in January 2012 26 units sold 2 units held for own use 3 units unsold
5. Taman Rinting	Taman Rinting	49	Landed Bungalows	20	Planning Stage (change of layout in 2020)
B. KEY INVESTMENT PROPERTIES	**LOCATION**	**LKHS' SHARE (%)**	**TYPE**	**NO. OF UNITS**	**STATUS**
1. Paya Lebar Square	60 Paya Lebar Road	100	Retail mall	159	Approximately 100% leased as at January 2022
2. AXA Tower	8 Shenton Way	10	Office units	674,000 sq feet	Approximately 19% leased as at January 2022. Redevelopment plans submitted to authorities for approval.
3. BT Centre	207 Balestier Road	100	Commercial retail units	31	Approximately 92% leased as at January 2022
C. PROPERTY, PLANT AND EQUIPMENT	**LOCATION**	**LKHS' SHARE (%)**	**TYPE**	**NO. OF UNITS**	**STATUS**
1. Duxton Hotel Perth	No. 1 St Georges Terrace	75	Freehold Hotel	306	Average occupancy approximately 34% during FY2022
2. Citadines Balestier	207 Balestier Road	100	Serviced apartments	166	Average occupancy approximately 80% during FY2022
3. Lyf @ Farrer	2 Perumal Road	100	Serviced apartments	240	Obtained TOP on 7 September 2021 Commenced operations in February 2022. Average occupancy approximately 65% from February to March 2022
			Commercial units	7	100% occupancy as at March 2022.

LAND BANK	LOCATION	LKHS'S SHARE(%)	AREA (SQF)	USE
1. Bina Park	Bandar Seri Alam, Johor	49	66,137	Hotel Land Planning Stage
2. Unnamed	Bandar Seri Alam, Johor	49	3,330,996	Proposed Bungalow Lots Planning Stage
3. Tiram Park	Jalan Kota Tinggi, Johor	49	6,528,337	Proposed Industrial Development Planning Stage
4. Unnamed	Bandar Seri Alam, Johor	49	616,453	Proposed Mixed Commercial Development

CORPORATE INFORMATION

BOARD OF DIRECTORS
Low Keng Boon
(Executive Chairman)

Dato' Marco Low Peng Kiat
(Managing Director)

Low Poh Kuan
(Executive Director)

Alvin Teo Poh Kheng
(Executive Director)

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

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

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

Cheo Chai Hong
(Independent, Non-Executive Director)

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

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

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

COMPANY SECRETARY
Chin Yeok Yuen, FCPA

SOLICITORS
TSMP Law Corporation
6 Battery Road
Level 41
Singapore 049909

AUDITORS
External Auditor
Foo Kon Tan LLP
Chartered Accountants
24 Raffles Place, #07-03
Clifford Centre
Singapore 048621
Partner-in-charge: Ong Soo Ann
(Year of appointment: Financial year ended 31 January 2022)

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

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

SHARE REGISTRARS & SHARE TRANSFER OFFICE
KCK CorpServe Pte. Ltd.
24 Raffles Place
#07-07 Clifford Centre
Singapore 048621

REGISTERED OFFICE
80 Marine Parade Road
#18-05/09 Parkway Parade
Singapore 449269
Tel : +65 6344 2333
Fax : +65 6345 7841
Website: https://www.lkhs.com.sg

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

Scan here for LKHS corporate website

BOARD OF DIRECTORS

Mr Low Keng Boon
Executive Chairman

Date of first appointment as a director

14 April 1969

Date of appointment as Chairman

25 March 2019

Date of last re-election as a director

16 June 2020

Length of service as a director (as at 31 January 2022)

52 years 10 months

Low Keng Huat (Singapore) Limited Board Committee Membership:

- Nominating Committee (Member)

Academic & Professional Qualification:

- Chung Ling High School

Present Directorships in other listed companies (as at 31 January 2022):

- Nil

Major Appointments / Principal Commitments:

- Nil

Past Directorships in other listed companies over the preceding five years (from 1 February 2017 to 31 January 2022):

- Nil

Dato' Marco Low Peng Kiat
Managing Director

Date of first appointment as a director

7 November 2006

Date of last re-election as a director

31 May 2021

Length of service as a director (as at 31 January 2022)

15 years 3 months

Low Keng Huat (Singapore) Limited Board Committee Membership:

- Nominating Committee (Member)
- Remuneration Committee (Member)

Academic & Professional Qualification:

- Bachelor of Science in Management & Systems from City University, England

Present Directorships in other listed companies (as at 31 January 2022):

- Nil

Major Appointments / Principal Commitments:

- Nil

Past Directorships in other listed companies over the preceding five years (from 1 February 2017 to 31 January 2022):

- Nil

Mr Low Poh Kuan
Executive Director

Date of first appointment as a director
5 April 2004

Date of last re-election as a director
16 June 2020

Length of service as a director (as at 31 January 2022)
17 years 10 months

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

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

Present Directorships in other listed companies (as at 31 January 2022):
- Nil

Major Appointments / Principal Commitments:
- Nil

Past Directorships in other listed companies over the preceding five years (from 1 February 2017 to 31 January 2022):
- Nil

Alvin Teo Poh Kheng
Executive Director

Date of first appointment as a director
5 April 2021

Date of last re-election as a director
31 May 2021

Length of service as a director (as at 31 January 2022)
10 months

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

Academic & Professional Qualification:
- Bachelor of Science in Estate Management (Hons) from The National University of Singapore
- Diploma in Marketing Management from Singapore Institute of Management
- Postgraduate Diploma in Marketing from The Chartered Institute of Marketing
- Member of The Chartered Institute of Marketing
- Member of Singapore Institute of Surveyors and Valuers

Present Directorships in other listed companies (as at 31 January 2022):
- Nil

Major Appointments / Principal Commitments:
- Chairman of MCST 4311, Paya Lebar Square
- Member of School Management Committee, Assumption English School

Past Directorships in other listed companies over the preceding five years (from 1 February 2017 to 31 January 2022):
- Nil

BOARD OF DIRECTORS

Mr Jimmy Yim Wing Kuen
Non-Executive Lead Independent Director

Date of first appointment as a director

1 March 2009

Date of last re-election as a director

31 May 2021

Length of service as a director (as at 31 January 2022)

12 years 11 months

Low Keng Huat (Singapore) Limited Board Committee Membership:

- Audit Committee (Chairman)
- Remuneration Committee (Member)
- Nominating Committee (Member)

Academic & Professional Qualification:

- LL.B. (Hons), National University of Singapore
- LL.M., National University of Singapore
- Advocate & Solicitor, Singapore
- Solicitor, England & Wales
- Appointed Senior Counsel
- Appointed Regional Arbitrator by the Singapore International Arbitration Centre

Present Directorships in other listed companies (as at 31 January 2022):

- Singapore Medical Group Limited

Major Appointments / Principal Commitments:

- Drew & Napier LLC (Chairman)

Past Directorships in other listed companies over the preceding five years (from 1 February 2017 to 31 January 2022):

- ARA-CWT Trust Management (CACHE) Limited
- CWT Limited
- Celestial Life Limited

Mr Chris Chia Woon Liat
Non-Executive Independent Director

Date of first appointment as a director

12 September 2018

Date of last re-election as a director

16 June 2020

Length of service as a director (as at 31 January 2022)

3 years 5 months

Low Keng Huat (Singapore) Limited Board Committee Membership:

- Audit Committee (Member)
- Nominating Committee (Member)
- Remuneration Committee (Member)

Academic & Professional Qualification:

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

Present Directorships in other listed companies (as at 31 January 2022):

- Nil

Major Appointments / Principal Commitments:

- Druk Holding & Investments Limited (Advisor)

Past Directorships in other listed companies over the preceding five years (from 1 February 2017 to 31 January 2022):

- Nil

Mr Michael Leong Choon Fai
Non-Executive Independent Director

Date of first appointment as a director

7 December 2018

Date of last re-election as a director

31 May 2021

Length of service as a director (as at 31 January 2022)

3 years 2 months

Low Keng Huat (Singapore) Limited Board Committee Membership:

- Remuneration Committee (Chairman)

Academic & Professional Qualification:

- GCERT Property, University of Newcastle, Australia

Present Directorships in other listed companies (as at 31 January 2022):

- Nil

Major Appointments / Principal Commitments:

- Nil

Past Directorships in other listed companies over the preceding five years (from 1 February 2017 to 31 January 2022):

- Nil

Mr Cheo Chai Hong
Non-Executive Independent Director

Date of first appointment as a director

7 December 2018

Date of last re-election as a director

29 May 2019

Length of service as a director (as at 31 January 2022)

3 years 2 months

Low Keng Huat (Singapore) Limited Board Committee Membership:

- Nominating Committee (Chairman)
- Audit Committee (Member)

Academic & Professional Qualification:

- Bachelor of Business Administration (Hons) degree from University of Singapore

Present Directorships in other listed companies (as at 31 January 2022):

- Nil

Major Appointments / Principal Commitments:

- The Anglo-Chinese Schools Foundation Ltd (Director)
- ACS Old Boys Association (Member)
- The Anglo-Chinese School (International) Singapore (Board of Management)

Past Directorships in other listed companies over the preceding five years (from 1 February 2017 to 31 January 2022):

- Nil

KEY MANAGEMENT

LEE YOON MOI
Chief Operating Officer

Mr Lee Yoon Moi is responsible for all construction and development activities undertaken by the Group. He is also appointed as the Management Representative overseeing the development, implementation and maintenance of the Company's ISO Quality Assurance Programme. Prior to joining LKHS in 1990, Mr Lee was the General Manager of Construction Technology Pte Ltd (Contech), a wholly government owned construction company set up to spearhead modernisation and mechanisation in the construction industry. Mr Lee has a Bachelor of Civil Engineering degree (First Class Honours) from the then University of Singapore and a Masters of Engineering degree from McGill University, Montreal, Canada. He is also a member of the Institution of Civil Engineers, MICE (Chartered Civil Engineer) as well as a registered Professional Engineer (Civil & Structural).

CHIN YEOK YUEN
Chief Financial Officer

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

LOW POH KOK
Business Development Director &
Chief Technology Officer

Mr Low Poh Kok joined the Company in July 2004. Prior to that, he had worked in the United States of America for 8 years as a project manager for an IT company. He is promoted to Business Development Director on 1 February 2021. With his additional role as Chief Technology Officer, he is also responsible for the Group's digital transformation to enhance productivity and efficiency, streamline processes and improve supply chain management. During his two decades with the Company, he has worked across the Company's various businesses that has enabled him to gain considerable experience and build up extensive networks, allowing him to perform multiple roles within the Group's business segments in hospitality, property development and property management. He brings to the Company his overseas experiences and project management skills. Mr Low has a Diploma in Business Studies from Ngee Ann Polytechnic and a Bachelor of Science in Computer Information System from Indiana University at Bloomington, USA.

LOW CHIN HAN
Director – Hospitality

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

RIAZ MAHMOOD
General Manager
Duxton Hotel Perth

Mr Riaz Mahmood joined Duxton Hotel Perth in January 2019. He has more than 20 years of experience in hospitality industry. Before joining Duxton Hotel Perth as General Manager, he was the General Manager at Ayers Rock Resort, Australia. Prior to that, he also worked with Orchard Hotel Singapore, Sheraton Dammam Hotel and Towers, Dammam Saudi Arabia, The Regency Hotel and Convention Center Kuwait, Raffles Beijing Hotel, China, and Raffles Hotels & Resorts, Indo-China, as General Manager for about 13 years. Mr Riaz has a National Diploma in Hotel Management from Institute of Hotel Management at Calcutta, India and a Bachelor Degree in Commerce from the Calcutta University. Mr Riaz also attended General Manager Program at Cornell University in 2007.

The Board of Directors of Low Keng Huat (Singapore) Limited ("LKHS" or the "Company") is committed to complying with effective Corporate Governance to ensure transparency and protection of shareholders' value. It has adopted a framework of corporate governance policies and practices in line with the principles and guidelines set out in the 2018 Code of Corporate Governance ("Code").

STATEMENT OF COMPLIANCE

The Board of Directors ("Board") of the Company confirms that for the financial year ended 31 January 2022, the Company has complied in all material aspects with the principles and guidelines of the Code.

BOARD MATTERS

PRINCIPLE 1
The company is headed by an effective Board which is collectively responsible and works with Management for the long term success of the company.

Provision 1.1
Board's Role

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

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

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

Provision 1.2
Directors' Duties and Responsibilities

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

Continuous Training and Development of Directors

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

A first-time director of a listed company must undergo training in the roles and responsibilities of a director of a listed issuer as prescribed by the Singapore Exchange Securities Trading Limited ("SGX-ST"). Further training for a first-time director in areas such as accounting, legal and industry-specific knowledge are arranged and funded by the Company.

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

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

Provision 1.3
Internal Guidelines on Matters Requiring Board Approval

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

Matters reserved for Board's Approval

Matters specifically reserved to the Board for its approval are: -

(a) matters involving a conflict of interest for a substantial shareholder or a director;

(b) material acquisitions and disposal of assets;

(c) corporate or financial restructuring;

(d) share issuances, interim dividends and other returns to shareholders; and

(e) any material investments or expenditures not in the ordinary course of the Group's businesses.

Provision 1.4
Delegation of Authority to Board Committees

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

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

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

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

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

Provision 1.5
Meetings of Board and Board Committees

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

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

The Directors' attendance at the Board meetings (including committee meetings) held and the number of meetings attended by each member at the respective meetings during the financial year under review are set out below:-

	No. of Meetings Attended in financial year ended 31 January 2022				
	Directors	**Board**	**Audit Committee**	**Nominating Committee**	**Remuneration Committee**
1	Low Keng Boon	4	–	1	–
2	Dato' Marco Low Peng Kiat	4	–	1	1
3	Low Poh Kuan	4	–	–	–
4	Alvin Teo Poh Kheng*	3	–	–	–
5	Jimmy Yim Wing Kuen	4	4	1	1
6	Chris Chia Woon Liat	3	3	1	1
7	Michael Leong Choon Fai	4	–	–	1
8	Cheo Chai Hong	4	4	1	–
	No. of meetings held	4	4	1	1

*Mr Alvin Teo Poh Kheng was appointed on 5 April 2021

Provision 1.6
Board's Access to information

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

Provision 1.7
Board's Access to Management, Company Secretary and External Advisers

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

The Board collectively and each Director individually has the right to seek independent, legal and other professional advice, at the Company's expense, concerning any aspect of the Group's operations or undertakings in order to fulfill their duties and responsibilities as Directors. Such cost for professional advice will be borne by the Company.

BOARD COMPOSITION AND GUIDANCE

PRINCIPLE 2
The Board has an appropriate level of independence and diversity of thought and background in its composition to enable it to make decisions in the best interests of the company.

Provision 2.1
Strong and independent element on the Board, with independent directors making up at least one-third of the Board

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

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

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

Under Rule 210(5)(d)(iii) of the Listing Rules of SGX-ST which will take effect from 1 January 2022, an independent director will not be considered independent if he has served on the Board for an aggregate period of more than nine years unless prior to 1 January 2022 he has obtained approval from shareholders to continue in office under a two-tier voting by (a) all shareholders; and (b) shareholders, excluding the directors and the managing director and their associates as defined in the Listing Manual of the SGX-ST.

Mr Jimmy Yim Wing Kuen has served as Director for more than nine years. Approval was given by shareholders under a two-tiered voting at the Company's Annual General Meeting ("AGM") held on 31 May 2021 for Mr Yim to continue in office as Independent Director with effect from 1 January 2022 up to the conclusion of the third AGM of the Company following the approval given on 31 May 2021. Notwithstanding the approval from shareholders, the Board has continued to conduct a rigorous review of his independence. The Board is of the view that Mr Yim has, at all times, expressed his individual viewpoints, objectively debated issues brought up at meetings of the Board and/or Board Committees and closely scrutinised Board matters and Board Committee matters in the interest of the Company. In addition he is not related to the majority shareholders and do not have any other interest in the Company, except those shareholdings as declared on page 57 of this Annual Report. Hence the Board considers him as independent. Mr Yim has abstained from the Board's deliberation of his independence.

Provisions 2.2 and 2.3
Composition of Independent Directors and Non-Executive Directors on the Board

The number of Independent Directors represents half of the Board and complies with the Listing Rules of SGX-ST requiring independent directors to make up at least one-third of the Board.

The Code requires independent directors to make up a majority of a board where the chairman is not independent and for the non-executive directors to make up a majority of the board. All the Non-Executive Directors are Independent Directors who make up half of the Board. The Board considers that the Independent Directors, led by a Lead Independent Director, provide a good balance of authority and power within the Board. In addition, the NC, AC and RC which assist the Board in its functions is each chaired by an Independent Director. The Board is of the view that there is a strong independence element within the Board to justify the departure of the Board composition from the Code.

Provision 2.4
Composition and Size of the Board

The Board will constantly review its size and composition to determine its appropriateness and effectiveness taking into account the scope and nature of the operations of the Company, the requirements of the business and the need to avoid undue disruptions from changes to the composition of the Board and committees. The Board has reviewed its composition and size and is satisfied that such composition and size are appropriate.

The Company has a board diversity policy. The policy recognizes and embraces the importance and benefits of having a diversed Board to enhance its performance. LKHS believes that diversity is an important attribute of a well-functioning and effective Board. It is accordingly committed to promoting Board diversity.

The current Board members bring with them invaluable experience and collective core competencies such as accounting, finance, law, business and management experiences as well as industry expertise. The Board views that it has achieved a good diversity of skills and experience for the effective functioning of the Board.

The Board also considers gender as an important aspect of diversity alongside factors such as the age, ethnicity and educational background of its members, as it believes that diversity in the Board's composition contributes to the quality of its decision making. The Company will continue to consider the merits of the candidates in its Board renewal process and believes that doing so will meet its aim of achieving diversity of perspectives. The Company will seek candidates of both genders for new Board appointment; however a director appointment, regardless of gender, will be based on merit, having due regard to the overall balance and effectiveness of the Board.

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

The profiles of the Directors are set out on page 19 to page 22 of this Annual Report.

Provision 2.5
Role of Non-Executive Directors

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

During the year, the Non-Executive Directors communicate among themselves without the presence of Management as and when the need arises. The Company also benefits from Management's ready access to its Directors for guidance and exchange of views both within and outside the formal environment of the Board and Board Committee meetings.

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

CHAIRMAN AND CHIEF EXECUTIVE OFFICER

PRINCIPLE 3
There is a clear division of responsibilities between the leadership of the Board and Management, and no one individual has unfettered powers of decision-making.

Provision 3.1 and 3.2
Separate roles of Chairman and Managing Director

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

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

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

Provision 3.3
Lead Independent Director

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

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

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

BOARD MEMBERSHIP

PRINCIPLE 4
The Board has a formal and transparent process for the appointment and re-appointment of directors, taking into account the need for progressive renewal of the Board.

Provisions 4.1 and 4.2
Nominating Committee

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

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

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

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

- review board succession plans for directors; in particular the appointment and/or replacement of the Executive Chairman, the Managing Director and key management personnel;
- develop the process for evaluation of the performance of the Board, its Board Committees and Directors and conduct a formal assessment of the effectiveness of the Board, Board Committees and contribution by each Director;
- review training and professional development programs for the Board;
- determine the criteria for identifying candidates for directorship;

- review nominations and make recommendations to the Board on all Board appointments;
- make recommendations to the Board on the re-nomination of retiring Directors standing for re-election at the Company's AGM;
- determine annually whether a Director is independent;
- determine whether a Director is able to and has been adequately carrying out his duties as a Director of the Company; and
- ensure disclosure of key information of Directors in the Annual Reports as required by the Code.

Provision 4.3
Process for the Selection and Appointment of New Directors

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

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

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

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

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

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

In accordance with the Listing Rules of SGX-ST, the information as set out in Appendix 7.4.1 of the Listing Manual in respect of Mr Low Poh Kuan, Mr Chris Chia Woon Liat, and Mr Cheo Chai Hong are provided on pages 208 to 211 of this Annual Report.

Provision 4.4
Determining Directors' Independence

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

Provision 4.5
Multiple Board Representations

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

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

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

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

Details of the Directors' principal commitments and outside directorships are set out on pages 19 to 22 of this Annual Report.

BOARD PERFORMANCE

PRINCIPLE 5
The Board undertakes a formal annual assessment of its effectiveness as a whole, and that of each of its board committees and individual directors.

Provisions 5.1 and 5.2
Conduct of Board Performance
Criteria for Board Evaluation of Individual Directors

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

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

The NC also assesses the effectiveness of the Board as a whole in both quantitative and qualitative terms. Quantitative performance measurement is principally based on shareholder value creation such as share price performance and earnings per share. Qualitative performance indicators include compliance with the Code, transparency in terms of disclosure and feedback from authorities and investors.

The NC assesses the performance of the Board Committees based on work they performed in accordance with their terms of reference and the objectivity and independence in their deliberations and recommendations they presented to the Board.

The NC has reviewed the overall performance of the Board and Board Committees in terms of its role and responsibilities and the conduct of its affairs as a whole for financial year ended 31 January 2022 and is of the view that the performance of the Board as a whole and its Board committees have been satisfactory and that the individual Directors have performed to contribute to the Board's overall performance. No external facilitator was used in the evaluation process.

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

REMUNERATION MATTERS

PROCEDURES FOR DEVELOPING REMUNERATION POLICIES

PRINCIPLE 6
The Board has a formal and transparent procedure for developing policies on director and executive remuneration, and for fixing the remuneration packages of individual directors and key management personnel. No director is involved in deciding his or her own remuneration.

Provisions 6.1 and 6.2
Remuneration Committee

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

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

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

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

The principal responsibilities of the RC are to:-

- approve the structure of the compensation programme for Directors and key management personnel to ensure that the programme is competitive and sufficient to attract, retain and motivate senior management of the required quality to run the Company successfully; and

- review Directors' and key management personnel' specific remuneration packages annually and determine appropriate adjustments;

Provision 6.3
Review of remuneration

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

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

Provision 6.4
Engagement of remuneration consultants

The RC will be provided with access to expert professional advice on remuneration matters as and when necessary. The expense of such services shall be borne by the Company. For financial year ended 31 January 2022, the RC did not engage expert professional advice.

LEVEL AND MIX OF REMUNERATION

PRINCIPLE 7
The level and structure of remuneration of the Board and key management personnel are appropriate and proportionate to the sustained performance and value creation of the company, taking into account the strategic objectives of the company.

Provision 7.1
Remuneration of Executive Directors and Key Management Personnel

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

The Executive Directors' remuneration comprises salary, bonus, allowances and benefits which are governed by employment contracts entered into with the Company. The key management personnel are paid a fixed monthly salary and bonus based on their operating unit performance and their individual performance. The performance conditions were met in financial year ended 31 January 2022.

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

Provision 7.2
Remuneration of Non-Executive Directors

Non-Executive Directors do not have service agreements with the Company and receive only Directors' fees. Directors' fees are set in accordance with a remuneration framework comprising basic fees and committee fees. The RC has reviewed the fee structure for Non-Executive Directors as being reflective of their responsibilities and work commitments and recommends the Directors' fee for financial year ended 31 January 2022. The Company will submit the quantum of Directors' fee of each year to the shareholders for approval at each AGM and they are paid upon the conclusion of the AGM.

Provision 7.3
Appropriate remuneration to attract, retain and motivate key management personnel and directors

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

DISCLOSURE ON REMUNERATION

PRINCIPLE 8
The company is transparent in its remuneration policies, level and mix of remuneration, the procedure for setting remuneration, and the relationships between remuneration, performance and value creation.

Provision 8.1
Remuneration Report

The breakdown of the level and mix of remuneration of each Director and the top five key executives for the financial year ended 31 January 2022 are set out below. A significant portion of key executives' remuneration is linked to corporate and individual performance. Directors' remuneration are disclosed fully on a named basis in bands of $250,000 each.

	Directors' Fee [1]	Salary (annual)	Bonus (annual)	CPF/ Super-annuation	Allowances/ Benefits (annual)	Total
Directors						
$750,001 to $1,000,000						
Dato' Marco Low Peng Kiat	–	720,000	150,000	3,600	111,059	984,659
Low Keng Boon	–	720,000	150,000	7,650	70,274	947,924
$500,001 to $750,000						
Alvin Teo Poh Kheng	–	445,909	112,500	15,300	37,291	611,000
$250,001 to $500,000						
Low Poh Kuan	–	288,000	60,000	17,340	74,532	439,872
Below $250,001						
Jimmy Yim Wing Kuen	65,000	–	–	–	–	65,000
Chris Chia Woon Liat	50,000	–	–	–	–	50,000
Michael Leong Choon Fai	50,000	–	–	–	–	50,000
Cheo Chai Hong	50,000	–	–	–	–	50,000

Key Executives						
$250,001 to $500,000						
Lee Yoon Moi	–	79%	16%	2%	3%	100%
Chin Yeok Yuen	–	78%	16%	2%	4%	100%
Low Chin Han	–	64%	13%	–	23%	100%
Low Poh Kok	–	79%	17%	–	4%	100%
Riaz Mahmood	–	86%	–	8%	6%	100%

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

The aggregate total remuneration paid to the top five key management personnel (who are not directors or the Managing Director) is $1,788,595.

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

Notes:

(1) Directors' fee proposed for 2021/2022.

Provision 8.2
Remuneration of employees who are substantial shareholders or immediate family members of a substantial shareholder, Director or the Managing Director

Remuneration of Immediate Family Members of Directors or Managing Director

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

	Relationship to Substantial Shareholder/ Directors/ Managing Director	**Designation in the Company**
$100,001 to $200,000		
Steven Low Chee Leong	Son of Mr Low Keng Boon Cousin of Dato' Marco Low Peng Kiat and Mr Low Poh Kuan	Head, Safety Department

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

Provision 8.3
Employee Share Scheme

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

RISK MANAGEMENT AND INTERNAL CONTROLS

PRINCIPLE 9
The Board is responsible for the governance of risk. The Board should ensure that Management maintains a sound system of risk management and internal controls to safeguard shareholders' interests and the company's assets and should determine the nature and extent of the significant risks which the Board is willing to take in achieving its strategic objectives.

Provision 9.1
Risk Management and Internal Controls Systems

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

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

The main risks arising from the Group's business and financial instruments are operational and financial risks. Operational risk is inherent in all business activities. To minimize such a risk, the Group has put in place a QEHS (Quality, Environmental, Occupational Health and Safety) system for the construction business and an operating manual for the hotel business. Senior management adopts a proactive and "hands-on" approach in managing and supervising the Group's business. In addition, the Group has taken comprehensive insurance policies to cover unexpected events and losses. Where necessary, the Group engages external consultants and experts to assist in the operations.

The AC reviews and the Board endorses the Company's levels of risk tolerances and risk policies taking into account the Company's strategic and business objectives. The Board is responsible for ensuring that Management designs, implements and monitors the risk management and internal control systems to safeguard shareholders' investments and the assets of the Group.

Internal Controls

The Group has a system of internal controls designed to provide reasonable assurance that proper accounting records are maintained, the Group's assets are safeguarded and that financial information used for financial reporting is reliable.

The AC has reviewed the effectiveness of the Group's internal control system in the light of key business and financial risks affecting its business.

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

Provision 9.2
Assurances from the Executive Chairman, Managing Director and the Chief Financial Officer

For the financial year ended 31 January 2022, the Board has received assurance from Executive Chairman, Managing Director and the Chief Financial Officer that the financial records have been properly maintained and the financial statements give a true and fair view of the Group's operations and finances, and on the effectiveness of the Group's risk management and internal controls system.

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

Based on the internal controls currently in place, the work undertaken by the internal and external auditors, the assurances from Executive Chairman, Managing Director and Chief Financial Officer as well as reviews by the AC and the Board, the Board, is of the opinion that the Group's internal financial, operational, information technology and compliance controls and its risk management systems are adequate and effective as at 31 January 2022. The AC concurs with the Board's opinion based on their reviews of audit findings on internal controls and risks with the internal and external auditors.

The Board is also of the opinion that the Group's risk management and internal control systems provide reasonable but not absolute assurance that the Group will not be adversely affected by the occurrence of material errors, poor judgment in decision-making, human error, losses, fraud or other irregularities or other events arising from the business environment which the Group operates in.

AUDIT COMMITTEE

Principle 10
The Board has an Audit Committee which discharges its duties objectively.

Provisions 10.1 and 10.2
Audit Committee

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

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

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

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

Roles, Responsibilities and Authorities of AC

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

The AC meets periodically to perform the following functions: -

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

- oversees internal audit;
- reviews interested person transactions between the Group and interested persons; and
- reviews whistle-blowing policy.

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

Interested Person Transactions

The Company records and reports interested person transactions which are subject to review by the AC to ensure that they were conducted on normal commercial terms. Details of interested person transactions during the year under review pursuant to the SGX-ST Listing Manual are as follows:-

Name of interested person	**Nature of relationship**	**Aggregate value of all interested person transactions during the financial year under review (excluding transactions less than $100,000 and transactions conducted under shareholders' mandate pursuant to Rule 920)**	**Aggregate value of all interested person transactions conducted under shareholders' mandate pursuant to Rule 920 (excluding transactions less than $100,000)**
Binakawa Sdn. Bhd. ("BSB")	Subsidiary of Consistent Record Sdn. Bhd.	(A) Loan to :- (1) BSB **$920,181**	N/A
Hawkeye Security Solutions Pte. Ltd. ("HSSPL")	Daughter and son- in-law of Executive Chairman, Mr Low Keng Boon	(B) Provision of Security Services by (1) HSSPL **$253,971**	N/A

Independence of External Auditors

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

The AC noted that the aggregate amount of audit fees paid and payable by the Group to the external auditors for financial year ended 31 January 2022 was $$177,900, of which audit fees amounted to $165,900 and non-audit fees amounted to approximately $12,000.

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

Whistle-Blowing Policy

The Company has set up a Whistle Blowing Policy. The Board believes that effective whistle blowing arrangements will act as a deterrent to malpractice and wrongdoing, encourage openness, promote transparency, underpin the risk management systems of the Group and enhance its reputation. The policy had been circulated to all employees for implementation. It has been put in place to encourage and provide a channel to employees and any other persons to report, in good faith and in confidence, concerns about possible fraud, improprieties in financial reporting or other matters. The objective of such an arrangement is to ensure independent investigation of such matters and for appropriate follow-up action.

The AC has the responsibility of overseeing this policy which is administered with the assistance of the Chief Financial Officer. The AC is able to act independently to take such action as may be necessary to address the concerns raised and has the authority to instruct any Senior Management staff to assist or co-operate in such action.

All whistleblowing reports will be handled confidentially, except as necessary or appropriate to conduct investigation and to take remedial action, in accordance with the applicable law and regulations. In this regard, the identity of the whistleblower making the allegation will be kept confidential and confined to disclosures on a need-to-know basis to the AC, the investigating team, the Board of Directors of the Company; and any party to whom the identity of the whistleblower is required to be disclosed by law.

The Company will not tolerate the harassment or victimisation of anyone reporting a genuine concern. Furthermore, no person should suffer reprisal as a result of reporting a genuine concern, even if he/she turns out to be mistaken. While this Policy is meant to protect the Whistleblower from any unfair treatment, it strictly prohibits malicious, frivolous and untrue complaints made in bad faith. Whistleblowers that report in bad faith may be subject to internal disciplinary actions and legal action if deemed necessary.

Provision 10.3
Partners or Directors of the Company's Auditing Firm

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

Provision 10.4
Internal Audit Function

The Company outsourced the Group's internal audit to Mckell Risk Management Pte. Ltd., an internal audit & risk advisory firm. The AC is satisfied that the internal audit function is adequately resourced to carry out its function. The Group Internal Auditor reports directly to the AC on internal audit matters. The Group Internal Auditor has unfettered access to all the Company's documents, records, properties and personnel, including unrestricted direct access to the AC. The Group Internal Auditor has confirmed their independence to the AC.

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

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

Adequacy and Effectiveness of Internal Audit Function

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

Provision 10.5
Meeting with external and internal auditors without presence of the Management

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

The auditors confirmed during the AC meeting that there was no significant disagreements with management and non-compliance of accounting standards and internal controls during the audit.

SHAREHOLDER RIGHTS AND RESPONSIBILITIES

PRINCIPLE 11
The company treats all shareholders fairly and equitably in order to enable them to exercise shareholders' rights and have the opportunity to communicate their views on matters affecting the company. The company gives shareholders a balanced and understandable assessment of its performance, position and prospects.

Provision 11.1
Providing Opportunity for Shareholders to Participate and Vote at General Meetings

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

The notices of the general meetings are dispatched to shareholders, together with explanatory notes at least 14 clear days before each meeting. The notice is also advertised in a national newspaper. The Board welcomes questions from shareholders who have an opportunity to raise issues either formally or informally during, before or after the general meeting.

Shareholders are encouraged to attend the AGM and other general meetings of the Company to ensure a high level of accountability and to stay informed of the Group's development. The general meetings are the principal forum for dialogue with shareholders. Shareholders can vote in person or by way of proxy at the general meetings. Shareholders will be briefed by the Company on the voting procedures at general meetings.

All resolutions at general meetings are put to vote by electronic poll. Voting and vote tabulation procedures are disclosed at the general meetings. A scrutineer is appointed to scrutinize the voting process. Votes cast for, or against, each resolution will be read out at shareholders immediately after vote tabulations. The total numbers of votes cast for or against the resolutions are also announced after the general meetings via SGXNET.

In view of the COVID-19 situation, the AGM in 2021 was held by electronic means pursuant to the COVID-19 (Temporary Measures) (Alternative Arrangements for Meetings for Companies, Variable Capital Companies, Business Trusts, Unit Trusts and Debenture Holders) Order 2020. Alternative arrangements relating to attendance at the AGM via electronic means (including arrangements by which the meeting can be electronically accessed via live audio-visual webcast or live audio only stream), publication of notice of AGM via SGXNET and dispensation with publication in the newspaper, submission of questions in advance of the AGM, addressing of substantial and relevant questions at, or prior to, the AGM and voting by appointing the Chairman of the Meeting as proxy at the AGM, were put in place for that AGM. The Company will be conducting the forthcoming AGM in similar manner.

Provision 11.2
Separate Resolutions at General Meetings

The Board will set separate resolutions at general meetings on each distinct issue. Each item of special business included in the notice of the meeting is accompanied, where appropriate, by an explanation for the proposed separate resolution relating to the said item. For resolutions on the election or re-election of directors, information on the Directors as set out in Appendix 7.4.1 of the Listing Manual are given on pages 208 to 211 in this Annual Report.

Provision 11.3
Attendance of Directors and Auditors at General Meetings

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

In 2021, the Company held one general meeting, namely the AGM, which was attended by all the Directors.

Provision 11.4
Absentia Voting

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

In view of the COVID-19 situation, the AGM in 2021 was held by electronic means under the COVID-19 Order, where shareholders appointed the Chairman of the Meeting as their proxy. The Company will be adopting similar electronic voting means in the forthcoming AGM.

Provision 11.5
Minutes of General Meetings

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

Provision 11.6
Dividend

For financial year ended 31 January 2022, the Board has proposed a first and final tax exempt (one-tier) dividend of 2.0 cents at the forthcoming AGM for Shareholders' approval. The Company does not have a policy on payment of dividend. The Board will consider the Group's level of cash and bank balances and retained earnings and projected capital expenditure and investments before proposing a dividend.

ENGAGEMENT WITH SHAREHOLDERS

PRINCIPLE 12
The company communicates regularly with its shareholders and facilitates the participation of shareholders during general meetings and other dialogues to allow shareholders to communicate their views on various matters affecting the company.

Provision 12.1
Avenues for Communication between the Board and Shareholders

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

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

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

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

Provisions 12.2 and 12.3
Investor Relations

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

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

ENGAGEMENT WITH STAKEHOLDERS

PRINCIPLE 13
The Board adopts an inclusive approach by considering and balancing the needs and interests of material stakeholders, as part of its overall responsibility to ensure that the best interests of the company are served.

Provisions 13.1 and 13.2
Engage with its Material Stakeholder Groups

The Group's material stakeholders are its shareholders, customers, employees, business partners and the community and the Company engages with them through its sustainability initiatives and corporate social responsibility programmes as set out in its Sustainability Report for financial year ended 31 January 2022 in this Annual Report.

Please refer to the Sustainability Report for details. In compliance with new Listing Rules that take effect from 1 January 2022, the sustainability reporting process will be subject to internal review for the financial year ended 31 January 2023 and the Directors will undergo training in sustainability matters as prescribed by SGX-ST.

Provision 13.3
Corporate Website to Communicate and Engage with Stakeholders.

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

OTHER MATTERS SECURITIES TRANSACTIONS

The Company has adopted and implemented a policy on dealings in the securities that is in accordance with Rule 1207(19) of the Listing Manual. Under this policy, Directors, Management and accounting staff have been prohibited from dealing in the Company's shares one month before the releases of the half year and full year financial statements and at any time while in possession of any unpublished material price-sensitive information. Directors and officers are required to comply with and observe the laws on insider trading even if they trade in the Company's Securities outside the prohibited periods. They are discouraged from dealing in the Company's Securities on short-term considerations and should be mindful of the laws on insider trading.

The Company has complied with the best practice pursuant to Listing Rule 1207(19)(c) in not dealing in its own securities during the restricted trading periods.

MATERIAL CONTRACTS

Save as those contracts disclosed, there was no material contracts entered into by the Company or any of its subsidiary companies involving the interest of the Executive Chairman, any Director, or controlling shareholder.

SUSTAINABILITY REPORT

For the financial year ended 31 January 2022

The Sustainability Report ("SR") of Low Keng Huat (Singapore) Limited ("LKHS" or the "Company", and together with its subsidiaries, the "Group") for the financial year ended 31 January 2022 ("FY2022") continues to provide an overview of the Group's approach and performance in integrating sustainability into its strategies, policies and operations. The Company hopes to share its sustainability commitment with its various stakeholders, including investors, customers, managing agents, contractors, the community and government through this report that has been prepared in accordance with the Singapore Exchange Securities Trading Limited Listing Rules 711A and 711B.

1. Reporting Scope

The reporting scope of this SR includes the major business segments of the Group as outlined in the list shown below:

Business Segments		Managing Agents	Group Entities	Covid-19 Health Protocols	ESG Topics	Sustainability practices
Property Development	Klimt Cairnhill	Low Keng Huat (Singapore) Limited (Main Contractor)	Low Keng Huat (Singapore) Limited	LKHS Safe Management Measures Plan	Health & Safety Energy, Wastes & Water Management	No material changes from prior year disclosure except new updates on Covid-vaccination policy applicable for all business segments.
	Dalvey Haus		Dalvey Breeze Development Pte Ltd			
Serviced Apartments	Citadines Balestier Singapore ("CBS")	The Ascott Group ("Ascott")	Balestier Tower Pte Ltd	Ascott Flu Pandemic Contingency Plan	Health & Safety Energy & Water Management	
Property Investment (Managed Buildings)	Paya Lebar Square Retail Mall ("PLS")	CBRE	Paya Lebar Square Pte Ltd	CBRE Pandemic Response Plan	Health & Safety Energy Management	Duxton Hotel Perth had started to implement its Covid-19 health and safety directives according to the Infection Prevention and Control guidelines [See Note 1 below for the full title] issued by the Western Australia government
	BT Centre ("BTC")	CBRE & Ascott	Balestier Tower Pte Ltd	CBRE Pandemic Response Plan	Health & Safety Wastes Management	
	West Gate Tower ("WTG") (LKHS sold its 100% stake in WGT on 30 June 2021)	CBRE	Westgate Commercial Pte Ltd Westgate Tower Pte Ltd	CBRE Pandemic Response Plan	Health & Safety Energy & Water Management	
Hotel Management	Duxton Hotel Perth	Narymal Pty Ltd	Amuret Pty Ltd, a 75%-owned subsidiary of the Group	Duxton Hotel Policy	Health & Safety	

Note 1: Infection Prevention and Control guidelines for non-state quarantine facilities providing accommodation for guests in quarantine or isolation.

1. Reporting Scope (Cont'd)

The report was prepared using the Global Reporting Initiative ("GRI") Reference Claims basis with the application of the following topics specific GRI Standards:

ESG Topics	GRI Standards
Health & Safety	GRI 403: Occupational Health & Safety 2018: Disclosure 403-1 to 403-10
Energy Management	GRI 302: Energy 2016: Disclosure 302-1 to 302-3
Wastes Management	GRI 306: Wastes 2020: Disclosure 306-1 to 306-5
Water Management	GRI 303: Water and Effluents 2018: Disclosure 303-1 and 303-5

2. Covid-19 Updates

Ever since the Covid-19 outbreak in 2020, the Group has been keeping strong pace in rendering a concerted effort with its business stakeholders to continually monitor the pandemic situation in Singapore and internationally to ensure that a high standard of Covid-19 health and safety measures will continue to be maintained for the operations of its local and overseas business segments to keep its employees, tenants, customers, contractors and the communities safe as its top priority.

2.1 Service Residence and Retail Malls

At CBS, staff were required to take weekly Antigen Rapid Test (ART) under supervision in accordance with Singapore Tourism Board's (STB) guidelines and 100% of the staff headcounts had achieved full vaccination status by September 2021. Starting 1 February 2022, guests and visitors will only be given access to the rooms in the service apartments if they fully meet the requirements set out in the 'Vaccination-Differentiated Safe Management Measures (VDS) for Hotels' released and administered by STB.

Staff of retail tenants and service providers at PLS and BTC were required to be at least partially vaccinated or having a negative PET result before they were permitted entry into the retail malls. Starting 1 Feb 2022, all unvaccinated or partially vaccinated staff will not be allowed entry into the retail malls even if they had negative PET result.

From January 2022 onward, all unvaccinated members of public were not allowed entry into PLS and BTC even if they had negative PET result except for those visitors seeking medical appointment, unvaccinated persons who have recovered from Covid-19 and children below 12 as prescribed in the 'Vaccination-Differentiated Safe Management Measures at Malls and Large Standalone Stores'.

2.2 Property Development

At the construction sites for the development of Klimt Cairnhill and Dalvey Haus, the Company has put in place mandatory vaccination policy and regular testing regime during the year for all site workers according to the Ministry of Manpower's (MOM) updated vaccination policies for construction worksites. The Company will continue to ensure strict adherence to all the latest issues of the worksite safe management measures (SMMs) and only allow cleared personnel to access the sites at all times.

2.3 Hotel Management

As the COVID-19 cases in Western Australia (WA) have started to pick up during the year due to the Omicron variant, the WA's Department of Health has mandated that all hospitality workers must have the third dose of approved vaccination. At Duxton Hotel Perth, the management team has put in place the following mandated vaccination policy and Covid-19 health and safety measures according to the WA government's Infection Prevention and Control guidelines:

- All hotel staff are required to be fully vaccinated according to the requirements set out by the WA government. As at 31 January 2022, all staff at Duxton Hotel had received at least two doses of the approved vaccines and will complete the third dose by April 2022.

- All patrons above 16 years of age, contractors, suppliers and hotel partners are being advised that they are required to be at least double vaccinated to be proven by way of a digital certificate before they may be permitted to enter the hotel premises. Isolation protocols and testing will apply to patrons who are confirmed Covid-19 positive cases during their stay in the hotel.

- In accordance with the mandate of the WA Government, every person within the hotel premises is required to wear a mask except when eating or drinking.

Community Engagement

Paya Lebar Square Pte Ltd, a fully owned subsidiary of the Group, formed the Paya Lebar Central Partnership ("PLCP") in August 2021 with Lendlease and SingPost in setting the direction forward for greater liveability and interconnectedness with diverse community spaces for the Paya Lebar Central precinct under the Urban Redevelopment Authority's (URA) pilot Business Improvement District (BID) programme launched in 2017. The BID programme aims to support the efforts of precinct stakeholders in the private sector in transforming public spaces into vibrant community spaces across Singapore.

LKHS management considers the PLCP as an exciting opportunity for the Group to collaborate with fellow stakeholders to make Paya Lebar Central a place of attractive business and lifestyle destination with a strong sense of community, and at the same time able to support various national social and environmental initiatives as part of the Group's sustainability efforts and action plans. For instance, the PLCP will focus on three domains consisting of active living, cultural diversity and sustainability having the 'Eco Change Agents as one of its central themes which is in strong coherence with two of the five pillars of the Singapore Green Plan 2030, namely 'Sustainability Living' and 'City in Nature' seeking to transition the nation into a more sustainable future.

The Group will continue to support the PLCP in its community building initiatives that encourages environmental stewardship and enhance landscaped green spaces for residents and visitors in the Paya Lebar Central district.

Performance Data

Our Sustainability Committee had assessed the sustainability performance of financial year 2022 in relation to the material ESG factors against their 2022 targets, and including the development of 2023 targets in below schedule:

1. Health & Safety							
ESG Factors	**Business Segment**	**Unit of Measurement**	**FY2020**	**FY2021**	**FY2022**	**FY2022**	**FY2023**
			Actual	**Actual**	**Actual**	**Target**	**Target**
Accident Incident	Managed Buildings	Number	Nil	Nil	Nil	Nil	Nil
Workplace Injury		Number	Nil	Nil	1	Nil	Nil
Fatalities		Number	Nil	Nil	Nil	Nil	Nil
Occupational Diseases - General		Number	Nil	Nil	Nil	Nil	Nil
Occupational Diseases - Covid-19		Number	Not reported prior to 2021	Nil	Nil	Nil	Nil
Accident Incident	Property Development	Number	Nil	Nil	Nil	Nil	Nil
Workplace Injury		Number	Nil	Nil	1	Nil	NA
Fatalities		Number	Nil	Nil	Nil	Nil	NA
Occupational Diseases - General		Number	Nil	Nil	Nil	Nil	NA
Occupational Diseases - Covid-19		Number	Not reported prior to 2021	Nil	24	Nil	Nil
Accident Incident	Hotel Management	Number	Not reported prior to 2021	Nil	Nil	Nil	Nil
Workplace Injury		Number	Not reported prior to 2021	Nil	Nil	Nil	Nil
Fatalities		Number	Not reported prior to 2021	Nil	Nil	Nil	Nil
Occupational Diseases - General		Number	Not reported prior to 2021	Nil	Nil	Nil	Nil
Occupational Diseases - Covid-19		Number	Not reported prior to 2021	Nil	Nil	Nil	Nil

Performance Data (Cont'd)

ESG Factors	Business Segment	Unit of Measurement	FY2020 Actual	FY2021 Actual	FY2022 Actual	FY2022 Target	FY2023 Target
2. Energy Management							
Energy Usage	Property Development	KWh/sqm GFA	5.5 KWh/sqm	Nil	17.10 KWh/sqm	16.95 KWh/sqm	17 KWh/sqm
	Managed Buildings	MWh	11,556	11,471	8,882	12,701	7,176
3. Water Management							
Water Consumption	Property Development	m3/sqm GFA and m3	Not reported prior to 2021	Nil	1.2 m3/sqm	0.38 m3/sqm	1.00 m3/sqm
	Managed Buildings (WGT and Balestier Tower)		45,696	44,988	26,462	49,197	16,556
4. Wastes Management							
Wastes Disposed	Property Development	kg/sqm GFA	4.3kg/sqm	Nil	12.19 kg/sqm	74 kg/sqm	74 kg/sqm
	Managed Building (Balestier Tower)	kg	Not reported prior to 2021	63,800	81,030	63,000	68,000

Performance Variances

Period	ESG Factors	Performance Variance Analysis	
2022 Actual vs 2022 Target	**Health & Safety**	**Managed Buildings:** 1 injury incident. **Property Development:** 24 Covid positive cases and 1 injury incident	**(i)** **CBS:** A minor injury sustained during the course of maintenance work at the service apartments. Remedial measures such as provision of standing supervision and arranging in-house technicians to attend safety training programme and refresher course on an ongoing basis. **(ii)** **Property Development:** Total of 24 Covid positive cases, out of an estimated 16K and 17K onsite man-days per year for Klimit Cairnhill (9.1% completion) and Dalvey Haus (39.2% completion) respectively, were detected through daily testing procedure at the dormitory before the commencement of works. The workers were immediately transferred to quarantine facilities according to the stringent isolation protocols in force. The 24 workers were all fully vaccinated at the time of their infection and none had suffered severe illnesses that required hospitalization. By the date of this report, the 24 workers had since recovered and returned to work after completing the full term of their quarantine. A minor injury incident due to deteriorating condition of work items used at the construction site. Remedial measures such as putting in place the requirement to check on the conditions of items before their use and the provision of standing supervision.

Performance Variances (Cont'd)

Period	ESG Factors	Performance Variance Analysis	
2022 Actual vs 2022 Target (Cont'd)	**Energy Usage**	**Managed Buildings:** 3,819 MWh (-30%) reduction. **Property Development:** Negligible variation.	**(i)** **PLS:** Lower energy usage (-368 MWh) due to reduced traffic to the retail mall in response to safe distancing measures. **(ii)** **WGT:** Significant reduction in energy usage of 3,432 MWh was mainly the unused portion of energy usage relating to period from July 2021 to Jan 2022 in the target as LKHS had sold its 100% stake in Westgate Commercial Pte Ltd and Westgate Tower Pte Ltd on 30 June 2021. **(iii)** **Balestier Tower:** Slight decrease of 19 MWh due to ongoing electricity saving initiatives.
	Water Consumption	**Managed Buildings:** 22,735 m3 (-46%) reduction. **Property Development:** 1 m3/sqm increase.	**(i)** **WGT:** Significant reduction in water consumption of 22,849 m3 was mainly the unused portion of water usage relating to period July 2021 - Jan 2022 in the target as LKHS had sold its 100% stake in Westgate Commercial Pte Ltd and Westgate Tower Pte Ltd on 30 June 2021. **(ii)** **Balestier Tower:** Slight increase of 114 m3 due to increase in cleaning schedule to uphold hygiene for guests at CBS. **(iii)** **Property Development:** Slight increase in water consumption due to the building of Construction Temporary Quarters (CTQ) for site workers and extension of the excavation durations as part of the piling works for Klimt Cairnhill.
	Wastes Disposed	**Managed Buildings:** 18,030 kg (+29%) increase. **Property Development:** 62 kg/sqm GFA reduction.	**(i)** **Balestier Tower:** Increase in disposed wastes due to higher retail occupancy rate for BTC and increased occupancy at CBS due to the high turnover for SHN short stay from February 2021 to July 2021. **(ii)** **Property Development:** Lesser waste disposal by 62 Kg/sqm GFA due to the delay of piling work for Klimt Cairnhill.

Performance Variances (Cont'd)

Period	ESG Factors	Performance Variance Analysis	
2022 Actual vs 2023 Target	**Energy Usage**	**Managed Buildings:** 1,706 MWh (-19%) reduction. **Property Development:** Negligible variation.	**(i) PLS:** Reset energy usage level to 5,800 MWh (+268 MWh) as retail mall traffic is expected to pick up in 2023 due to the anticipated easing of safe distance measures. **(ii) WGT:** Significant reduction of 1,956 MWh was mainly the amount excluded from the 2023 target as Westgate Commercial Pte Ltd and Westgate Tower Pte Ltd were sold off on 30 June 2021. **(iii) Balestier Tower:** Reduction of 19 MWh (1.36%) due to the implementation of the Sustainability Master Plan (SMP) applicable to all managed buildings under Ascott. The SMP requires a total reduction of 15% in energy consumption from 2019 to 2030 i.e. a minimum average year-on-year targeted saving at 1.36% during the 10-year period.
	Water Consumption	**Managed Buildings:** 9,906 m3 (-37%) reduction.	**(i) WGT:** Significant reduction of 9,678 m3 was mainly the amount excluded from the 2023 target due to the disposal of 100% stake in Westgate Commercial Pte Ltd and Westgate Tower Pte Ltd on 30 June 2021. **(ii) Balestier Tower:** Reduction of 227 m3 (-1.36%) due to the implementation of the Sustainability Master Plan (SMP) applicable to all managed buildings under Ascott. The SMP requires a total reduction of 15% in water consumption from 2019 to 2030 i.e. a minimum average year-on-year targeted saving at 1.36% during the 10-year period.

Performance Variances (Cont'd)

Period	ESG Factors	Performance Variance Analysis	
2022 Actual vs 2023 Target (Cont'd)	*Wastes Disposed*	**Managed Buildings:** 13,030 kg (-16%) decrease **Property Development:** 62 kg/sqm GFA increase.	**(i)** **Balestier Tower:** Wastes disposal targets in FY2023 is expected to fall below 2022 actual quantities by 13,030 kg due to lower occupancy to be expected at CBS in 2023 in view of the quarantine-free travel which will take effect from 22 Feb 2022. **(ii)** **Property Development:** Reset to 74 kg/sqm GFA for 2023.

Board Statements

At the Board level, sustainability corporate practices are rigorously assessed and cascaded throughout the organization to ensure they are incorporated in the Group's strategy and business objectives so as to deliver long-term economic value to our stakeholders as well as to contribute to the environmental and social well-being of both local and overseas communities where our business segments operate.

In the coming years, the Board will continue to work with our management teams to focus on the assessment of sustainability-related issues, risks and opportunities, and work with our business stakeholders in strengthening our health and safety measures to tide over the present and future Covid-19 challenges across our properties and business segments to keep all our personnel and the communities safe.

DIRECTORS' STATEMENT

For the financial year ended 31 January 2022

The Directors present their statement to the members together with the audited financial statements of the Group for the financial year ended 31 January 2022 and the statement of financial position of the Company as at 31 January 2022.

In the opinion of the directors,

(a) the consolidated financial statements of the Group and the statement of financial position of the Company are drawn up so as to give a true and fair view of the financial position of the Group and of the Company as at 31 January 2022 and the financial performance, changes in equity and cash flows of the Group for the financial year ended on that date in accordance with the provisions of the Singapore Companies Act 1967 and Singapore Financial Reporting Standards (International); and

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

The Board of Directors has, on the date of this statement, authorised these financial statements for issue.

Names of Directors

The directors of the Company in office at the date of this statement are:

Low Keng Boon
Dato' Marco Low Peng Kiat
Low Poh Kuan
Alvin Teo Poh Kheng (appointed on 5 April 2021)
Jimmy Yim Wing Kuen
Chris Chia Woon Liat
Michael Leong Choon Fai
Cheo Chai Hong

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

Arrangements to enable directors to acquire shares and debentures

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

For the financial year ended 31 January 2022

Directors' interest in shares or debentures

According to the Register of Directors' Shareholdings kept by the Company under Section 164 of the Singapore Companies Act 1967, none of the Directors who held office at the end of the financial year had any interest in the shares or debentures of the Company or its related corporations, except as follows:

	Holdings registered in the name of director or nominee		**Holdings in which a director is deemed to have an interest**	
Name of director	As at 1.2.2021 or date of appointment whichever is later	**As at 31.1.2022**	As at 1.2.2021 or date of appointment whichever is later	**As at 31.1.2022**
	Number of ordinary shares			
The Company -				
Low Keng Huat (Singapore) Limited				
Low Keng Boon	52,773,806	**52,773,806**	23,000,000	**23,000,000**
Dato' Marco Low Peng Kiat	300,000	**300,000**	399,945,345	**399,945,345**
Low Poh Kuan	1,998,000	**1,998,000**	–	**–**
Alvin Teo Poh Kheng	–	**–**	2,500,000	**3,988,000**
Jimmy Yim Wing Kuen	–	**–**	320,000	**320,000**
Michael Leong Choon Fai	100,000	**100,000**	–	**–**
	Number of ordinary shares of RM1.00 each			
Ultimate holding company -				
Consistent Record Sdn. Bhd.				
Dato' Marco Low Peng Kiat	16	**16**	16	**16**

Dato' Marco Low Peng Kiat, by virtue of the provisions of Section 7 of the Singapore Companies Act 1967, is deemed to have an interest in the whole of the issued share capital of all the wholly-owned subsidiaries of the Company and all the joint ventures and associate companies in which the Company has 20% or more equity interest.

There was no change in any of the above-mentioned interests in the Company between the end of the financial year and 21 February 2022.

Share option scheme

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

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

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

Audit Committee

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

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

The Audit Committee performs the functions set out in Section 201B(5) of the Singapore Companies Act 1967, the SGX Listing Manual and the Code of Corporate Governance. In performing these functions, the Audit Committee has met four times since the last Annual General Meeting and reviewed the following:

(i) overall scope of both the internal and external audits and the assistance given by the Company's officers to the auditors. It met with the Company's internal and external auditors to discuss the results of their respective examinations and their evaluation of the Company's system of internal accounting controls;

(ii) the audit plan of the Company's independent auditor and any recommendations on internal accounting controls arising from the statutory audit;

(iii) the quarterly financial information and the statement of financial position of the Company and the consolidated financial statements of the Group for the financial year ended 31 January 2022 as well as the auditor's report thereon;

(iv) effectiveness of the Company's material internal controls, including financial, operational and compliance controls and information technology controls and risk management systems via reviews carried out by the internal auditors;

(v) the auditors confirmed during the Audit Committee meeting that there was no significant disagreement with management and non-compliance of accounting standards and internal controls during the audit;

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

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

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

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

(x) reported actions and minutes of the Audit Committee to the Board of Directors with such recommendations as the Audit Committee considered appropriate; and

(xi) interested person transactions (as defined in Chapter 9 of the Listing Manual of the Singapore Exchange).

The Audit Committee has full access to management and is given the resources required for it to discharge its functions. It has full authority and the discretion to invite any director or executive officer to attend its meetings. The Audit Committee also recommends the appointment of the external auditor and reviews the level of audit and non-audit fees.

Audit Committee (Cont'd)

The Audit Committee is satisfied with the independence and objectivity of the external auditor and has recommended to the Board of Directors that the auditor, Foo Kon Tan LLP, be nominated for re-appointment as auditor at the forthcoming Annual General Meeting of the Company.

Full details regarding the Audit Committee are provided in the "Corporate Governance" section of the annual report.

In appointing our auditors for the Company, subsidiaries, associates and joint ventures, we have complied with Rules 712, 715 and 716 of the SGX Listing Manual.

Independent auditor

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

On behalf of the Directors

DATO' MARCO LOW PENG KIAT

LOW POH KUAN

Dated: 28 April 2022

INDEPENDENT AUDITOR'S REPORT

To the Members of Low Keng Huat (Singapore) Limited

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Low Keng Huat (Singapore) Limited ("the Company") and its subsidiaries ("the Group"), which comprise the consolidated statement of financial position of the Group and the statement of financial position of the Company as at 31 January 2022, and the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows of the Group for the financial year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements of the Group and the statement of financial position of the Company are properly drawn up in accordance with the provisions of the Singapore Companies Act 1967 ("the Act") and Singapore Financial Reporting Standards (International) ("SFRS(I)s") so as to give a true and fair view of the consolidated financial position of the Group and the financial position of the Company as at 31 January 2022 and the consolidated financial performance, consolidated changes in equity and consolidated cash flows of the Group for the financial year ended on that date.

Basis for Opinion

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

Key Audit Matters

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

Key audit matter	Risk	Our responses and work performed
Impairment of investment properties and property, plant and equipment [Notes 2(d), 2(e), 15 and 16]	As at 31 January 2022, the Group's investment properties and property, plant and equipment amounted to $293.7million and $308.1 million, respectively, (2021 - $314.5 million and $301.4 million, respectively) representing 20.3% and 21.3% respectively (2021 - 20.3% and 19.5% respectively) of the Group's total assets.	Our review of the impairment assessment included the following: ● we reviewed the Group's and the Company's investment properties and property, plant and equipment and discussed with management to determine where impairment indicators existed;

To the Members of Low Keng Huat (Singapore) Limited

Key Audit Matters (Cont'd)

Key audit matter	Risk	Our responses and work performed
Impairment of investment properties and property, plant and equipment [Notes 2(d), 2(e), 15 and 16] (Cont'd)	The Group's investment properties are mainly held by Balestier Tower Pte. Ltd. and Paya Lebar Square Pte. Ltd. The Group's property, plant and equipment are mainly held by the Company, Carnivore Brazilian Churrascaria Pte. Ltd., Amuret Pty Ltd, Paya Lebar Square Pte Ltd, Balestier Tower Pte. Ltd. and Perumal Development Pte. Ltd. Due to losses incurred by certain subsidiaries caused in part by the COVID-19 pandemic and the uncertain global economic environment, there is higher inherent risk relating to the impairment of non-financial assets. The Group engaged independent professional valuers (management's expert) to carry out valuations on the investment properties and property, plant and equipment based on the properties' highest-and-best use. These were performed on the basis of open market values to determine the fair value. The impairment testing performed on the Group's and the Company's non-financial assets is considered to be a key audit matter due to the significant judgement required in determining the assumptions to be used to estimate the recoverable amount of the cash-generating unit which the assets are allocated to, which is based on the higher of the value-in-use and fair value less costs of disposal.	Our review of the impairment assessment included the following (Cont'd): ● we read the terms of engagement of the management's expert with the Group to determine whether there were any matters that might have affected their objectivity or limited the scope of their work; ● we evaluated whether the management's expert had the necessary competence, capability and objectivity for the required purposes. The evaluation of objectivity included inquiry regarding interests and relationships that may create a threat to that expert's objectivity; ● we engaged an auditor's expert in assessing the appropriateness of the valuation methodologies, assumptions and reasonableness of estimates used by the management's expert; ● we performed sensitivity analysis over the assumptions, estimates and its measurement against source data and appropriate external sources, where appropriate; ● we assessed the competency, capability and objectivity of the auditor's expert; and ● we also considered the adequacy of the Group's and the Company's disclosures in relation to impairment of the investment properties and property, plant and equipment.

To the Members of Low Keng Huat (Singapore) Limited

Key Audit Matters (Cont'd)

Key audit matter	Risk	Our responses and work performed
Net realisable value of development properties [Notes 2(d), 2(e) and 10]	The Group has significant mixed development (comprises residential and commercial retail units) and residential development properties that are for sale in its core market - Singapore. As at 31 January 2022, the Group's development properties amounted to $$546.5 million (2021 - $622.0 million), representing 37.8% (2021 - 40.2%) of the Group's total assets. The Group's development properties are mainly held by Glopeak Development Pte. Ltd. and Perumal Development Pte. Ltd. The COVID-19 pandemic has led to heightened uncertainty inherent in estimating net realisable value of the development properties due to increased volatility in their selling prices because there is still significant uncertainty in the recovery trajectory of the economy in the near future. Development properties for sale are stated at the lower of their cost and their net realisable values. The determination of the estimated net realisable value of these development properties is critically dependent upon the Group's expectations of future selling prices. The Group engaged independent professional valuers to determine whether there was any need to write-down the value of development properties in accordance with SFRS(I) 1-2 *Inventories*. There is a possible risk of understatement of project costs where work has been completed up to certain stage but liabilities owing to contractors or suppliers have not been recorded up to that stage.	Our review of the net realisable value of development properties included the following: • we evaluated whether the management's expert has the necessary competence, capability and objectivity for the required purposes. The evaluation of objectivity included inquiry regarding interests and relationships that may create a threat to that expert's objectivity; • we engaged an auditor's expert in assessing the appropriateness of the valuation methodologies, assumptions and reasonableness of the key inputs used by the management's expert based on the residual approach considering key factors such as the land cost, gross development value, construction costs and estimated developer's profit and compared against externally available industry, economic and financial data, as appropriate; • we compared the management's expert underlying assumptions on estimated selling prices to market comparables and to recent prices for properties sold by the Group subsequent to the end of reporting period; • we performed sensitivity analysis over the assumptions, estimates and its measurement against source data and appropriate external sources, where appropriate;

To the Members of Low Keng Huat (Singapore) Limited

Key Audit Matters (Cont'd)

Key audit matter	Risk	Our responses and work performed
Net realisable value of development properties [Notes 2(d), 2(e) and 10] (Cont'd)	In addition, project costs may not be accurately or appropriately recorded.	• we evaluated the competency, capability, and objectivity of the auditor expert; and for development properties, we assessed the reasonableness of the estimated cost and additional cost accrued against relevant supporting documentation and, where the works were contracted to third parties, agreed to the contracts. We tested samples of items of the cost components to source documents to ascertain the existence and accuracy of the cost of the development properties; and • we considered the adequacy of the Group's disclosure about the uncertainties of the carrying values of the development properties.

Other Information

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

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

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

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

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

To the Members of Low Keng Huat (Singapore) Limited

Responsibilities of Management and Directors for the Financial Statements

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

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

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

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

To the Members of Low Keng Huat (Singapore) Limited

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

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

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

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

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

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

Report on Other Legal and Regulatory Requirements

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

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

Foo Kon Tan LLP
Public Accountants and
Chartered Accountants

Singapore, 28 April 2022

STATEMENT OF FINANCIAL POSITION

As at 31 January 2022

The Group	Note	**31 January 2022 $'000**	31 January 2021 $'000
ASSETS			
Current Assets			
Cash and cash equivalents	3	**119,929**	76,427
Fixed deposits	4	**7,473**	7,456
Trade and other receivables	6	**9,650**	8,467
Amount owing by non-controlling shareholders of subsidiaries (non-trade)	20(a)	**1,618**	957
Contract assets	8(a)	**24,829**	25,889
Contract costs	8(b)	**1,018**	332
Inventories	9	**406**	402
Development properties	10	**546,501**	621,980
		711,424	741,910
Non-Current Assets			
Financial assets at FVOCI	11	**13,458**	10,089
Trade and other receivables	6	**1,262**	496
Financial assets at FVPL	5	**15,708**	763
Joint ventures	12	**10,812**	89,364
Associate companies	13	**92,288**	89,099
Investment properties	15	**293,716**	314,475
Property, plant and equipment	16	**308,074**	301,413
Deferred tax assets	17	**201**	1,040
		735,519	806,739
Total assets		**1,446,943**	1,548,649
LIABILITIES			
Current Liabilities			
Trade and other payables	18	**29,859**	28,602
Amount owing to joint ventures (non-trade)	19	**253**	249
Amount owing to non-controlling shareholders of subsidiaries (non-trade)	20(b)	**1,350**	417
Contract liabilities	8(c)	**1,554**	–
Provision for directors' fee		**215**	215
Current tax payable		**5,711**	3,241
Borrowings	22	**63,431**	47,299
		102,373	80,023

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

STATEMENT OF FINANCIAL POSITION

As at 31 January 2022

The Group	Note	**31 January 2022 $'000**	31 January 2021 $'000
Non-Current Liabilities			
Trade and other payables	18	**3,106**	3,106
Amount owing to non-controlling shareholders of subsidiaries (non-trade)	20(b)	**–**	44,876
Provision	21	**28**	28
Borrowings	22	**654,745**	689,823
Deferred tax liabilities	17	**3,082**	3,082
		660,961	740,915
Total liabilities		**763,334**	820,938
NET ASSETS		**683,609**	727,711
EQUITY			
Capital and Reserves			
Share capital	23	**161,863**	161,863
Capital reserve	24(a)	**(30,214)**	(2,005)
Fair value reserve	25	**1,860**	(1,513)
Retained profits	24(b)	**540,127**	537,779
Currency translation reserve	26	**(2,563)**	(585)
		671,073	695,539
Non-controlling interests		**12,536**	32,172
Total equity		**683,609**	727,711

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

STATEMENT OF
FINANCIAL POSITION

As at 31 January 2022

The Company	Note	**31 January 2022 $'000**	31 January 2021 $'000
ASSETS			
Current Assets			
Cash and cash equivalents	3	**25,607**	36,326
Trade and other receivables	6	**3,072**	2,631
Amount owing by subsidiaries (non-trade)	7(a)	**2,230**	2,734
Contract assets	8(a)	**2,167**	4,117
		33,076	45,808
Non-Current Assets			
Financial assets at FVOCI	11	**1,267**	969
Trade and other receivables	6	**2,990**	718
Joint ventures	12	**10,797**	98,678
Subsidiaries	14	**675,433**	545,759
Investment properties	15	**–**	17,817
Property, plant and equipment	16	**4,788**	4,766
		695,275	668,707
Total assets		**728,351**	714,515
LIABILITIES			
Current Liabilities			
Trade and other payables	18	**13,580**	11,819
Amount owing to subsidiaries (non-trade)	7(b)	**12,944**	11,422
Provision for directors' fee		**215**	215
Current tax payable		**95**	95
Borrowings	22	**26,223**	9,707
		53,057	33,258
Non-Current Liabilities			
Borrowings	22	**3,602**	5,005
Total liabilities		**56,659**	38,263
NET ASSETS		**671,692**	676,252
EQUITY			
Capital and Reserves			
Share capital	23	**161,863**	161,863
Fair value reserve	25	**516**	214
Retained profits	24(b)	**509,313**	514,175
Total equity		**671,692**	676,252

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

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the financial year ended 31 January 2022

The Group	Note	**Year ended 31 January 2022 $'000**	Year ended 31 January 2021 $'000
Revenue	27, 38	**161,638**	73,351
Cost of sales	32	**(140,355)**	(60,909)
Gross profit		**21,283**	12,442
Other operating income	28(a)	**35,324**	7,419
Interest income	28(b), 38	**3,607**	5,200
Distribution costs		**(11,516)**	(5,263)
Administrative costs	29	**(9,427)**	(9,196)
Other operating expenses	30	**(8,433)**	(5,735)
Finance costs	31, 38	**(7,811)**	(9,151)
Share of results of joint ventures and associates	12, 13, 38	**(40)**	53,025
Profit before taxation	32	**22,987**	48,741
Taxation	33, 38	**(2,580)**	(869)
Total profit for the year		**20,407**	47,872
Other comprehensive (expense)/income after tax:			
Items that may be reclassified subsequently to profit or loss			
Exchange differences on translation of the financial statements of foreign entities (net of tax at Nil%)	26	**(1,978)**	3,468
		(1,978)	3,468
Items that will not be reclassified subsequently to profit or loss			
Fair value gain/(loss) on financial assets at FVOCI (net of tax at Nil%)	11, 25	**3,376**	(2,596)
Exchange differences on translation of the financial statements of foreign entities (net of tax at Nil%)		**(55)**	397
Other comprehensive income for the year, net of tax		**1,343**	1,269
Total comprehensive income for the year		**21,750**	49,141
Profit/(loss) attributable to:			
Owners of the parent		**20,815**	48,736
Non-controlling interests	38	**(408)**	(864)
		20,407	47,872
Total comprehensive income/(loss) attributable to:			
Owners of the parent		**22,213**	49,608
Non-controlling interests		**(463)**	(467)
		21,750	49,141
Earnings per share (cents)			
- Basic	34	**2.82**	6.60
- Diluted	34	**2.82**	6.60

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the financial year ended 31 January 2022

The Group	Share capital $'000	Capital reserve $'000	Fair value reserve $'000	Retained profits $'000	Currency translation reserve $'000	Total attributable to owners of the parent $'000	Non-controlling interests $'000	Total $'000
	← Attributable to equity holders of the Company →							
Balance at 1 February 2020	161,863	(2,005)	1,083	500,125	(4,053)	657,013	32,639	689,652
Profit/(loss) for the year	–	–	–	48,736	–	48,736	(864)	47,872
Other comprehensive (loss)/income for the year	–	–	(2,596)	–	3,468	872	397	1,269
Total comprehensive (loss)/income for the year	–	–	(2,596)	48,736	3,468	49,608	(467)	49,141
Dividends paid to owners of the parent [Notes 24(b) and 36]	–	–	–	(11,082)	–	(11,082)	–	(11,082)
Total transaction with owners, recognised directly in equity	–	–	–	(11,082)	–	(11,082)	–	(11,082)
Balance at 31 January 2021	161,863	(2,005)	(1,513)	537,779	(585)	695,539	32,172	727,711
Profit/(loss) for the year	**–**	**–**	**–**	**20,815**	**–**	**20,815**	**(408)**	**20,407**
Other comprehensive income/(loss) for the year	**–**	**–**	**3,376**	**–**	**(1,978)**	**1,398**	**(55)**	**1,343**
Total comprehensive income/(loss) for the year	**–**	**–**	**3,376**	**20,815**	**(1,978)**	**22,213**	**(463)**	**21,750**
Transfer upon disposal of financial assets at FVOCI	**–**	**–**	**(3)**	**3**	**–**	**–**	**–**	**–**
Dividends paid to owners of the parent [Notes 24(b) and 36]	**–**	**–**	**–**	**(18,470)**	**–**	**(18,470)**	**(943)**	**(19,413)**
Acquisition of non-controlling interest in a subsidiary	**–**	**(28,209)**	**–**	**–**	**–**	**(28,209)**	**(18,230)**	**(46,439)**
Total transaction with owners, recognised directly in equity	**–**	**(28,209)**	**(3)**	**(18,467)**	**–**	**(46,679)**	**(19,173)**	**(65,852)**
Balance at 31 January 2022	**161,863**	**(30,214)**	**1,860**	**540,127**	**(2,563)**	**671,073**	**12,536**	**683,609**

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

CONSOLIDATED STATEMENT OF CASH FLOWS

For the financial year ended 31 January 2022

The Group	Note	**Year ended 31 January 2022 $'000**	Year ended 31 January 2021 $'000
Cash Flows from Operating Activities			
Profit before taxation		**22,987**	48,741
Adjustments for:			
Share of results of joint ventures and associate companies		**40**	(53,025)
Depreciation of:			
- Investment properties	15,32	**4,149**	4,145
- Property, plant and equipment	16,32	**5,407**	5,581
Loss on disposal of property, plant and equipment	30,32	**55**	–
Gain on disposal of investment property	28(a),32	**(8,630)**	–
Gain on disposal of joint ventures	28(a),32	**(19,685)**	–
Gain on lease modification	28(a),32	**–**	(67)
Gain on lease termination		**(3)**	–
Government grant income	28(a),32	**(1,568)**	(5,309)
Rent concessions	28(a),32	**–**	(91)
Impairment loss/(reversal of impairment) on:			
- Property, plant and equipment	16,30,32	**48**	1,550
- Receivables	6,28(a),30,32	**(353)**	1,021
Impairment loss on investment properties	15,30,32	**1,902**	–
Impairment loss no longer required for:			
- Property, plant and equipment	16,28(a),32	**(3,391)**	–
Amortisation of contract costs	8(b)	**4,844**	1,537
Bad debts written off	30,32	**115**	–
Fair value loss on financial assets at FVPL	5,30,32	**3,480**	–
Property, plant and equipment written off	30,32	**335**	6
Dividend income from quoted equity investments	28(a),32	**(356)**	(193)
Finance costs	31	**7,811**	9,151
Interest income	28(b)	**(3,607)**	(5,200)
Operating profit before working capital changes		**13,580**	7,847
(Increase)/decrease in inventories		**(4)**	(22)
(Increase)/decrease in development properties		**75,479**	(9,082)
(Increase)/decrease in contract assets and contract costs		**(4,470)**	(24,963)
Increase/(decrease) in contract liabilities		**1,554**	(389)
(Increase)/decrease in operating receivables		**(1,176)**	(4,382)
Increase/(decrease) in operating payables		**1,725**	5,260
Cash generated from/(used in) operations		**86,688**	(25,731)
Income tax refunded/(paid)		**674**	(1,292)
Net cash generated from/(used) in operating activities		**87,362**	(27,023)
Balance carried forward		**87,362**	(27,023)

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

CONSOLIDATED STATEMENT OF CASH FLOWS

For the financial year ended 31 January 2022

The Group	Note	**Year ended 31 January 2022 $'000**	Year ended 31 January 2021 $'000
Balance brought forward		**87,362**	(27,023)
Cash Flows from Investing Activities			
Acquisition of property, plant and equipment	Note A	**(10,682)**	(7,886)
Acquisition of investment properties	15	**(30)**	(110)
Interest received		**251**	2,663
Decrease in fixed deposit with maturity more than three months		**–**	1,806
Cash receipt from associate's capital reduction	13	**–**	34,960
Redemption of principal of junior bonds		**–**	32,000
Dividend from quoted equity investments		**356**	168
Proceeds from disposal of financial asset @ FVOCI		**6**	–
Dividend from associate company	Note B	**–**	102
Advances and loans made to joint ventures and associate companies		**(1,178)**	(1,002)
Advances to non-controlling interests		**(661)**	–
Investment in financial asset at FVPL	5	**(19,043)**	(763)
Proceeds from disposal of joint ventures	Note C	**18,626**	–
Loan repayment from joint ventures and associate companies	Note C	**80,548**	2,000
Proceeds from disposal of investment properties		**22,776**	–
Proceeds from disposal of property, plant and equipment		**255**	152
Net cash generated from investing activities		**91,224**	64,090
Cash Flows from Financing Activities			
Dividends paid to:			
- Shareholders of the Company	36	**(18,470)**	(11,082)
Repayment of loans from non-controlling shareholders of subsidiaries	Note C	**(47,566)**	(2,700)
Government grant received		**1,568**	5,121
Bank borrowings:			
- Proceeds		**30,000**	46,978
- Principal paid		**(48,490)**	(52,500)
- Interest paid		**(6,900)**	(6,649)
Acquisition of non-controlling interests	14	**(44,625)**	–
Lease liabilities:			
- Principal paid		**(289)**	(248)
- Interest paid		**(63)**	(71)
Fixed deposit pledged		**(17)**	(63)
Net cash used in financing activities		**(134,852)**	(21,214)
Net increase in cash and cash equivalents		**43,734**	15,853
Cash and cash equivalents at beginning of year		**76,427**	59,477
Exchange differences on translations of cash and cash equivalents at beginning of year		**(232)**	1,097
Cash and cash equivalents at end of year	3	**119,929**	76,427

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

CONSOLIDATED STATEMENT OF CASH FLOWS

For the financial year ended 31 January 2022

A. Acquisition of property, plant and equipment

During the financial year, the Group acquired property, plant and equipment with an aggregate cost of $10,705,000 (2021 - $8,866,000). All additions were paid to suppliers of property, plant and equipment at the end of the financial year, except for leased assets. Cash payment of $10,682,000 (2021 - $7,886,000) were made to purchase property, plant and equipment.

B. Dividend from associate company

As stated in Note 13 to the accompanying financial statements, during the previous financial year, Perennial Shenton Investors Pte. Ltd. ("PSI"), an associate company of the Group had declared dividends amounting to $53,865,000 to the Group's subsidiary, Huatland Development Pte. Ltd. ("Huatland") following the completion of the sale of PSI's subsidiaries, Perennial Shenton Holding Pte. Ltd. ("PSH") and Perennial Shenton Properties Pte. Ltd. ("PSP") (collectively, the "PSH group") to PRE13 Pte. Ltd. ("PRE13") and Alibaba Singapore Holding Private Limited in equal shares. In the same period, PSI had carried out a capital reduction exercise with capital distributions that were equal to the proportional shares owned by each of its consortium investors from which Huatland is entitled to a capital reduction distribution of $40,958,000.

The above-mentioned proceeds that Huatland was entitled to were offset against the shareholder loan extended by Huatland to PRE13 totalling $59,761,000 (Note 13). Cash proceeds of $34,960,000 were received by Huatland in respect of the capital reduction exercise of PSI. The net cash proceeds from the dividends declared by PSI to Huatland were $102,000.

The Group	2021 $'000
Dividend declared by PSI (Note 13)	53,865
Add: Capital reduction by PSI - Huatland's entitlement	40,958
Less: Shareholder loan extended by Huatland to PRE13 (Note 13)	(59,761)
Balance cash proceeds	35,062
Consisting of:	
Cash proceeds on PSI capital reduction, as shown in the consolidated statement of cash flows	34,960
Cash proceeds from PSI's dividend declared, as shown in the consolidated statement of cash flows	102
	35,062

C. Acquisition of non-controlling interests and disposal of investments in joint ventures

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

	2022 **$'000**
Non-interest bearing loans owing by former joint ventures to the Group	**80,548**
Considerations receivable from disposal of investment in joint ventures (Note 12)	**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 (Note 14)	**(46,439)**
Amount payable by the Group	**(94,005)**

Upon completion of the acquisition, Paya Lebar Square Pte. Ltd. is a wholly owned subsidiary of the Company.

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

CONSOLIDATED STATEMENT OF CASH FLOWS

For the financial year ended 31 January 2022

Reconciliation of liabilities arising from financing activities

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

			Cash flows			**Non-cash changes**							
		1 February 2021	**Proceeds**	**Principal paid**	**Interest received/ (paid)**	**Dividend payable**	**New leases**	**Transfer to capital reserve**	**Interest expense**	**Notional interest charged**	**Foreign exchange movement**	**Accrued interest**	**31 January 2022**
	Note	$'000	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**
Amount owing to non-controlling shareholders of subsidiaries:													
- Loans	20(b)	44,876	**–**	**(47,566)**	**–**	**–**	**–**	**1,814**	**–**	**876**	**–**	**–**	**–**
- Advances	20(b)	417	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**(27)**	**–**	**390**
- Dividend payable	20(b)	–	**–**	**–**	**–**	**943**	**–**	**–**	**–**	**–**	**17**	**–**	**960**
Bank borrowings	22	734,886	**30,000**	**(48,490)**	**(6,900)**	**–**	**–**	**–**	**6,872**	**–**	**–**	**28**	**716,396**
Lease liabilities	37(a)	2,236	**–**	**(289)**	**(63)**	**–**	**20**	**–**	**63**	**–**	**(187)**	**–**	**1,780**
Fixed deposits pledged	4	7,456	**–**	**–**	**17**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**7,473**

			Cash flows			Non-cash changes							
		1 February 2020	Proceeds	Principal paid	Interest received/ (paid)	Lease modification	New leases	Rent concessions	Interest expense	Notional interest charged	Foreign exchange movement	Accrued interest	31 January 2021
	Note	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Amount owing to non-controlling shareholders of subsidiaries:													
- Loans	20(b)	45,147	–	(2,700)	–	–	–	–	–	2,429	–	–	44,876
- Advances	20(b)	375	–	–	–	–	–	–	–	–	42	–	417
Bank borrowings	22	740,408	46,978	(52,500)	(6,649)	–	–	–	6,650	–	–	(1)	734,886
Lease liabilities	37(a)	2,366	–	(248)	(71)	(885)	953	(88)	71	–	138	–	2,236
Fixed deposits pledged	4	7,393	–	–	63	–	–	–	–	–	–	–	7,456

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

1 General information

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

The principal activities of the Group are those of property development, hotels and investment holding. The principal activities of the subsidiaries are disclosed in Note 14 to the financial statements.

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

2(a) Basis of preparation

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

As at 31 January 2022, the Company current liabilities exceeded its current assets by $19,981,000. The Company's net current liability position was due to advances from its subsidiaries of $12,944,000 and $4,200,000, as disclosed in Notes 7(b) and 18. Excluding these advances from its subsidiaries, the Company's net current liability position would have been $2,837,000. The financial statements have been prepared on a going concern basis as the directors are of the view that the Company is able to pay its current liabilities as and when they fall due in the next 12 months after the reporting date because the Company has full discretion over the timing on which these subsidiaries will recall their advances given to the Company and is able to receive dividend income from its subsidiaries.

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.

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

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

On 1 February 2021, the Group and the Company have adopted all the new and revised SFRS(I), SFRS(I) interpretations ("SFRS(I) INT") and amendments to SFRS(I), effective for the current financial year that are relevant to them. The adoption of these new and revised SFRS(I) pronouncements did not result in significant changes to the Group's and the Company's accounting policies and has no material effect on the amounts or the disclosures reported for the current or prior reporting periods, except as discussed below:

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

Reference	Description	Effective date (Annual periods beginning on or after)
Amendments to SFRS(I) 9, SFRS(I) 1-39, SFRS(I) 7, SFRS(I) 4, and SFRS(I) 16	*Interest Rate Benchmark Reform - Phase 2*	1 January 2021

Amendments to SFRS(I) 9, SFRS(I) 1-39, SFRS(I) 7, SFRS(I) 4 and SFRS(I) 16 Interest Rate Benchmark Reform - Phase 2

The amendments address issues that might affect financial reporting after the reform of an interest rate benchmark ("IBOR reform"), including its replacement with alternative benchmark rates. The changes relate to the modification of financial assets, financial liabilities and lease liabilities, specific hedge accounting requirements, and disclosure requirements applying SFRS(I) 7 to accompany the amendments regarding modifications and hedge accounting.

On modification of financial assets, financial liabilities and lease liabilities, a practical expedient is available to allow for modifications required by the IBOR reform as a direct consequence and made on an economically equivalent basis to be accounted for by updating the effective interest rate prospectively. All other modifications are accounted for using current SFRS(I) requirements. A similar practical expedient is provided for lessee accounting applying SFRS(I) 16. SFRS(I) 4 is also amended to require insurers that apply the temporary exemption from SFRS(I) 9 to apply the amendments in accounting for modifications directly required by the reform.

Amendments to SFRS(I) 7 outline disclosure requirements to allow users to understand the nature and extent of risks arising from the IBOR reform to which the entity is exposed to and how the entity manages those risks as well as the entity's progress in transitioning from IBOR to alternative benchmark rates, and how the entity is managing this transition.

The amendments are effective for annual periods beginning on or after 1 January 2021. The amendments apply retrospectively but provide relief from restating comparative information.

In accordance with the transitional provisions, on 1 February 2021, the Group has applied the amendments retrospectively but is not required to restate prior period figures.

The Group has adopted the practical expedient to allow for modifications of its financial assets, financial liabilities and lease liabilities, which are required by the IBOR reform as a direct consequence and made on an economically equivalent basis, to be accounted for by updating the effective interest rate prospectively. Consequently, changes in the basis for determining the contractual cash flows of its financial assets, financial liabilities and lease liabilities that are required by the reform did not result in an adjustment to the carrying amount of the financial instrument or immediate recognition of a gain or loss.

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

At the date of authorisation of these financial statements, the Group and the Company have not adopted the new and revised SFRS(I), SFRS(I) INT and amendments to SFRS(I) that have been issued but are not yet effective to them. Management anticipates that the adoption of these new and revised SFRS(I) pronouncements in future periods will not have a material impact on the Group's and the Company's accounting policies in the period of their initial application.

Reference	**Description**	**Effective date (Annual periods beginning on or after)**
Amendments to SFRS(I) 16	*COVID-19-Related Rent Concessions beyond 30 June 2021*	1 April 2021
Amendments to SFRS(I) 3	*Reference to the Conceptual Framework*	1 January 2022
Amendments to SFRS(I) 1-16	*Property, Plant and Equipment - Proceeds before Intended Use*	1 January 2022
Amendments to SFRS(I) 1-37	*Onerous Contracts - Cost of Fulfilling a Contract*	1 January 2022
Annual Improvements to SFRS(I)s 2018-2020:		
- Amendments to SFRS(I) 9	*Fees in the '10 per cent' Test for Derecognition of Financial Liabilities*	1 January 2022
- Amendments to SFRS(I) 16	*Lease Incentives*	1 January 2022
- Amendments to SFRS(I) 1-41	*Taxation in Fair Value Measurements*	1 January 2022
SFRS(I) 17	*Insurance Contracts*	1 January 2023
Amendments to SFRS(I) 1-1	*Classification of Liabilities as Current or Non-current*	1 January 2023
Amendments to SFRS(I) 17	*Insurance Contracts*	1 January 2023
Amendments to SFRS(I) 4	*Extension of the Temporary Exemption from Applying SFRS(I) 9*	1 January 2023
Amendments to SFRS(I) 1-1 and SFRS(I) Practice Statement 2	*Disclosure of Accounting Policies*	1 January 2023
Amendments to SFRS(I) 1-8	*Definition of Accounting Estimates*	1 January 2023
Amendments to SFRS(I) 1-12	*Deferred Tax related to Assets and Liabilities arising from a Single Transaction*	1 January 2023
Amendment to SFRS(I) 17	*Initial Application of SFRS(I) 17 and SFRS(I) 9-Comparative Information*	1 January 2023
Amendments to SFRS(I) 10 and SFRS(I) 1-28	*Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*	Yet to be determined

2(d) Critical accounting judgements and key sources of estimation uncertainty

The preparation of the financial statements in conformity with SFRS(I) requires the use of judgements, estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the financial year ("FY"). Although these estimates are based on management's best knowledge of current events and actions, actual results may differ from those estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the reporting period in which the estimate is revised and in any future reporting periods affected. The areas involving significant judgement and critical accounting estimates and assumptions used are described below.

(i) Significant judgements used in applying accounting policies

The following are the critical judgements, apart from those involving estimations (which are presented separately below), that have been made in the process of applying the Group's accounting policies and that have the most significant effect on the amounts recognised in financial statements.

<u>Impact of COVID-19</u>

The Coronavirus Disease ("COVID-19") outbreak that began as a viral pneumonia of unknown cause was reported by the People's Republic of China to the World Health Organisation ("WHO") in December 2019. In January 2020, WHO proclaimed that the outbreak was a public health emergency of international concern. Subsequently, COVID-19 was declared a worldwide pandemic by WHO in March 2020. In response to the pandemic, governments from different countries around the world have implemented containment measures to varying degrees in a bid to curb the spread of the virus. As a result, there has been disruption to global trade due to restrictions for cross-border movement and reduced economic activities.

The ongoing and evolving COVID-19 pandemic has a significant impact on the global economy and the economies of the countries in which the Group operates in. There is significant uncertainty as to the duration of the pandemic and its impact on those economies.

In regard to the Group, the impact and consideration of COVID-19 have been in the following areas:

- Accounting for government assistance [Notes 28(a) and 30]
- Impairment of financial assets [Notes 3, 4, 6, 7(a), and 20(a)]
- Valuation of financial assets at FVPL (Note 5)
- Impairment of non-financial assets [Notes 8(b), 12, 13, 14, 15 and 16]
- Net realisable value of development properties (Note 10)
- Valuation of financial assets at FVOCI (Note 11)
- Revenue recognition for development properties (Note 27)

Further details on significant judgements and estimation uncertainties impacted by the COVID-19 pandemic are included in the discussion below.

2(d) Critical accounting judgements and key sources of estimation uncertainty (Cont'd)

(i) Significant judgements used in applying accounting policies (Cont'd)

Classification of properties (Notes 10, 15 and 16)

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

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

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

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

Joint ventures (Note 12)

The Group holds 25% to 49% ownership interest of its joint ventures recognised in the consolidated accounts using the equity method in accordance with the percentage owned. Management has assessed that the holdings are joint arrangements as there are contractual arrangement with the parties resulting in the Group having joint control. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require the unanimous consent of the parties sharing control. As the joint arrangements provide the Group with rights to the net assets of the arrangements, the arrangements are joint ventures to the Group. Further details are disclosed in Note 12 to the financial statements.

Income tax (Notes 17 and 33)

The Group has exposures to income taxes in several jurisdictions. Significant judgement is involved in determining the group-wide provision for income taxes. There are certain transactions and computations for which the ultimate tax determination is uncertain during the ordinary course of business. The Group recognises liabilities for expected tax issues based on estimates of whether additional taxes will be due.

Where the final tax outcome of these matters is different from the amounts that were initially recognised, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made.

2(d) Critical accounting judgements and key sources of estimation uncertainty (Cont'd)

(i) Significant judgements used in applying accounting policies (Cont'd)

Determination of the lease term

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

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

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

- Otherwise, the Group considers other factors including historical lease durations and the costs and business disruption required to replace the leased asset.

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

Accounting for government assistance [Notes 28(a) and 30]

SFRS(I) 1-20 *Accounting for Government Grants and Disclosures of Government Assistance* shall be applied when there is a transfer of resources from the government to an entity in return for meeting the stipulated conditions related to the operating activities of the entity and there is no service or goods provided back to the government by the entity. Government grant is recognised when there is reasonable assurance that it will comply with the conditions attached to them and the grants will be received. Government grant shall be recognised in profit or loss on a systematic basis over the periods in which the entity recognises as expenses the related costs for which the grants are intended to compensate. Significant judgement is required in determining the systematic basis, and timing of recognition of grant receivable and realisation to profit or loss.

Included in the government grant income for the current year and government grant receivable at the reporting date are $352,000 (2021 - $1,202,000) and $Nil (2021 - $188,000) respectively related to the Jobs Support Scheme ("JSS") announced by the Singapore Government to provide wage support to employers during the period of economic uncertainty caused by the COVID-19 pandemic.

In determining the timing of recognition of the JSS grant income, management has evaluated and assessed that the adverse impact of this economic uncertainty to the Group commenced in April 2020 when significant volume of retail sales and construction activities declined following the lockdown measures, travel restrictions and supply chain disruption in Singapore where the Group's operations are primarily situated in.

2(d) Critical accounting judgements and key sources of estimation uncertainty (Cont'd)

(ii) Key sources of estimation uncertainty

Accounting for government assistance [Notes 28(a) and 30] (Cont'd)

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date that may have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial period, are discussed below.

Impairment of financial assets [Notes 3, 4, 6, 7(a), 11, and 20(a)]

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

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

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

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

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

2(d) Critical accounting judgements and key sources of estimation uncertainty (Cont'd)

(ii) Key sources of estimation uncertainty (Cont'd)

Impairment of financial assets [Notes 3, 4, 6, 7(a), 11, and 20(a)] (Cont'd)

The ECL assessment involves estimation uncertainty heightened by the global economic slowdown ensuing the COVID-19 pandemic, such as a slowdown in payment collections from the customers. Significant management judgement is required to assess recoverability of debts from known customers who are potentially more negatively impacted by COVID-19. Forward-looking adjustments, such as economic data, by management have incorporated potential impact of the COVID-19 pandemic.

In addition, the Group has identified that the risk characteristics of the customers from certain sectors (e.g. retailers) are different from the existing customers under the COVID-19 situation as they are more adversely impacted due to social distancing measures. These customers are grouped into a separate provision matrix and the historical loss rates are adjusted to reflect the current and forward-looking information.

If the expected credit losses increase/decrease by 10% from management estimates, the carrying amounts of the financial assets of the Group and the Company will decrease/increase by approximately $91,000 and $1,134,000 (2021 - $126,000 and $1,094,000) respectively.

The carrying amount of the Group's and the Company's financial assets at the end of the reporting period is disclosed in Notes 3, 4, 6, 7(a), 11, and 20(a) to the consolidated financial statements.

Impairment of non-financial assets [Notes 8(b), 12, 13, 14, 15 and 16]

An impairment exists when the carrying value of an asset or cash-generating unit exceeds its recoverable amount, which is the higher of its fair value less costs of disposal ("FVLCD") and its value-in-use ("VIU"). The FVLCD calculation is based on available data from binding sales transactions in an arm's length transaction of similar assets or observable market prices less incremental costs for disposing the asset. The VIU calculation is based on a discounted cash flow ("DCF") model. The cash flows are derived from the budget for the next three or five years and do not include restructuring activities that the Group is not yet committed to or significant future investments that will enhance the asset's performance of the cash-generating unit being tested. The key assumptions in deriving the recoverable amount include discount rate used for the DCF model as well as the expected future cash inflows and the growth rate used for extrapolation purposes.

The FVLCD estimation is affected by the COVID-19 pandemic due to significant increase in uncertainty caused by more volatile asset prices and currency exchange rates in countries in which the Group operates in. The VIU estimation is based on forecasted cash flows of the underlying business. There is an increased estimation uncertainty on these forecasted cash flows due to the impact of COVID-19. In forecasting these cash flows, management has taken into account macroeconomic and sector trends and uncertain economic conditions arising from the COVID-19 pandemic.

2(d) Critical accounting judgements and key sources of estimation uncertainty (Cont'd)

(ii) Key sources of estimation uncertainty (Cont'd)

Impairment of non-financial assets [Notes 8(b), 12, 13, 14, 15, and 16] (Cont'd)

The carrying amounts of the Group's and the Company's non-financial assets are disclosed in Notes 8(b), 12, 13, 14, 15 and 16 to the consolidated financial statements. In 2022 and 2021, a decrease of 5% in each of the Group's and the Company's non-financial assets' recoverable amounts will not increase any impairment losses that had been provided on the Group's and the Company's non-financial assets.

Net realisable value of development properties (Note 10)

Development properties in the course of development and completed properties are stated at lower of cost and estimated net realisable value. When it is probable that the total development costs will exceed the total projected revenue, the amount in excess of net realisable value is recognised as an expense immediately. The process of evaluating the net realisable value of each property is subject to management judgement and the effect of assumptions in respect of development plans, timing of sale and the prevailing market conditions. Management performs cost studies for each development property, taking into account the costs incurred to date, the development status and costs to complete. Any future variation in plans, assumptions and estimates can potentially impact the carrying amounts of the respective properties.

The COVID-19 pandemic has led to heightened uncertainty inherent in estimating net realisable value of the development properties due to increased volatility in their selling prices because there is still significant uncertainty in the recovery trajectory of the economy in the near future.

The carrying amount of the Group's development properties, including any write down to net realisable value, is disclosed in Note 10. In 2022 and 2021, an increase of 5% in total projected development costs will not lead to any allowance for diminution in value required for the Group's development properties.

Valuation of financial assets at FVOCI (Note 11)

In the current environment, the volatility of prices in the Singapore and Malaysia markets has also increased which affects the financial assets at FVOCI directly as the fair value is determined based on market prices in case of shares traded on an active market.

The carrying amount of the Group's and the Company's financial assets at FVOCI are disclosed in Note 11. If the fair value of the financial assets increases/decreases by 5%, the carrying amount of financial assets at FVOCI would increase/decrease by $673,000 (2021 - $504,000) at the Group and no significant impact at the Company level.

2(d) Critical accounting judgements and key sources of estimation uncertainty (Cont'd)

(ii) Key sources of estimation uncertainty (Cont'd)

Valuation of financial asset at FVPL (Note 5)

The Group's investment in the limited partnership is subject to the terms and conditions of the limited partnership agreement as disclosed in Note 5. The investment in the limited partnership is primarily valued based on the latest available financial information of the limited partnership. The General Partner reviews the details of the reported information obtained from the Master Fund, the Manager to the Master Fund and the Partnership and considers:

- The valuation of the limited partnership's underlying investments;
- The value date of the net asset value ("NAV") provided; and
- Cash flows (calls/distributions) since the latest value date.

Estimation of the incremental borrowing rate ("IBR") [Note 37]

For the purpose of calculating the right-of-use asset and lease liability, an entity applies the interest rate implicit in the lease ("IRIIL") and, if the IRIIL is not readily determinable, the entity uses its IBR applicable to the lease asset. The IBR is the rate of interest that the entity would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment. For most of the leases whereby the Group and the Company are the lessee, the IRIIL is not readily determinable. Therefore, the Group and the Company estimate the IBR relevant to each lease asset by using observable inputs (such as market interest rate and asset yield) when available, and then making certain lessee specific adjustments (such as a group entity's credit rating). The carrying amount of the Group's and the Company's right-of-use assets and lease liabilities are disclosed in Notes 37(b) and 37(a) respectively. An increase/decrease of 50 basis points in the estimated IBR will decrease/increase the right-of-use assets and lease liabilities by approximately $49,000 and $50,000 respectively (2021 - $49,000 and $59,000) at the Group level and no significant change at the Company level.

Revenue recognition for development properties (Note 27)

The Group recognises contract revenue based on the stage of completion for the sale of development properties where the Group has enforceable rights to payment for performance completed to date. The stage of completion is measured by reference to certifications of the value of work performed to date as compared to the estimated total construction costs of the development projects. The Group is required to estimate the total construction costs which include estimation for variation works and any other claims from contractors. In making these estimates, the Group relies on past experience and the work of specialists. The amount of revenue recognised from development properties by the Group is therefore subject to uncertainty in respect of variation works and estimation of future costs.

The COVID-19 pandemic brings about volatility in market and economic conditions such that there is heightened uncertainty in the variation between actual results and estimates. Significant management judgement has been made to incorporate the current status and potential impact of COVID-19 in the key assumptions used in forming any revised completion timeline and estimated property development costs.

2(d) Critical accounting judgements and key sources of estimation uncertainty (Cont'd)

(ii) Key sources of estimation uncertainty (Cont'd)

Revenue recognition for development properties (Note 27) (Cont'd)

The Group's revenue recognised from development properties for the year is disclosed in Note 27. If the estimated costs for variation works increase/decrease by 10%, there are no material impact to the Group's revenue for the year as the unexpected variation works remain minimum and immaterial.

Impairment of investments in subsidiaries (Note 14)

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

If present value of estimated future cash flows decrease by 10% from management's estimates, the Group's allowance for impairment will increase by $1,963,000 (2021 - $1,963,000). The carrying amount of the investments in subsidiaries is disclosed in Note 14 to the financial statements.

Depreciation of investment properties (Note 15)

Investment properties of the Group and the Company are depreciated on a straight-line basis over their estimated useful lives.

The carrying amounts of the Group's and the Company's investment properties as at 31 January 2022 are $293,716,000 (2021 - $314,475,000) and $Nil (2021 - $17,817,000) respectively.

If the actual useful lives of investment properties differ by 10% from management's estimates, the carrying amounts of the investment properties of the Group and the Company will be approximately $378,000 (2021 - $377,000) higher or $461,000 (2021 - $461,000) lower and approximately $Nil (2021 - $18,000) higher or $Nil (2021 - $22,000) lower, respectively.

Depreciation of property, plant and equipment (Note 16)

Property, plant and equipment are depreciated on a straight-line basis over their estimated useful lives. The carrying amounts of the Group's and the Company's property, plant and equipment as at 31 January 2022 are $308,074,000 (2021 - $301,413,000) and $4,788,000 (2021 - $4,766,000) respectively. Changes in the expected level of usage and technological developments could impact the economic useful lives and the residual values of these assets, therefore future depreciation charges could be revised.

2(d) Critical accounting judgements and key sources of estimation uncertainty (Cont'd)

(ii) Key sources of estimation uncertainty (Cont'd)

Depreciation of property, plant and equipment (Note 16) (Cont'd)

If the actual useful lives of property, plant and equipment differ by 10% from management's estimates, the carrying amounts of the property, plant and equipment of the Group and the Company will be approximately $492,000 (2021 - $507,000) higher or $601,000 (2021 - $620,000) lower and approximately $40,000 (2021 - $41,000) higher or $48,000 (2021 - $50,000) lower respectively.

Deferred tax assets (Note 17)

The Group reviews the carrying amount of deferred tax assets at the end of each reporting period. Deferred tax assets are recognised to the extent that it is probable that future taxable income will be available against which the temporary differences can be utilised. This involves judgement regarding future financial performance of the particular legal entity or tax group in which the deferred tax asset has been recognised. Management has assessed that it is reasonable to recognise deferred tax assets based on probable future taxable income. The carrying amount of the Group's deferred tax assets is disclosed in Note 17.

In the financial year ended 31 January 2022, a decrease of 10% in the probable future taxable income will not affect the amount of deferred tax assets recognised.

2(e) Summary of significant accounting policies

Consolidation

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries as at the end of the reporting period. The financial statements of the subsidiaries used in the preparation of the consolidated financial statements are prepared for the same reporting date as the Company. Consistent accounting policies are applied to like transactions and events in similar circumstances. Information on its subsidiaries is given in Note 14 to the financial statements.

All intra-group balances, income and expenses and unrealised gains and losses resulting from intra-group transactions and dividends are eliminated in full.

Subsidiaries are consolidated from the date of acquisition, being the date on which the Group obtains control and continue to be consolidated until the date that such control ceases.

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

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

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

Consolidation (Cont'd)

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

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

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

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

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

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

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

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

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

Consolidation (Cont'd)

A change in the ownership interest

Changes in the Group's ownership interests in subsidiaries that do not result in the Group losing control over the subsidiaries are accounted for as equity transactions. The carrying amounts of the Group's interests and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to owners of the Group.

When the Group loses control of a subsidiary, a gain or loss is recognised in profit or loss and is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the previous carrying amount of the assets (including goodwill if any), and liabilities of the subsidiary and any non-controlling interest. All amounts previously recognised in other comprehensive income in relation to that subsidiary are accounted for as if the Group had directly disposed of the related assets or liabilities of the subsidiary (i.e. reclassified to profit or loss or transferred to another category of equity as specified/permitted by applicable SFRS(I)s). The fair value of any investment retained in the former subsidiary at the date when the control is lost is regarded as the fair value on the initial recognition for subsequent accounting under SFRS(I) 9, when applicable, the cost on initial recognition of an investment in an associate or a joint venture.

Acquisitions

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

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

Acquisition-related costs are expensed as incurred.

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

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

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

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

Consolidation (Cont'd)

Disposals

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

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

Transactions with non-controlling interests

Non-controlling interests represent the equity in subsidiaries not attributable, directly or indirectly, to owners of the Company, and are presented separately in the consolidated statement of comprehensive income and within equity in the consolidated statement of financial position, separately from equity attributable to owners of the Company.

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

Net investment in a foreign operation

When the settlement of a monetary item receivable from or payable to a foreign operation is neither planned nor likely to occur in the foreseeable future, foreign exchange gains and losses arising from such a monetary item are considered to form part of a net investment in a foreign operation. These are recognised in other comprehensive income and are presented in the "currency translation reserve" in equity.

Investment properties

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

Investment properties are initially recognised at cost and subsequently carried at cost less accumulated depreciation and accumulated impairment losses, if any. Depreciation is computed using the straight-line method over its remaining lease period. Freehold land held as an investment property is not subject to depreciation. Freehold property is depreciated over 50 years.

Investment properties are subject to renovations or improvements at regular intervals. The cost of major renovations and improvements is capitalised as additions and the carrying amounts of the replaced components are written off to profit or loss. The cost of maintenance, repairs and minor improvement is charged to profit or loss when incurred.

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

Investment properties (Cont'd)

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

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

Property, plant and equipment and depreciation

All items of property, plant and equipment are initially recorded at cost.

Subsequently to initial recognition, property, plant and equipment are stated at cost less accumulated depreciation and accumulated impairment losses, if any. Depreciation on other items of property, plant and equipment is calculated using the straight-line method to allocate their depreciable amount over their estimated useful lives as follows:

Leasehold land	99 years
Leasehold buildings	3 to 50 years
Freehold properties (hotel)	50 years
Plant, machinery and surveying equipment	5 to 40 years
Motor vehicles	8 to 10 years
Furniture, fittings and equipment	3 to 15 years
Renovation	10 years

No depreciation is provided on assets under construction.

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

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

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

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

On disposal of an item of property, plant and equipment, the difference between the disposal proceeds and its carrying amount is recognised in profit or loss within "other gains and losses".

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

Investments in subsidiaries

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

Investments in associates

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

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

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

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

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

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

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

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

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

Investments in associates (Cont'd)

Upon loss of significant influence over the associate, the Group measures the retained interest at fair value. Any difference between the fair value of the aggregate of the retained interest and proceeds from disposal and the carrying amount of the investment at the date the equity method was discontinued is recognised in profit or loss.

The Group accounts for all amounts previously recognised in other comprehensive income in relation to that associate on the same basis as would have been required if that associate or joint venture had directly disposed of the related assets or liabilities.

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

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

Joint arrangements

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

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

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

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

Joint ventures

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

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

Joint arrangements (Cont'd)

Joint ventures (Cont'd)

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

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

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

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

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

Upon loss of joint control over the joint venture, the Group measures the retained interest at fair value. Any difference between the fair value of the aggregate of the retained interest and proceeds from disposal and the carrying amount of the investments at the date the equity method was discontinued is recognised in profit or loss.

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

Leases

(i) The Group as lessee

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

(a) Lease liability

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

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

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

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

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

The lease liabilities are presented within "Borrowings" in the statements of financial position.

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

Leases (Cont'd)

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

(a) Lease liability (Cont'd)

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

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

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

(b) *Right-of-use asset*

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

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

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

Leases (Cont'd)

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

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

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

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

Right-of-use assets (except for those which meets the definition of an investment property) are presented within "Property, plant and equipment".

Right-of-use assets which meet the definition of an investment property are presented within "Investment properties" and accounted for in accordance with Note 2(e).

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

(ii) The Group as lessor

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

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

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

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

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

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

Financial assets

Classification and measurement

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

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

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

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

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

At initial recognition

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

At subsequent measurement

Debt instruments

Debt instruments mainly comprise of cash and cash equivalents, bank deposits pledged, trade and other receivables, amount owing by non-controlling shareholders of subsidiaries and amount owing by subsidiaries.

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

Equity investments

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

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

Financial assets (Cont'd)

Impairment

The Group assesses on a forward-looking basis the expected credit losses associated with its debt financial assets carried at amortised cost. The impairment methodology applied depends on whether there has been a significant increase in credit risk. Note 40.5 details how the Group determines whether there has been a significant increase in credit risk.

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

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

Write-off policy

The Group writes off a financial asset when there is information indicating that the counterparty is in severe financial difficulty and there is no realistic prospect of recovery (e.g., when the counterparty has been placed under liquidation or has entered into bankruptcy proceedings), or in the case of trade receivables, when the amounts are over two years past due, whichever occurs sooner. Financial assets written off may still be subject to enforcement activities under the Group's recovery procedures, taking into account legal advice where appropriate. Any recoveries made are recognised in profit or loss.

Recognition and de-recognition

Regular purchases and sales of financial assets are recognised on trade date – the date on which the Group commits to purchase or sell the asset. Financial assets are de-recognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Group has transferred substantially all risks and rewards of ownership.

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

Trade receivables

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

Contract assets

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

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

Contract costs

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

Contract liabilities

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

Inventories

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

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

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

Development properties

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

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

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

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

Unsold development properties

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

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

Development properties (Cont'd)

Sold development properties

Revenue and cost on development properties that have been sold are recognised using the percentage of completion method. The stage of completion is measured by reference to certifications of the value of work performed to date as compared to the estimated total construction costs of the development projects. When it is probable that the total development costs will exceed the total revenue, the expected loss is recognised as an expense immediately.

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

Cash and cash equivalents

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

Share capital

Ordinary shares are classified as equity.

Financial liabilities

Initial recognition and measurement

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

Trade and other payables

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

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

Financial guarantees

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

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

Financial liabilities (Cont'd)

Initial recognition and measurement (Cont'd)

Financial guarantees (Cont'd)

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

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

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

De-recognition of financial liabilities

The Group de-recognises financial liabilities when, and only when, the Group's obligations are discharged, cancelled or they expire. The difference between the carrying amount of the financial liability de-recognised and the consideration paid and payable, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss.

Borrowings

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

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

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

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

Borrowing costs

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

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

Borrowing costs (Cont'd)

The actual borrowing costs incurred during the period up to earlier of the readiness of sale of the development properties or issuance of the Temporary Occupation Permit, are capitalised in the cost of the property under development. Borrowing costs on general borrowings are capitalised by applying a capitalisation rate to construction or development expenditures that are financed by general borrowings.

Finance costs

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

Offsetting of financial instruments

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

Provisions

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

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

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

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

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

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

Government grants

Grants from the government are recognised as a receivable at their fair value when there is reasonable assurance that the grant will be received and the Group will comply with all the attached conditions.

Government grants received are recognised as income over the periods necessary to match them with the related costs which they are intended to compensate, on a systematic basis. Government grants relating to expenses are shown separately as other income.

Government grants relating to assets are deducted against the carrying amount of the assets.

Employee benefits

(i) Defined contribution plans

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

(ii) Employee leave entitlements

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

(iii) Key management personnel

Key management personnel are those persons having the authority and responsibility for planning, directing and controlling the activities of the entity. Directors and certain managerial personnel are considered key management personnel.

Income taxes

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

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

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

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

Income taxes (Cont'd)

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

Deferred income tax is measured:

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

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

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

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

Impairment of non-financial assets

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

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

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

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

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

Any impairment loss is charged to the profit or loss.

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

Impairment of non-financial assets (Cont'd)

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

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

Revenue recognition

Revenue is recognised when the Group satisfies a performance obligation by transferring a promised good or extending a service to the customer, which is when the customer obtains control of the good or derived benefits from the usage of the service. A performance obligation may be satisfied at a point in time or over time. If a performance obligation is satisfied over time, the revenue is recognised based on the percentage of completion reflecting the progress towards complete satisfaction of that performance obligation. The amount of revenue recognised is the amount allocated to the satisfied performance obligation. Revenue is measured based on the consideration specified in a contract with a customer and excludes amounts collected on behalf of third parties.

<u>Hotel management services</u>

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

<u>Revenue from hotel and restaurant operations</u>

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

<u>Revenue from property development - sale of development properties</u>

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

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

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

Revenue recognition (Cont'd)

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

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

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

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

Revenue from construction contracts

The Group constructs properties for customers through fixed-price contracts. Contract revenue is recognised when the Group's performance creates or enhance an asset that the customer controls as the asset is created or enhanced.

For these contracts, revenue is recognised over time by reference to the Group's progress towards completion of the contract. The measure of progress is determined based on by the value of work performed relative to the total contract value as determined by surveys of work performed ("output method"). Costs incurred that are not related to the contract or that do not contribute towards satisfying a performance obligation are excluded from the measure of progress and instead are expensed as incurred.

In some circumstances such as in the early stages of a contract where the Group may not be able to reasonably measure its progress but expects to recover the contract costs incurred, contract revenue is recognised only to the extent of the contract costs incurred until such time when the Group can reasonably measure its progress.

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

Revenue recognition (Cont'd)

Revenue from construction contracts (Cont'd)

Contract modifications that add distinct goods or services at their standalone selling prices are accounted for as separate contracts. Contract modifications that add distinct goods or services but not at their standalone selling prices are accounted for as a continuation of the existing contract. The Group combines the remaining consideration in the original contract with the consideration promised in the modification to create a new transaction price that is then allocated to all remaining performance obligations. Contract modifications that do not add distinct goods or services are accounted for as a continuation of the original contract and the change is recognised as a cumulative adjustment to revenue at the date of modification.

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

The period between the transfer of the promised services and customer payment may exceed one year. For such contracts, there is no significant financing component present as the payment terms is an industry practice to protect the customers from the performing entity's failure to adequately complete some or all of its obligations under the contract. As a consequence, the Group does not adjust any of the transaction prices for the time value of money.

The customer is invoiced on a milestone payment schedule. If the value of the goods transferred by the Group exceed the payments, a contract asset is recognised. If the payments exceed the value of the goods transferred, a contract liability is recognised.

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

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

Interest income

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

Dividend income

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

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

Revenue recognition (Cont'd)

Revenue from property investments – rental income

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

Foreign currency transactions and translation

The individual financial statements of each group entity are measured and presented in the currency of the primary economic environment in which the entity operates (the functional currency). The consolidated financial statements of the Group and the statement of financial position of the Company are presented in Singapore dollar, which is the functional currency of the Company and the presentation currency for the consolidated financial statements.

In preparing the financial statements of the individual entities, transactions in currencies other than the entity's functional currency are recorded at the rate of exchange prevailing on the date of the transaction. As at each reporting date, monetary items denominated in foreign currencies are retranslated at the rates prevailing at the end of the reporting period. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing on the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences arising on the settlement of monetary items and on retranslation of monetary items are included in profit or loss for the period. Exchange differences arising on the retranslation of non-monetary items carried at fair value are included in profit or loss for the period except for differences arising on the retranslation of non-monetary items in respect of which gains and losses are recognised in other comprehensive income. For such non-monetary items, any exchange component of that gain or loss is also recognised in other comprehensive income.

For the purpose of presenting consolidated financial statements, the assets and liabilities of the Group's foreign operations (including comparatives) are expressed in Singapore dollar using exchange rates prevailing at the end of the reporting period. Income and expense items (including comparatives) are translated at the average exchange rates for the period, unless exchange rates fluctuate significantly during that period, in which case the exchange rates at the dates of the transactions are used. Exchange differences arising, if any, are recognised in other comprehensive income and accumulated in a separate component of equity under the header of currency translation reserve.

On the disposal of a foreign operation (i.e. disposal of the Group's entire interest in a foreign operation, or disposal involving loss of control over a subsidiary that includes a foreign operation, loss of significant influence over an associate that includes a foreign operation, or loss of joint control over a jointly controlled entity that includes a foreign operation), all of the accumulated exchange differences in respect of that operation attributable to the Group are reclassified to profit or loss. Any exchange differences that have previously been attributed to non-controlling interests are de-recognised, but they are not reclassified to profit or loss.

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

Foreign currency transactions and translation (Cont'd)

In the case of a partial disposal (i.e. no loss of control) of a subsidiary that includes a foreign operation, the proportionate share of accumulated exchange differences are re-attributed to non-controlling interests and are not recognised in profit or loss. For all other partial disposals (i.e. of associates or jointly controlled entities that do not result in the Group losing significant influence or joint control), the proportionate share of the accumulated exchange differences is reclassified to profit or loss.

On consolidation, exchange differences arising from the translation of the net investment in foreign entities (including monetary items that, in substance, form part of the net investment in foreign entities), and of borrowings and other currency instruments designated as hedges of such investments, are recognised in other comprehensive income and accumulated in a separate component of equity under the header of currency translation reserve.

Dividends

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

Interim dividends, if any, are simultaneously proposed and declared, because the articles of association of the Company grant the directors the authority to declare interim dividends. Consequently, interim dividends are recognised directly as a liability when they are proposed and declared.

Related parties

A related party is defined as follows:

(a) A person or a close member of that person's family is related to the Group and Company if that person:

    (i) has control or joint control over the Company;

    (ii) has significant influence over the Company; or

    (iii) is a member of the key management personnel of the Group or Company or of a parent of the Company.

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

    (i) the entity and the Company are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others);

    (ii) one entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member);

    (iii) both entities are joint ventures of the same third party;

    (iv) one entity is a joint venture of a third entity and the other entity is an associate of the third entity;

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

Related parties (Cont'd)

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

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

(v) the entity is a post-employment benefit plan for the benefit of employees of either the Company or an entity related to the Company. If the Company is itself such a plan, the sponsoring employers are also related to the Company;

(vi) the entity is controlled or jointly controlled by a person identified in (a);

(vii) a person identified in (a) (i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity); or

(viii) the entity, or any member of a group which is a part, provides key management personnel services to the reporting entity or to the parent of the reporting entity.

Current and non-current classification

The Group presents assets and liabilities in the statements of financial position based on current or non-current classification. An asset is current when it is:

- expected to be realised or intended to be sold or consumed in the normal operating cycle;
- held primarily for the purpose of trading;
- expected to be realised within twelve months after the reporting period; or
- cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

All other assets are classified as non-current.

A liability is current when:

- it is expected to be settled in the normal operating cycle;
- it is held primarily for the purpose of trading;
- it is due to be settled within twelve months after the reporting period; or
- there is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.

The terms of the liability that could, at the option of the counterparty, result in its settlement by the issue of equity instruments do not affect its classification. The Group classifies all other liabilities as non-current.

Deferred tax assets and liabilities are classified as non-current assets and liabilities.

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

Fair value measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either in the principal market for the asset or liability, or in the absence of a principal market, in the most advantageous market for the asset or liability. The principal or the most advantageous market must be accessible by the Group.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest. A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its 'highest-and-best use' or by selling it to another market participant that would use the asset in its 'highest-and-best use'.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

Fair value for measurement and/or disclosure purposes in these financial statements is determined on such a basis, except for leasing transactions that are within the scope of SFRS(I) 16 *Leases*, and measurements that have some similarities to fair value but are not fair value, such as net realisable value in SFRS(I) 1-2 *Inventories* or value-in-use in SFRS(I) 1-36 *Impairment of Assets.*

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 - Quoted (unadjusted) market prices in active markets for identical assets or liabilities;
- Level 2 - Valuation techniques for which the lowest level inputs that are significant to the fair value measurement are directly or indirectly observable; and
- Level 3 - Valuation techniques for which the lowest level inputs that are significant to the fair value measurement are unobservable.

Operating segments

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

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

Earnings per share

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

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

Financial instruments

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

Disclosures on financial risk management objectives and policies are provided in Note 40.

3 Cash and cash equivalents

	The Group		The Company	
	2022	2021	**2022**	2021
	$'000	$'000	**$'000**	$'000
Cash on hand	**21**	12	**6**	6
Cash at banks	**102,634**	37,478	**10,398**	10,846
	102,655	37,490	**10,404**	10,852
Fixed deposits with maturity of less than three months	**17,274**	38,937	**15,203**	25,474
	119,929	76,427	**25,607**	36,326

Cash and cash equivalents are denominated in the following currencies:

	The Group		The Company	
	2022	2021	**2022**	2021
	$'000	$'000	**$'000**	$'000
Singapore dollar	**108,368**	59,284	**25,117**	32,099
Australian dollar	**1,891**	7,642	**86**	3,773
Malaysian Ringgit	**1,278**	1,192	**178**	126
Chinese Renminbi	**8,166**	7,981	**–**	–
United States dollar	**226**	328	**226**	328
	119,929	76,427	**25,607**	36,326

3 Cash and cash equivalents (Cont'd)

The Group

Chinese Renminbi is not freely convertible into foreign currencies. However, under People's Republic of China's ("PRC") Foreign Exchange Control Regulations and Administration of Settlement, Sale and Payment of Foreign Exchange Regulations, the Group is permitted to exchange Chinese Renminbi for other currencies through banks that are authorised to conduct foreign exchange business. The remittance of these funds maintained with banks in the PRC by the Group out of the PRC is subject to currency exchange restrictions.

The fixed deposits carry an effective interest rate of 0.45% (2021 - 0.36%) per annum which mature on varying dates between the earliest, 3 February 2022 (2021 - 3 February 2021) and the latest, 30 March 2022 (2021 - 29 April 2021).

The Company

The fixed deposits carry an effective interest rate of 0.40% (2021 - 0.36%) per annum which mature on varying dates between the earliest, 3 February 2022 (2021 - 3 February 2021) and the latest, 30 March 2022 (2021 - 8 April 2021).

Fixed deposits that are not pledged and mature less than 3 months from the end of the reporting period are classified as part of cash and cash equivalents. Further information about the financial risk management is disclosed in Note 40.

4 Fixed deposits

The Group

Included in fixed deposits of $7,473,000 (2021 - $7,456,000) is a fixed deposit of $3,600,000 (2021 - $3,600,000) of a subsidiary pledged as security for bank borrowings of $157,260,000 (2021 - $164,460,000) granted to the said subsidiary (Note 22) and a fixed deposit of $3,873,000 (2021 - $3,856,000) pledged as cash collateral for Qualifying Certificate Bond for a development project.

The fixed deposits carry interest at an effective interest rate of 0.26% (2021 - 0.23%) per annum and mature on 25 February 2022 (2021 - 26 February 2021), being the earliest date and 30 December 2022 (2021 - 30 December 2021), being the latest date. Fixed deposits are denominated in the Singapore Dollar.

Further information about the financial risk management is disclosed in Note 40.

5 Financial assets at FVPL

The Group	Note	**2022** **$'000**	2021 $'000
Investment in limited partnership			
Balance at beginning of year		**763**	–
Additions		**19,043**	763
Fair value loss	30, 32	**(3,480)**	–
Exchange difference		**(618)**	–
Balance at end of year		**15,708**	763

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

Investment in limited partnership

During the financial year ended 31 January 2022, the Group through its wholly-owned subsidiary, Glocity Capital Pte. Ltd. ("Glocity"), made capital contributions of $19,043,000 (2021 - $763,000) in cash to HThree City Australian Commercial Fund 3 LP (the "Partnership"). During the year, the Partnership acquired an investment property located at 446 Collins Street, Melbourne at a consideration of AUD72,600,000.

As at 31 January 2022, Glocity has undrawn capital commitment of $28,540,000 (2021 - $50,172,000) to the Partnership (Note 43.1), which will be paid as capital contributions to the Partnership as and when the Partnership issues capital calls to its limited partners. The objective of the Partnership is to invest in commercial real estate assets located in Australia.

The Group's joint venture entity, HThree City Australia Pte. Ltd. ("HThree City"), acts as investment manager to the Partnership and HThree City ACF3 GP Pte. Ltd., a wholly-owned subsidiary of HThree City, acts as general partner of the Partnership. Details on these entities can be found in Note 12 to the financial statements.

The fair value measurement was categorised as Level 3 fair value based on the inputs in the valuation technique use. Further information about the fair value measurement is disclosed in Note 41.

6 Trade and other receivables

The Group	Note	2022 $'000	2021 $'000
Due within one year			
Trade receivables			
Trade receivables			
- Third parties		**5,161**	4,824
- Associate		**1,476**	142
		6,637	4,966
Accrued rental income		**216**	195
Accrued billings		**66**	70
		6,919	5,231
Loss allowance of trade receivables			
Balance at beginning of year		**(1,207)**	(186)
Reversal of allowance/(allowance) during the year	28(a), 30, 32	**353**	(1,021)
Allowance written off		**207**	–
Balance at end of year		**(647)**	(1,207)
Net trade receivables	(i)	**6,272**	4,024
Other receivables			
GST receivable		**7**	24
Interest receivable - banks		**9**	22
Amount owing by joint ventures		**815**	1,094
Deposits		**179**	483
Prepayments		**874**	954
Recoverable expenses		**1,397**	1,213
Sundry debtors		**154**	522
Government grant receivable		**–**	188
		3,435	4,500
Loss allowance of other receivables			
Balance at beginning and end of year		**(57)**	(57)
Net other receivables	(ii)	**3,378**	4,443
Total	(i) + (ii)	**9,650**	8,467
Due after one year			
Trade receivables			
Accrued rental income		**415**	352
Retention money - Associate		**847**	144
	(iii)	**1,262**	496
Grand total	(i) + (ii) + (iii)	**10,912**	8,963

6 Trade and other receivables (Cont'd)

The Company	Note	**2022** **$'000**	2021 $'000
Due within one year			
Trade receivables			
Trade receivables			
- Third parties		**427**	474
- Associate of the Group		**1,476**	142
		1,903	616
Retention money			
- Subsidiaries		**–**	822
		1,903	1,438
Loss allowance of trade receivables			
Balance at beginning of year		**(420)**	–
Allowance during the year		**–**	(420)
Balance at end of year		**(420)**	(420)
Net trade receivables	(i)	**1,483**	1,018
Other receivables			
Interest receivable - banks		**5**	16
Deposits		**52**	62
Prepayments		**285**	195
Recoverable expenses		**1,186**	1,185
Sundry debtors		**105**	102
Government grant receivable		**–**	97
		1,633	1,657
Loss allowance of other receivables			
Balance at beginning and end of year		**(44)**	(44)
Net other receivables	(ii)	**1,589**	1,613
Total	(i) + (ii)	**3,072**	2,631
Due after one year			
Retention money			
- Associate of the Group		**847**	144
- Subsidiary		**2,143**	574
	(iii)	**2,990**	718
Grand total	(i) + (ii) + (iii)	**6,062**	3,349

6 Trade and other receivables (Cont'd)

Trade and other receivables are denominated in the following currencies:

	The Group		The Company	
	2022	2021	**2022**	2021
	$'000	$'000	**$'000**	$'000
Singapore dollar	**10,451**	8,040	**6,062**	3,349
Australian dollar	**450**	919	**–**	–
Malaysian Ringgit	**3**	3	**–**	–
Chinese Renminbi	**8**	1	**–**	–
	10,912	8,963	**6,062**	3,349

As at 1 February 2021, the Group's and the Company's gross trade receivables from contracts with customers amounted to $3,969,000 and $1,438,000 (2020 - $1,898,000 and $1,214,000) respectively.

All receivables are subject to credit risk exposure where the credit terms are generally between 30 days and 90 days (2021 - 30 days and 90 days), excluding the retention money withheld. Retention money from construction works withheld will be paid upon the issuance of maintenance certificates from architects. The Group does not identify specific concentrations of credit risk with regards to trade and other receivables, as the amounts recognised resemble a large number of receivables from various customers.

The trade receivables ageing are generally between 30 days and 90 days (2021 - 30 days and 90 days).

Accrued rental income is the rental for the free fit out period and rental waiver given to certain tenants to be amortised over the lease term.

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

The non-trade amounts owing by joint ventures represent advances, which are unsecured and interest-free and repayable on demand.

The information regarding the credit risk exposures is disclosed in Note 40.5.

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

The Company	**2022** **$'000**	2021 $'000
Amounts owing by subsidiaries (non-trade)	**13,104**	13,208
Loss allowance on amounts owing by subsidiaries (non-trade)		
Balance at beginning of year	**(10,474)**	(9,374)
Allowance during the year	**(400)**	(1,100)
Balance at end of year	**(10,874)**	(10,474)
	2,230	2,734

7(a) Amount owing by subsidiaries (non-trade) (Cont'd)

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

An impairment of $400,000 (2021 - $1,100,000) had been provided for amounts owing by subsidiaries due to significant increase in credit risk as certain subsidiaries had been suffering financial losses for the current and previous financial years. These receivables are not secured by any collateral or credit enhancements. The information regarding the credit risk exposures is disclosed in Note 40.5.

The non-trade amounts owing by subsidiaries are denominated in the following currencies:

The Company	**2022** **$'000**	2021 $'000
Singapore dollar	**2,181**	2,734
Australian dollar	**49**	–
	2,230	2,734

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

The non-trade amounts of $12,944,000 (2021 - $11,422,000) owing to subsidiaries represent advances, which are unsecured and interest-free. They are repayable on demand.

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

The Company	**2022** **$'000**	2021 $'000
Singapore dollar	**12,944**	10,276
Malaysian Ringgit	**–**	1,146
	12,944	11,422

8(a) Contract assets

	The Group		The Company	
	2022 **$'000**	2021 $'000	**2022** **$'000**	2021 $'000
Contract assets	**24,829**	25,889	**2,167**	4,117

The contract assets relate primarily to the Group's and the Company's right to recognise revenue for percentage of work completed but not yet billed at the reporting date on the sold development properties and property construction contracts. Upon fulfilling certain agreed performance milestones with customers or commissioning and handing over of projects to customers, the amounts recognised as contract assets are reclassified to trade receivables when the rights become unconditional. The information regarding the credit risk exposures is disclosed in Note 40.5.

8(a) Contract assets (Cont'd)

Significant changes in the contract assets during the period are as follows:

	The Group		The Company	
	2022	2021	**2022**	2021
	$'000	$'000	**$'000**	$'000
Contract asset reclassified to trade receivables	**(25,889)**	(2,070)	**(4,117)**	(2,202)
Changes in measurement of progress	**24,829**	25,462	**2,167**	4,117

Unsatisfied performance obligations

The Group	**2022** **$'000**	2021 $'000
Aggregate amount of the transaction price allocated to contracts that are partially or fully unsatisfied as at end of financial year:		
- Development properties under construction	**–**	9,039
- Construction contracts of residential properties	**12,586**	20,402
	12,586	29,441
Transaction price allocated to unsatisfied performance obligations as at end of financial year may be recognised as revenue in the next reporting periods as follows:		
- FY 2022	**–**	27,258
- FY 2023	**12,586**	2,183
	12,586	29,441

As permitted under SFRS(I) 15 *Revenue from Contracts with Customers*, the aggregated transaction prices allocated to unsatisfied contracts of periods one year or less, or are billed based on time incurred, are not disclosed.

8(b) Contract costs

The Group	**2022** **$'000**	2021 $'000
Costs to obtain sales contracts for development properties:		
Balance at beginning of year	**332**	298
Addition	**5,530**	1,571
Amortisation	**(4,844)**	(1,537)
Balance at end of year	**1,018**	332

8(b) Contract costs (Cont'd)

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

Amortisation of contract costs amounting to $4,844,000 (2021 - $1,537,000) are recognised within "Distribution costs" in the consolidated profit or loss. There has been no impairment loss recognised on the contract costs for the financial years ended 31 January 2022 and 2021.

8(c) Contract liabilities

The Group	**2022 $'000**	2021 $'000
Consideration billed in advance to purchasers of development properties	**1,554**	–
Revenue recognised in the current period that were included in contract liabilities at beginning of year	**–**	389

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

Significant increase in contract liabilities due to the Group bills in advance to customers for their purchase of development properties under construction in advance of the percentage of completion of construction.

The Group	**2022 $'000**	2021 $'000
Aggregate amount of transaction price allocated to contracts that are partially or fully unsatisfied as at end of financial year:		
- Development properties under construction	**37,713**	–
Transaction price allocated to unsatisfied performance obligations as at end of financial year may be recognised as revenue in the next reporting periods as follows:		
- FY2023	**15,040**	–
- FY2024	**11,691**	–
- FY2025	**3,394**	–
- FY2026	**7,588**	–

9 Inventories

The Group	2022 $'000	2021 $'000
At cost:		
Hotel supplies	**267**	243
Restaurant supplies	**139**	159
	406	402
Cost of inventories included in cost of sales	**2,064**	1,328

Inventories of $406,000 (2021- $402,000) are expected to be realised within 12 months from the reporting date.

10 Development properties

The Group	Note	2022 $'000	2021 $'000
Properties in the course of development	10(a)	**534,506**	621,980
Completed development properties for sale	10(b)	**11,995**	–
		546,501	621,980

10(a) Properties in the course of development

The Group	2022 $'000	2021 $'000
Properties in the course of development:		
- Land and other related costs	**512,204**	583,475
- Development costs	**22,302**	38,505
	534,506	621,980
Cost of development properties included in cost of sales	**4,332**	36,113

10(b) Completed development properties for sale

	2022 $'000	2021 $'000
Completed development properties for sale	**154,264**	–
Sales during the year	**(142,269)**	–
Balance at end of year	**11,995**	–
Cost of development properties included in cost of sales	**98,586**	–

10 Development properties (Cont'd)

10(b) Completed development property for sale (Cont'd)

Development properties of the Group have operating cycles longer than one year. Development properties are classified as current assets as they are intended for sale in the Group's normal operating cycle. Development properties amounting to $534,506,000 (2021 - $519,654,000) are expected to be recovered after more than 12 months from the reporting date.

Interest costs of $2,605,000 (2021 - $5,645,000) have been capitalised up to the point of revenue recognition during the financial year ended 31 January 2022 at effective interest rates ranging from 1.25% to 1.50% (2021 - 1.20% to 1.45%) per annum based on actual borrowing costs. The interest costs capitalised consist of $456,000 (2021 - $923,000) and $2,149,000 (2021 - $4,722,000) allocated to property, plant and equipment and development properties respectively.

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

	Name/Location	Description of development	Tenure/ Group's interest in property	Site area (sq. metres)	Estimated gross floor area (sq. metres)	Stage of completion/ Expected date of TOP
(1)	2 Perumal Road, Uptown @ Farrer, Singapore	Mixed commercial and residential development - 1-block of 21-storey residential flats (116 units) and a 3-storey carpark podium	99 years Leasehold commencing 17 April 2017/ 100%	3,848	9,693	TOP obtained 7 September 2021
(2)	71 Cairnhill Road, Klimt Cairnhill, Singapore	A 36-storey residential development (138 units) with carpark, pool and communal facilities	Freehold land/ 100%	5,844	21,890	16% Q1 FY 2026

As at the end of reporting period, the development properties have been pledged to financial institutions to secure bank borrowings (Note 22).

Notes:

(1) During the financial year, a firm of independent professional valuers, Savills Valuation & Professional Services (S) Pte Ltd valued the property under development to be $245,054,000 (2021 - $291,362,000) based on the property's highest-and-best use fair value of a mixed commercial and residential development using the Direct Comparison Method and Income Capitalisation Method (2021 - Direct Comparison Method and Residual Value Method). The amount consists of $232,040,000 (2021 - $161,914,000) and $13,014,000 (2021 - $129,448,000) allocated to property, plant and equipment and development property respectively. Construction for Uptown @ Farrer is 100% completed as at 31 January 2022 (2021 - 84% completed).

(2) The Group had amalgamated 67 and 69 Cairnhill Road into 71 Cairnhill Road and is redeveloping the combined site into a high-end residential condominium. During the financial year, a firm of independent professional valuers, Savills Valuation & Professional Services (S) Pte Ltd valued the property under development to be $610,440,000 (2021 - $484,200,000) as at 31 January 2022 based on the land's fair value of using the Direct Comparison Method and Residual Value Method. Construction for Klimt Cairnhill is 16% completed as at 31 January 2022 (2021 - 4% completed).

11 Financial assets at FVOCI

	The Group		The Company	
	2022	2021	**2022**	2021
	$'000	$'000	**$'000**	$'000
Quoted equity investments				
Balance at beginning of year	**10,089**	12,685	**969**	971
Disposals	**(4)**	–	**(4)**	–
Fair value gain transfer to retained earnings on disposal [Notes 24(b), 25]	**(3)**	–	**(3)**	–
Fair value gain/(loss) recognised in other comprehensive income/(loss) (Note 25)	**3,376**	(2,596)	**305**	(2)
Balance at end of year, at fair value	**13,458**	10,089	**1,267**	969

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

In the current year, the Group disposed certain listed equity securities as these investments were no longer aligned with the Group's long-term investment strategy. These investments had a fair value of $4,000 at the date of disposal, and the cumulative gain on disposal amounted to $3,000 net of tax. The cumulative gain on disposal was reclassified from fair value reserve to retained profits [Notes 24(b) and 25].

Further information about the financial risk management and the fair value measurement is disclosed in Notes 40 and 41 respectively.

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12 Joint ventures

		The Group		The Company	
		2022	2021	**2022**	2021
	Note	**$'000**	$'000	**$'000**	$'000
Contributions made towards joint ventures:					
- Joint ventures		**654**	1,454	**540**	1,453
- Exchange fluctuation difference		**(124)**	(117)	**–**	–
Discount implicit in non-current loans to joint ventures		**–**	22,603	**–**	22,603
Amounts owing by joint ventures: (non-trade):					
- Interest-free		**10,402**	10,460	**10,402**	10,460
- Exchange fluctuation difference		**(145)**	(143)	**(145)**	(143)
		10,787	34,257	**10,797**	34,373
Share of retained profits/ (accumulated losses) in joint ventures		**155**	(21,058)	**–**	5,107
Exchange fluctuation difference		**(130)**	(131)	**–**	–
Impairment loss on joint ventures:					
Balance at beginning of year		**–**	–	**(15,210)**	(15,210)
Impairment loss no longer required		**–**	–	**15,210**	–
Balance at end of year		**–**	–	**–**	(15,210)
	(i)	**10,812**	13,068	**10,797**	24,270
Non-interest bearing loans owing by joint ventures (non-trade):					
- Non-interest bearing loans		**–**	57,945	**–**	57,945
- Notional interest on loans		**–**	18,351	**–**	18,351
		–	76,296	**–**	76,296
Impairment loss on joint ventures:					
Balance at beginning of year		**–**	–	**(1,888)**	(1,888)
Impairment loss no longer required		**–**	–	**1,888**	–
Balance at end of year		**–**	–	**–**	(1,888)
	(ii)	**–**	76,296	**–**	74,408
Total	(i) + (ii)	**10,812**	89,364	**10,797**	98,678
Share of results in joint ventures, net of tax		**(524)**	(2,191)	**–**	–

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

12 Joint ventures (Cont'd)

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

Non-interest bearing loans

Interest is imputed on the non-interest bearing loans. A discount rate of 5% (2021 - 5%) per annum has been applied to calculate the financial asset to its fair value at initial recognition and notional interest, up till the repayment dates, 13 October 2022 (2021 – 13 October 2022), being the earliest date and 29 March 2023 (2021 - 29 March 2023), being the latest date. These loans are non-trade, interest-free, denominated in Singapore dollar and subordinated to all bank borrowings of the respective companies. During the year, the loans have been fully repaid.

The Group has commitments to provide financial guarantees to banks for credit facilities granted to certain joint ventures, as disclosed in Note 43.2.

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

Details of the joint ventures at the end of the reporting period are as follows:

	Name of joint venture	Country of incorporation/ principal place of business	Proportion of ownership interests and voting rights held by the Group		Principal activities
			2022	2021	
			%	%	
	Held by the Company				
(1)	Bina Meganmas Sdn. Bhd. ("Bina Meganmas")	Malaysia	**49**	49	To build bungalow lots at Bandar Seri Alam, Johor
(2),(3)	Promatik Emas Sdn. Bhd.	Malaysia	**25**	25	Developed Panaroma, a parcel of land at Persiaran Hampshire, Kuala Lumpur
(4)	Westgate Tower Pte. Ltd. ("Westgate Tower")	Singapore	**–**	40	Property investment
(4)	Westgate Commercial Pte. Ltd. ("Westgate Commercial")	Singapore	**–**	40	Property investment
	Held by Glocity Capital Pte. Ltd.				
(5),(6)	HThree City Australia Pte. Ltd. ("HThree City")	Singapore	**33**	33	Property fund management
	Held by HThree City				
(5),(6)	HThree City ACF3 GP Pte. Ltd.	Singapore	**33**	33	Property fund management
(5),(6)	HThree City ACF3 MSPV Pte. Ltd.	Singapore	**33**	33	Property fund management

12 Joint ventures (Cont'd)

	Name of joint venture	Country of incorporation/ principal place of business	Proportion of ownership interests and voting rights held by the Group		Principal activities
			2022	2021	
			%	%	
	Held by Paya Lebar Square Pte. Ltd.				
(7)	Paya Lebar Central Partnership Ltd.	Singapore	**33**	–	Management Consultancy Services

Notes:

(1) Audited by Crowe Malaysia PLT

(2) Audited by PricewaterhouseCoopers, Malaysia

(3) This joint venture is a subsidiary of UOL Group Limited, a public company listed on the Singapore Exchange. The results of this joint venture are based on audited results as of 31 December 2021, which is within three months of the Group's financial year-end. No adjustments were made to these joint ventures' financial results as in the opinion of the directors, there were no material transactions and events that had occurred in the intervening period.

(4) Audited for consolidation purposes. Disposed during the year.

(5) Audited by Ernst & Young LLP, Singapore

(6) The joint venture is a joint venture of Glocity Capital Pte. Ltd., Holland Hill Holding Pte. Ltd. and Adelanto Investments Pte. Ltd.. The results of this joint venture and its subsidiaries are based on unaudited results as of 31 December 2021 with adjustments made to 31 January 2022 for the Group consolidation purpose.

(7) Incorporated during the year.

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

Details of material joint ventures

Westgate Commercial and Westgate Tower are strategic ventures in the property leasing business for the Group, which were disposed during the year. Bina Meganmas is a strategic partner for the Group's property development business in Johor, Malaysia.

In June 2021, the Group disposed of Westgate Commercial and Westgate Tower to a non-related party for cash consideration of $18,626,000. This transaction has resulted in the recognition of a gain in profit or loss as set out below:

	2022
	$'000
Consideration received on disposal of investment	**18,626**
Add: Fair value of retained interest in investment	**2,724**
Less: Carrying amount of investment at date of loss of significant influence	**(1,665)**
Gain on disposal of investment	**19,685**

12 Joint ventures (Cont'd)

Details of material joint ventures (Cont'd)

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

Summarised statement of financial position

2022	Bina Meganmas $'000
Current assets	**1,591**
Includes	
- Cash and cash equivalents	**23**
Non-current assets	**20,201**
Current liabilities	**(278)**
Includes	
- Financial liabilities (excluding trade and other payables and provisions)	**(274)**
Non-current liabilities	**(21,558)**
Includes	
- Financial liabilities (excluding trade and other payables and provisions)	**(21,558)**
Net liabilities	**(44)**

2021	Westgate Commercial $'000	Westgate Tower $'000	Bina Meganmas $'000
Current assets	18,272	14,094	1,761
Includes			
- Cash and cash equivalents	16,457	12,198	8
Non-current assets	288,320	274,881	20,480
Current liabilities	(4,988)	(3,154)	(276)
Includes			
- Financial liabilities (excluding trade and other payables and provisions)	(1,600)	(1,800)	(273)
Non-current liabilities	(298,344)	(283,444)	(21,880)
Includes			
- Financial liabilities (excluding trade and other payables and provisions)	(295,161)	(280,582)	(21,880)
Net assets	3,260	2,377	85

12 Joint ventures (Cont'd)

Details of material joint ventures (Cont'd)

Summarised statement of comprehensive income

2022	Bina Meganmas $'000
Revenue	**–**
Net loss and total comprehensive loss for the year	**(127)**

2021	Westgate Commercial $'000	Westgate Tower $'000	Bina Meganmas $'000
Revenue	10,255	9,433	–
Net loss and total comprehensive loss for the year	(3,171)	(2,559)	(81)

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

2022	Bina Meganmas $'000
Interest expense	**55**

2021	Westgate Commercial	Westgate Tower	Bina Meganmas
Depreciation	(3,262)	(3,112)	–
Interest income	107	52	–
Interest expense	(8,078)	(7,014)	–
Income tax expense	(993)	(854)	–

12 Joint ventures (Cont'd)

Details of material joint ventures (Cont'd)

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

2022	Bina Meganmas $'000	Immaterial Joint Ventures $'000	Total $'000
Net (liabilities)/ assets of joint ventures	**(44)**	**1,803**	**1,759**
Proportion of the Group's ownership	**–**	**555**	**555**
Amounts owing by joint ventures	**10,257**	**–**	**10,257**
Carrying amount of joint ventures	**10,257**	**555**	**10,812**

2021	Westgate Commercial $'000	Westgate Tower $'000	Bina Meganmas $'000	Immaterial Joint Ventures $'000	Total $'000
Net assets of joint ventures	3,260	2,377	85	1,818	7,540
Proportion of the Group's ownership	1,304	951	42	454	2,751
Amounts owing by joint ventures	37,017	39,279	10,317	–	86,613
Carrying amount of joint ventures	38,321	40,230	10,359	454	89,364

Aggregate information of joint ventures that are not individually material

The Group	**2022 $'000**	2021 $'000
Share of (loss)/profit after taxation and total comprehensive income for the year	**(483)**	140

The unrecognised share of profit of joint venture for the year is $13,000 (2021- $127,000) and the cumulative unrecognised share of loss of joint venture is $272,000 (2021- $285,000).

13 Associate companies

The Group	Note	2022 $'000	2021 $'000
Unquoted equity investments		**5,712**	5,712
Discount implicit in non-current loans to associate		**23,083**	23,083
Amounts owing by associate companies (non-trade)		**22,531**	21,581
		51,326	50,376
Share of associate companies' post-acquisition profits		**3,712**	3,261
Exchange fluctuation difference		**(1,423)**	(1,368)
	(i)	**53,615**	52,269
Shareholder loan owing by associate company:			
- Shareholder loan		**36,678**	36,678
- Notional interest on shareholder loan		**1,995**	152
	(ii)	**38,673**	36,830
	(i) + (ii)	**92,288**	89,099
Share of associate companies' results, net of tax		**484**	55,216
Dividend received from associate company		**–**	53,865

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

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

Shareholder loan owing by associate company

Interest is imputed on the shareholder loan owing by associate company. A discount rate of 5% (2021 - 5%) per annum has been applied to calculate the financial asset to its fair value at initial recognition and notional interest, up till the repayment date, 31 December 2030. The amount is non-trade, unsecured, interest-free and denominated in Singapore dollar.

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

13 Associate companies (Cont'd)

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

	Name	Country of incorporation/ principal place of business	Proportion of ownership interests and voting rights held by the Group		Principal activities
			2022	2021	
			%	%	
	Held by Prodev Pte Ltd				
(1)	Binakawa Sdn. Bhd. ("Binakawa")	Malaysia	**49**	49	Property development and investment holding
	Held by Huatland Development Pte. Ltd. ("Huatland")				
(2),(3)	Perennial Shenton Investors Pte. Ltd. ("PSI")	Singapore	**20**	20	Investment holding
(2)	PRE13 Pte. Ltd. ("PRE13")	Singapore	**20**	20	Investment holding
	Held by LKHS Property Investment Pte. Ltd.				
(4),(5)	Dalvey Breeze Development Pte. Ltd. ("Dalvey")	Singapore	**40**	40	Property development

Notes:

(1) Audited by Crowe Malaysia PLT

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

(3) The associate company is an associate company of Perennial Real Estate Holdings Limited, which was de-listed from the Singapore Exchange on 14 September 2020. The results of the company are based on audited results as of 31 December 2021 with adjustments made to 31 January 2022 for the Group consolidation purpose.

(4) Audited by UHY Lee Seng Chan & Co, Singapore, reporting period 31 March

(5) The associate company is a subsidiary of KOP Limited, a public company listed on the Singapore Exchange. The results of the company are based on unaudited results as of 31 January 2022 for the Group consolidation purpose.

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

Dalvey and Binakawa act as strategic partners of the Group in the property development business in Singapore and Malaysia respectively.

13 Associate companies (Cont'd)

Huatland, a wholly-owned subsidiary of the Company, owns 20% equity interest in PSI. PSI owns 100% equity stake in PSH, who owns 100% of equity stake in PSP ("PSH group"). 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.

PSI group acted as strategic partner in the properties leasing business for office units up until the sale of PSH group on 30 June 2020. Subsequently, PSI has been dormant and its role as the Group's strategic partner in the property leasing business has been undertaken by PRE13, in addition to property development business that PRE13 provides to the Group relating to the redevelopment of AXA Tower.

<u>Sale of PSH group by PSI</u>

On 6 May 2020, PSI disposed 100% of its equity interest in PSH group and transferred its shareholders' loan outstanding as of 30 June 2020 to Alibaba Singapore and PRE13 in equal shares of 50% each. Consequently, PRE13 has a 50% equity interest and shareholders' loan in the form of promissory note in PSH and PSP as at 30 June 2020 and 31 January 2021. Alibaba Singapore is a subsidiary of Alibaba Group Holding Limited, and PRE13 is a new associate company comprising the original consortium of investors, led by Perennial Real Estate Holdings Limited ("Perennial"). Huatland holds an equity interest of 20% in PRE13, who then entered into a joint venture agreement for the redevelopment of AXA Tower through PSH group with Alibaba Singapore.

AXA Tower currently has an existing gross floor area ("GFA") of approximately 1,050,000 square feet ("sqf."). Based on Urban Redevelopment Authority's Master Plan 2019, AXA Tower had already secured an approved uplift in its gross plot ratio which would increase the development's existing GFA to approximately 1,240,000 sqf. Approval had also been obtained to further increase AXA Tower's GFA to 1,550,000 sqf. should it integrate hotel and residential usage under the CBD Incentive Scheme.

The consideration for the sale is based on the net asset value of PSH group as of 30 June 2020, calculated based on the agreed property price of AXA Tower at $1,680,000,000. The consideration was subject to certain adjustments for the net asset value of PSH and was determined after arm's length negotiations between PSI and Alibaba Singapore, resulted in total final consideration of $596,578,000 payable by Alibaba Singapore and PRE13 at $298,289,000 each via cash and promissory note respectively.

The promissory note of PRE13 was assigned by PSI to its consortium investors to offset part of its dividend payments, capital reduction payments and junior bonds redemption payments during the year. The Group was assigned of the promissory note of PRE13 by PSI with a nominal value of $59,658,000, which was included as part of shareholder loan to PRE13 totalling $59,761,000 in nominal value.

During the previous year, the Group received total cash proceeds of $67,062,000 from PSI which includes proceeds from the redemption of junior bonds of $32,000,000, cash dividend proceeds of $102,000 and capital reduction proceeds of $34,960,000.

The redevelopment project would require partial reinvestment of proceeds received from the divestment. Depending on the final development plans and financing arrangement, the maximum equity required by the new joint venture to redevelop AXA Tower was estimated to be $114,118,000 based on Huatland's proportionate equity share and would be financed internally and through bank borrowings.

13 Associate companies (Cont'd)

The Group's share of PSI gain on sale of PSH group

The Group's share on the PSI's gain on sale of interest in PSH group for the financial year ended 31 January 2021 was $50,176,000 which is included in the Group's share of results of associates and joint ventures for the period then ended.

Details of associate companies

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

Summarised statement of financial position

	PSI		Dalvey		PRE13		Binakawa	
	2022	2021	**2022**	2021	**2022**	2021	**2022**	2021
	$'000	$'000	**$'000**	$'000	**$'000**	$'000	**$'000**	$'000
Current assets	**109,857**	133,522	**105,170**	104,447	**34**	50	**2,321**	2,736
Current liabilities	**(107,887)**	(131,588)	**(1,231)**	(5,218)	**(19)**	(30)	**(5,210)**	(4,199)
Non-current assets	**–**	–	**1,001**	521	**310,188**	303,923	**40,125**	40,632
Non-current liabilities	**–**	–	**(106,504)**	(101,750)	**(187,553)**	(183,710)	**(24,650)**	(26,399)
Net assets/(liabilities)	**1,970**	1,934	**(1,564)**	(2,000)	**122,650**	120,233	**12,586**	12,770

Summarised statement of comprehensive income

	PSI		Dalvey		PRE13		Binakawa	
	2022	2021	**2022**	2021	**2022**	2021	**2022**	2021
	$'000	$'000	**$'000**	$'000	**$'000**	$'000	**$'000**	$'000
Revenue	**–**	20,641	**14,128**	1,412	**–**	–	**2,327**	–
Profit/(loss) from continuing operations	**38**	275,761	**76**	(2,615)	**2,419**	4,815	**(14)**	(914)
Post-tax profit/(loss) from continuing operations, representing total comprehensive income/(loss)	**36**	274,775	**76**	(2,636)	**2,419**	4,815	**(5)**	(914)

13 Associate companies (Cont'd)

Details of associate companies (Cont'd)

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

	PSI $'000	Dalvey $'000	PRE13 $'000	Binakawa $'000	Total $'000
2022					
Net assets/(liabilities)	**1,970**	**(1,564)**	**122,650**	**12,578**	**135,634**
Group's share of net assets	**394**	**(626)**	**24,530**	**6,160**	**30,458**
Amount owing by associate companies	**–**	**12,200**	**38,673**	**10,331**	**61,204**
Others	**–**	**626**	**–**	**–**	**626**
Carrying amount	**394**	**12,200**	**63,203**	**16,491**	**92,288**

	PSI $'000	Dalvey $'000	PRE13 $'000	Binakawa $'000	Total $'000
2021					
Net assets	1,934	(2,000)	120,233	12,770	132,937
Group's share of net assets	387	(800)	24,047	6,254	29,888
Amount owing by associate companies	–	12,028	36,830	9,553	58,411
Others	–	800	–	–	800
Carrying amount	387	12,028	60,877	15,807	89,099

Commitments for expenditure

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

The Group	**2022** **$'000**	2021 $'000
Capital expenditure	**114,118**	114,118

The unrecognised share of profit of associate for the year is $175,000 (2021- share of loss $1,054,000) and the cumulative unrecognised share of loss of associate is $1,025,000 (2021- $1,200,000).

14 Subsidiaries

The Company	Note	2022 $'000	2021 $'000
Unquoted equity investments			
Balance at beginning		**14,291**	14,291
Addition during the year		**44,625**	–
Balance at end of year		**58,916**	14,291
Discount implicit in non-current loan to subsidiaries		**75,378**	73,564
Amounts owing by subsidiaries (non-trade):			
- Interest-free		**468,323**	426,086
		602,617	513,941
Impairment loss on investments in subsidiaries			
Balance at beginning of year		**(19,632)**	(10,936)
Allowance for the year		**–**	(9,611)
Allowance no longer required		**–**	915
Balance at end of year		**(19,632)**	(19,632)
	(i)	**582,985**	494,309
Non-interest bearing loans owing by subsidiaries (non-trade):			
- Non-interest bearing loans		**77,763**	40,010
- Notional interest on loans		**14,685**	11,440
	(ii)	**92,448**	51,450
Total	(i) + (ii)	**675,433**	545,759

The non-trade amounts owing by subsidiaries of $468,323,000 (2021 - $426,086,000) are regarded as an extension of the Company's net investments in the subsidiaries because they are neither planned nor likely to be settled in the foreseeable future. They represent net investment with indeterminable repayments. The non-trade amounts are unsecured and interest-free.

During the financial year ended 31 January 2022, the Company assessed the carrying amounts of its investments in subsidiaries for indicators of impairment. Based on this assessment, the Company recognised an impairment loss totalling $ Nil (2021 - $9,611,000) mainly due to its subsidiaries incurring losses from their business activities. The recoverable amounts of the investments have been determined based on the revalued net assets of these subsidiaries as at 31 January 2022 which is classified under Level 3 of the fair value hierarchy.

In the previous financial year, the impairment loss on investments in subsidiaries of $915,000 has been reversed as a result of an increase in the recoverable amounts of certain subsidiaries.

Non-interest bearing loans

Interest is imputed on the non-interest bearing loans. A discount rate of 5% (2021 - 5%) per annum has been applied to calculate the financial asset to its fair value at initial recognition and notional interest, up till the repayment dates, 3 August 2023 (2021 - 3 August 2023).

On 31 October 2021, the Company resolved that the non-interest bearing loans owing by subsidiaries should be repayable at the discretion of the subsidiaries with effect from 31 October 2021. Accordingly, the non-interest bearing loans owing by subsidiaries has been recognised as equity loans to subsidiaries.

14 Subsidiaries (Cont'd)

Non-interest bearing loans (Cont'd)

The equity loan is an extension of the Company's investments in the subsidiaries and is denominated in Singapore dollar. The amount is unsecured, interest free and is repayable at the discretion of borrower.

The Company has commitments to provide financial guarantees to banks for credit facilities granted to certain subsidiaries, as disclosed in Note 43.2.

All amounts owing by subsidiaries are denominated in Singapore dollar.

Details of the subsidiaries at the end of the reporting period are as follows:

	Name	Country of incorporation/ principal place of business	Cost of investments		Proportion of ownership interests and voting rights held by the Group		Principal activities
			2022	2021	**2022**	2021	
			$'000	$'000	**%**	%	
	Subsidiaries held by the Company						
(1), (7)	Kwan Hwee Investment Pte. Ltd.	Singapore	**3,230**	3,230	**100**	100	Property development and investment holding
(1)	Low Keng Huat International Pte. Ltd.	Singapore	**3,000**	3,000	**100**	100	Investment holding
(1)	Quality Investments Pte Ltd	Singapore	**500**	500	**100**	100	Investment holding
(1)	Prodev Pte. Ltd.	Singapore	**10**	10	**100**	100	Investment holding
(1)	Bali Investment Pte. Ltd.	Singapore	*****	*	**100**	100	Investment holding
(1)	Duxton Hotel (Pte.) Ltd.	Singapore	*****	*	**100**	100	Hotel management services
(1)	Domitian Investment Pte. Ltd.	Singapore	*****	*	**100**	100	Investment holding
(1)	Balestier Tower Pte. Ltd.	Singapore	**2,000**	2,000	**100**	100	Property development and property investment
(1)	Starworth Pte. Ltd.	Singapore	*****	*	**100**	100	Investment holding
(1)	LKHS Property Investment Pte. Ltd. (formerly known as Siong Feng Development Pte. Ltd.)	Singapore	*****	*	**100**	100	Investment holding
	Balance carried forward		**8,740**	8,740			

14 Subsidiaries (Cont'd)

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

	Name	Country of incorporation/ principal place of business	Cost of investments 2022 $'000	Cost of investments 2021 $'000	Proportion of ownership interests and voting rights held by the Group 2022 %	Proportion of ownership interests and voting rights held by the Group 2021 %	Principal activities
	Balance brought forward		**8,740**	8,740			
	Subsidiaries held by the Company						
(1)	Huatland Development Pte. Ltd.	Singapore	**1,000**	1,000	**100**	100	Investment holding
(1)	East Peak Development Pte. Ltd.	Singapore	*****	*	**100**	100	Investment holding
(1)	Kendall Pte. Ltd.	Singapore	**1**	1	**75**	75	Investment holding
(1) (8)	Paya Lebar Square Pte. Ltd.	Singapore	**45,175**	550	**100**	55	Property investment
(1)	Perumal Development Pte. Ltd.	Singapore	**2,000**	2,000	**100**	100	Property development
(1)	Glocity Capital Pte. Ltd.	Singapore	*****	*	**100**	100	Investment holding
(1)	Glopeak Development Pte. Ltd.	Singapore	**2,000**	2,000	**100**	100	Property development
(1)	LKHS Development Pte. Ltd. (formerly known as LKHS Property Investment Pte. Ltd.)	Singapore	*****	*	**100**	100	Investment holding
	Subsidiary held by Bali Investment Pte. Ltd.						
(2)	Vista Mutiara Sdn. Bhd.	Malaysia	**+**	+	**100**	100	Investment holding
	Subsidiary held by Starworth Pte. Ltd.						
(1)	Carnivore Brazilian Churrascaria Pte. Ltd.	Singapore	**+**	+	**100**	100	Restaurant
	Subsidiary held by Duxton Hotel (Pte.) Ltd.						
(3)	Duxton Hotels International Pty Ltd	Australia	**+**	+	**100**	100	Owner of trademark
	Subsidiary held by Kendall Pte. Ltd.						
(4)	Amuret Pty Ltd	Australia	**+**	+	**75**	75	Investment holding
	Balance carried forward		**58,916**	14,291			

14 Subsidiaries (Cont'd)

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

	Name	Country of incorporation/ principal place of business	Cost of investments		Proportion of ownership interests and voting rights held by the Group		Principal activities
			2022	2021	**2022**	2021	
			$'000	$'000	**%**	%	
	Balance brought forward		**58,916**	14,291			
	Subsidiaries held by Low Keng Huat International Pte. Ltd.						
(4)	Narymal Pty Ltd	Australia	**+**	+	**75**	75	Hotel management services
(5), (7)	Shanghai Nova Realty Development Co., Ltd.	People's Republic of China	**+**	+	**63**	63	Investment holding
	Subsidiary held by Quality Investments Pte Ltd						
(1)	Herman Investments Pte. Ltd.	Singapore	**+**	+	**100**	100	Investment holding
	Subsidiary held by Siong Feng Development Pte. Ltd.						
(1)/(7)	Paya Lebar Development Pte. Ltd.	Singapore	**+**	+	**80**	80	Property development
	Subsidiary held by East Peak Development Pte. Ltd.						
(1)/(7)	Newfort Alliance (Kismis) Pte. Ltd.	Singapore	**+**	+	**70**	70	Property development
	Subsidiary held by Glocity Capital Pte. Ltd.						
(6)	HThree Capital Pte.Ltd.	Singapore	**+**	+	**51**	51	Property fund management
			58,916	14,291			

14 Subsidiaries (Cont'd)

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

* Represents amount less than $500

+ Interest held through subsidiaries

(1) Audited by Foo Kon Tan LLP

(2) Audited by Crowe Malaysia PLT

(3) Not required to be audited under the country of jurisdiction

(4) Audited by Crowe Perth, Australia

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

(6) Audited by Ernst & Young LLP, Singapore, reporting period 31 December. The results of the company is based on audited results as at 31 December 2021 with adjustments made to 31 January 2022 for the Group consolidation purpose.

(7) Under liquidation

(8) In June 2021, the Company acquired 45% interest of an existing subsidiary, Paya Lebar Square Pte. Ltd. ("PLS") at a consideration of $44,625,000, increasing its ownership from 55% to 100%. The carrying amount of PLS's net assets in the Group's consolidated financial statements on the date of acquisition was $40,510,000.

	2022 $'000
Carrying amount of non-controlling interests acquired	**18,230**
Unamortised interest on non-interest bearing loans owing to non-controlling shareholders of subsidiaries	**(1,814)**
Consideration paid to non-controlling interests	**(44,625)**
Decrease in equity attributable to owners of the Company	**(28,209)**

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

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

14 Subsidiaries (Cont'd)

Details of non-wholly owned subsidiaries that have material non-controlling interests

The table below shows details of non-wholly owned subsidiaries of the Group that have material non-controlling interests.

Name of subsidiary	Country of incorporation/ principal place of business	Proportion of ownership interests and voting rights held by non-controlling interests	Profit/(loss) allocated to non-controlling interests	Accumulated non-controlling interests	Dividends paid to non-controlling interests
		%	$'000	$'000	$'000
2022					
Held by the Company					
Kendall Pte. Ltd.	Singapore	**25**	**26**	**9,847**	**–**
Held by a subsidiary					
Narymal Pty Ltd	Australia	**25**	**(601)**	**783**	**–**
2021					
Held by the Company					
Paya Lebar Square Pte. Ltd.	Singapore	45	(610)	17,892	–
Kendall Pte. Ltd.	Singapore	25	(42)	9,821	–
Held by a subsidiary					
Narymal Pty Ltd	Australia	25	124	1,472	–

Summarised financial information in respect of the Group's subsidiaries that have material non-controlling interests is set out below. The summarised financial information below represents amounts before intra-group eliminations.

Summarised statement of financial position

2022	Kendall Pte. Ltd. $'000	Narymal Pty Ltd $'000
Non-current assets	**26,303**	**558**
Current assets	**4,603**	**5,739**
Non-current liabilities	**–**	**(49)**
Current liabilities	**(1,500)**	**(2,360)**

14 Subsidiaries (Cont'd)

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

Summarised statement of financial position (Cont'd)

2021	Paya Lebar Square Pte. Ltd. $'000	Kendall Pte. Ltd. $'000	Narymal Pty Ltd $'000
Non-current assets	298,817	26,303	788
Current assets	14,618	4,605	8,522
Non-current liabilities	(260,042)	–	–
Current liabilities	(13,632)	(1,605)	(2,707)

Summarised statement of comprehensive income

2022	Kendall Pte. Ltd. $'000	Narymal Pty Ltd $'000
Revenue	**104**	**12,965**
Expenses	**(1)**	**(15,368)**
Profit/(loss) for the year, representing total comprehensive income/(loss) for the year	**103**	**(2,403)**
Total comprehensive income/(loss) attributable to non-controlling interests	**26**	**(601)**

2021	Paya Lebar Square Pte. Ltd. $'000	Kendall Pte. Ltd. $'000	Narymal Pty Ltd $'000
Revenue	14,512	–	9,500
Expenses	(15,867)	(168)	(8,362)
(Loss)/profit for the year, representing total comprehensive (loss)/income for the year	(1,355)	(168)	1,138
Total comprehensive (loss)/income attributable to non-controlling interests	(610)	(42)	124

14 Subsidiaries (Cont'd)

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

Other summarised information

2022	Kendall Pte. Ltd. $'000	Narymal Pty Ltd $'000
Net cash (outflow)/inflow from operating activities	**(3)**	**1,805**
Net cash outflow from investing activities	**(140)**	**(68)**

2021	Paya Lebar Square Pte. Ltd. $'000	Kendall Pte. Ltd. $'000	Narymal Pty Ltd $'000
Net cash inflow/(outflow) from operating activities	6,846	(3)	1,954
Net cash outflow from investing activities	(5)	–	(102)
Net cash outflow from financing activities	(13,202)	–	(2,039)

15 Investment properties

	Note	The Group **2022** **$'000**	The Group 2021 $'000	The Company **2022** **$'000**	The Company 2021 $'000
Cost					
Balance at beginning of year		**335,046**	335,224	**19,061**	19,061
Additions		**30**	110	**–**	–
Disposal		**(15,191)**	(288)	**(19,061)**	–
Transfer to property, plant and equipment	16	**(1,000)**	–	**–**	–
Balance at end of year		**318,885**	335,046	**–**	19,061
Accumulated depreciation					
Balance at beginning of year		**20,571**	16,426	**1,244**	1,045
Depreciation for the year	32	**4,149**	4,145	**66**	199
Disposal		**(1,045)**	–	**(1,310)**	–
Transfer to property, plant and equipment	16	**(408)**	–	**–**	–
Balance at end of year		**23,267**	20,571	**–**	1,244
Impairment					
Balance at beginning of year		**–**	–	**–**	–
Additions	30, 32	**1,902**	–	**–**	–
Balance at end of year		**1,902**	–	**–**	–
Net book value		**293,716**	314,475	**–**	17,817
Fair value		**418,400**	438,200	**–**	20,500

15 Investment properties (Cont'd)

(a) Investment properties are leased to third parties under operating leases [Note 37(b)(ii)].

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

The Group	Note	**2022 $'000**	2021 $'000
Income			
Rental income included in:			
- Revenue	27	**16,860**	15,141
- Other operating income	28(a)	**–**	60
Expenses			
Direct operating expenses arising from:			
- Investment properties that generated rental income		**7,084**	6,639
- Investment properties that did not generate rental income		**144**	780

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

	Location	Description	Tenure	Net book value **2022 $'000**	Net book value 2021 $'000	The Group's effective equity interest
(1)	80 Marine Parade Road, 18th Floor of Parkway Parade, Singapore	1 office unit	99 years lease commencing 17 August 1979	**–**	597	100%
(2), (5)	60 Paya Lebar Road, Paya Lebar Square Retail Podium, Singapore	159 retail units	99 years lease commencing 25 July 2011	**249,508**	252,324	100%
(3)	60 Paya Lebar Road, Paya Lebar Square, Office block, Singapore	4 office units	99 years lease commencing 25 July 2011	**–**	14,199	100%
(4),(5)	207 Balestier Road, BT Centre, Singapore	30 commercial retail units	Freehold	**44,208**	47,355	100%
				293,716	314,475	

15 Investment properties (Cont'd)

Notes:

(1) Reclassified to property, plant and equipment during the year due to change in use.

During the previous financial year, a firm of independent professional valuers, Savills Valuation & Professional Services (S) Pte Ltd, valued the office unit to be $2,500,000 located at 80 Marine Parade Road based on the property's highest-and-best use using the Direct Comparison Method and with reference to indicative prices for similar office units in the area.

(2) During the financial year, a firm of independent professional valuers, Savills Valuation & Professional Services (S) Pte Ltd, valued the retail units to be $373,200,000 (2021 - $367,000,000) as at 31 January 2022 based on the property's highest-and-best use using the Direct Comparison Method and Income Capitalisation Method.

(3) Disposed during the year.

(4) During the financial year, a firm of independent professional valuers, Savills Valuation & Professional Services (S) Pte Ltd, valued the property at 207 Balestier Road to be $203,600,000 as at 31 January 2022 (2021 - $206,600,000) based on the property's highest-and-best use fair value of a mixed commercial cum serviced apartments development using the Direct Comparison Method and Income Capitalisation Method. The amount consists of $158,400,000 and $45,200,000 (2021 - $158,400,000 and $48,200,000) allocated to property, plant and equipment and investment property respectively. An impairment of $1,902,000 has been made to investment properties as the carrying amount is lower than the recoverable amount.

(5) At the end of reporting period, these properties had been pledged to a financial institution to secure bank borrowings (Note 22).

The Direct Comparison Method involves the analysis of comparable sales of similar properties and adjusting prices to those reflective of the investment properties. The Income Capitalisation Method capitalises an income stream into a present value using single-year capitalisation rate.

Further information regarding the fair value measurement of the Group's investment properties is provided in Note 41.

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16 Property, plant and equipment

The Group	Freehold properties $'000	Leasehold land $'000	Leasehold buildings $'000	Plant, machinery and surveying equipment $'000	Motor vehicles $'000	Furniture, fittings and equipment $'000	Renovation $'000	Construction in-progress $'000	Total $'000
Cost									
At 1 February 2020	166,637	–	10,837	43,773	3,028	9,624	1,415	107,676	342,990
Additions	48	–	980	1,026	–	194	130	6,488	8,866
Written off	–	–	–	(62)	–	(33)	(379)	(6)	(480)
Disposals	(152)	–	–	–	–	–	–	–	(152)
Lease modification [Note 16(ii)(A)]	–	–	(1,421)	–	–	–	–	–	(1,421)
Reclassification	–	–	–	17	–	183	199	(399)	–
Exchange translation difference	2,242	–	146	4,520	4	102	38	–	7,052
At 31 January 2021	**168,775**	**–**	**10,542**	**49,274**	**3,032**	**10,070**	**1,403**	**113,759**	**356,855**
Additions	**–**	**–**	**–**	**254**	**743**	**877**	**46**	**8,785**	**10,705**
Written off	**(302)**	**–**	**–**	**–**	**–**	**(19)**	**(30)**	**–**	**(351)**
Disposals	**–**	**–**	**–**	**–**	**(657)**	**(1)**	**–**	**–**	**(658)**
Transfer from investment properties (Note 15)	**–**	**–**	**1,000**	**–**	**–**	**–**	**–**	**–**	**1,000**
Reclassification	**–**	**88,120**	**27,496**	**1,517**	**–**	**5,411**	**–**	**(122,544)**	**–**
Exchange translation difference	**(1,416)**	**–**	**(91)**	**(2,886)**	**(2)**	**(74)**	**(25)**	**–**	**(4,494)**
At 31 January 2022	**167,057**	**88,120**	**38,947**	**48,159**	**3,116**	**16,264**	**1,394**	**–**	**363,057**
Accumulated depreciation									
At 1 February 2020	3,678	–	2,941	29,232	918	2,354	649	–	39,772
Depreciation for the year (Note 32)	1,091	–	413	1,883	299	1,819	76	–	5,581
Written off	–	–	–	(44)	–	(29)	(248)	–	(321)
Lease modification [Note 16(ii)(A)]	–	–	(575)	–	–	–	–	–	(575)
Exchange translation difference	180	–	12	3,427	–	95	–	–	3,714
At 31 January 2021	**4,949**	**–**	**2,791**	**34,498**	**1,217**	**4,239**	**477**	**–**	**48,171**
Depreciation for the year (Note 32)	**856**	**–**	**169**	**1,943**	**291**	**2,072**	**76**	**–**	**5,407**
Written off	**–**	**–**	**–**	**–**	**–**	**(16)**	**–**	**–**	**(16)**
Disposals	**–**	**–**	**–**	**–**	**(347)**	**(1)**	**–**	**–**	**(348)**
Transfer from investment properties (Note 15)	**–**	**–**	**408**	**–**	**–**	**–**	**–**	**–**	**408**
Exchange translation difference	**(248)**	**–**	**(12)**	**(2,246)**	**–**	**(61)**	**–**	**–**	**(2,567)**
At 31 January 2022	**5,557**	**–**	**3,356**	**34,195**	**1,161**	**6,233**	**553**	**–**	**51,055**

16 Property, plant and equipment (Cont'd)

The Group	Freehold properties $'000	Leasehold land $'000	Leasehold buildings $'000	Plant, machinery and surveying equipment $'000	Motor vehicles $'000	Furniture, fittings and equipment $'000	Renovation $'000	Construction in-progress $'000	Total $'000
Accumulated impairment loss									
At 1 February 2020	5,809	–	–	46	–	19	–	–	5,874
Additions (Notes 30,32)	–	–	980	146	–	138	286	–	1,550
Written off	–	–	–	(18)	–	(4)	(131)	–	(153)
At 31 January 2021	**5,809**	**-**	**980**	**174**	**-**	**153**	**155**	**-**	**7,271**
Additions (Notes 30,32)	**-**	**-**	**-**	**2**	**-**	**-**	**46**	**-**	**48**
Impairment no longer required (Notes 28(a),32)	**(3,391)**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**(3,391)**
At 31 January 2022	**2,418**	**-**	**980**	**176**	**-**	**153**	**201**	**-**	**3,928**
Net book value									
At 31 January 2022	**159,082**	**88,120**	**34,611**	**13,788**	**1,955**	**9,878**	**640**	**-**	**308,074**
At 31 January 2021	158,017	–	6,771	14,602	1,815	5,678	771	113,759	301,413

16 Property, plant and equipment (Cont'd)

The Company	Plant, machinery and surveying equipment $'000	Motor vehicles $'000	Furniture, fittings and equipment $'000	Renovation $'000	Leasehold properties $'000	Total $'000
Cost						
At 1 February 2020	84	2,993	760	655	4,009	8,501
Additions	–	–	55	–	–	55
At 31 January 2021	**84**	**2,993**	**815**	**655**	**4,009**	**8,556**
Additions	**–**	**743**	**28**	**–**	**–**	**771**
Disposals	**–**	**(656)**	**(19)**	**–**	**–**	**(675)**
At 31 January 2022	**84**	**3,080**	**824**	**655**	**4,009**	**8,652**
Accumulated depreciation						
At 1 February 2020	82	918	629	272	1,442	3,343
Depreciation for the year	2	294	43	65	43	447
At 31 January 2021	**84**	**1,212**	**672**	**337**	**1,485**	**3,790**
Depreciation for the year	**–**	**287**	**40**	**65**	**44**	**436**
Disposals	**–**	**(346)**	**(16)**	**–**	**–**	**(362)**
At 31 January 2022	**84**	**1,153**	**696**	**402**	**1,529**	**3,864**
Net book value						
At 31 January 2022	**–**	**1,927**	**128**	**253**	**2,480**	**4,788**
At 31 January 2021	–	1,781	143	318	2,524	4,766

Right-of-use assets acquired under leasing arrangements are presented together with the owned assets of the same class. Details of such leased assets are disclosed in Note 37(b).

In the financial year ended 31 January 2022, the Group had written back an impairment loss of $3,391,000 (2021 - $Nil) to its recoverable amount, as Citadines Balestier had improved profitability from its business activities and the recoverable amount is higher than carrying amount. The recoverable amount was computed based on property's highest-and-best use fair value using the Direct Comparison Method and Income Capitalisation Method. The write-back of the impairment loss was included within "other operating income" in profit or loss [Note 28(a)].

In the financial year ended 31 January 2022, the Group recognised an impairment loss in "other operating expenses" of $48,000 (2021 - $1,550,000) on plant and equipment held by a subsidiary of the Group (Note 30), as the recoverable amount was lower than the carrying amount and the subsidiary concerned was incurring continuing losses from its restaurant operations.

16 Property, plant and equipment (Cont'd)

The Group	2022 $'000	2021 $'000
Depreciation expense charged to:		
Construction costs	**97**	97
Profit or loss	**5,310**	5,484
	5,407	5,581

(i) The freehold properties comprise:

	Location	Description	Tenure	The Group's effective equity interest	Net book value 2022 $'000	Net book value 2021 $'000
(1)	No.1 St. George's Terrace, Perth, Western Australia, Australia	306-room Duxton Hotel Perth	Freehold	75%	**18,222**	19,571
(2)	207 Balestier Road, Citadines Balestier, Singapore	27-storey serviced apartments 166 units and 1 commercial retail unit	Freehold	100%	**140,860**	138,446
					159,082	158,017

Notes:

(1) The Directors of the Company estimated the fair value as at 31 January 2022 to be $85,640,000 (for Duxton Hotel Perth based on the property's highest-and-best use using the current market trend and with reference to indicative prices for similar hotels in the area.

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

During the previous financial year, a firm of independent professional valuers, Savills Valuations Pty Ltd, valued the freehold property to be $84,043,000 based on the property's highest-and-best use using the Discounted Cash Flow Method, Income Capitalisation Method and Direct Comparison Method.

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

(2) During the financial year, a firm of independent professional valuers, Savills Valuation & Professional Services (S) Pte Ltd, valued the property at 207 Balestier Road to be $203,600,000 as at 31 January 2022 (2021 - $206,600,000) based on the property's highest-and-best use fair value of a mixed commercial cum serviced apartments development using the Direct Comparison Method and Income Capitalisation Method. The amount consists of $158,400,000 and $45,200,000 allocated to property, plant and equipment and investment property (2021 - $158,400,000 and $48,200,000) respectively.

At the end of the reporting period, this property has been pledged to a financial institution to secure bank borrowings (Note 22).

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

Further information regarding the fair value measurement of the Group's property, plant and equipment is provided in Note 41.

16 Property, plant and equipment (Cont'd)

(ii) The leasehold land and buildings comprise:

	Location	Description	Tenure	The Group's effective equity equity interest
(A)	No. 1 St George's Terrace, Perth, Western Australia, Australia	Hotel parking and entrance forecourt	21 years lease commencing 1 January 2018	75%
(A)	Block C, #01-30 30 Victoria Street, CHIJMES, Singapore	Restaurant premises	5 years lease commencing 1 February 2018 (pre-terminated in October 2020)	100%
(1)	Block C, #01-32 30 Victoria Street, CHIJMES, Singapore	Restaurant premises	3 years lease commencing 1 September 2021	100%
(2)	80 Marine Parade Road, 18th Floor of Parkway Parade, Singapore	9 (2021 – 8) office units	99 years lease commencing 17 August 1979	100%
(3)	60 Paya Lebar Road, 4th Floor of Paya Lebar Square, Singapore	1 office unit	99 years lease commencing 25 July 2011	100%
(4)	2 Perumal Road Lyf @ Farrer, Singapore	16-storey serviced apartments 240 units and 7 commercial units	99 years lease commencing 17 April 2017	100%

Notes:

(A) Hotel parking and entrance forecourt
The monthly lease payments was revised effective from 1 January 2021. As this revision is not part of the original terms and conditions, the lease liability is remeasured and the corresponding right-of-use asset is adjusted totalling $107,000.

Block C, #01-30, 30 Victoria Street CHIJMES, Singapore
Carrying amount of $739,000 was written off during the previous financial year when the underlying lease was pre-terminated at the request of the landlord without any penalty.

(1) In the previous financial year, the Group recognised an impairment loss of $980,000 as the recoverable amount was lower than the carrying amount and the subsidiary concerned was incurring continuing losses from its restaurant operations. The recoverable amount was based on fair value less costs of disposal. The impairment loss is recognised within "other operating expenses" in profit or loss (Note 30).

(2) The Directors of the Company estimated the fair value as at 31 January 2022 to be $20,036,000 (2021 - $15,034,000) for these 9 (2021 – 8) office units located at 80 Marine Parade Road based on the properties' highest-and-best use using the current market trend and with reference to indicative prices for similar office units in the area.

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

16 Property, plant and equipment (Cont'd)

(ii) The leasehold land and buildings comprise: (cont'd)

(3) The Directors of the Company estimated the fair value as at 31 January 2022 to be $2,670,000 for the office unit located at 60 Paya Lebar Road based on the properties' highest-and-best use using the current market trend and with reference to indicative prices for similar office units in the area.

During the previous financial year, a firm of independent professional valuers, Savills Valuation & Professional Services (S) Pte Ltd valued the office unit located at 60 Paya Lebar Road to be $2,620,000 based on the property's highest-and-best use using the Direct Comparison Method and with reference to indicative prices for similar office units in the area.

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

(4) During the financial year, Lyf @ Farrer has been reclassified from construction in-progress to other categories in property, plant and equipment upon completion of construction. A firm of independent professional valuers, Savills Valuation & Professional Services (S) Pte Ltd valued the mixed commercial cum serviced apartments to be $232,040,000 (2021 - $161,914,000) based on the property's highest-and-best use using the Direct Comparison Method and Income Capitalisation Method.

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

At the end of the reporting period, this property has been pledged to a financial institution to secure bank borrowings (Note 22).

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17 Deferred taxation

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current income tax assets against current income tax liabilities and when the deferred income taxes relate to the same fiscal authority. The carrying amounts, determined after appropriate offsetting, are shown on the statement of financial position as follows:

The Group	**2022** **$'000**	2021 $'000
Deferred tax assets		
To be recovered		
- Within one year	**–**	1,040
- After one year	**201**	–
	201	1,040

The Group	**2022** **$'000**	2021 $'000
Deferred tax liabilities		
To be settled		
- Within one year	**–**	37
- After one year	**3,082**	3,045
	3,082	3,082

The Group	**2022** **$'000**	2021 $'000
Deferred tax assets		
Balance at beginning of year	**1,040**	719
Transfer to profit or loss (Note 33)	**(822)**	292
Exchange fluctuation difference	**(17)**	29
Balance at end of year	**201**	1,040
Deferred tax liabilities		
Balance at beginning of year	**3,082**	3,065
Transfer to profit or loss (Note 33)	**–**	17
Balance at end of year	**3,082**	3,082

17 Deferred taxation (Cont'd)

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

The Group	Excess of tax written down value over net book value of property, plant and equipment $'000	Unabsorbed tax losses $'000	Total $'000
At 1 February 2020	346	373	719
Transfer to profit or loss	–	292	292
Exchange fluctuation difference	29	–	29
At 31 January 2021	**375**	**665**	**1,040**
Transfer to profit or loss	**(157)**	**(665)**	**(822)**
Exchange fluctuation difference	**(17)**	**–**	**(17)**
At 31 January 2022	**201**	**–**	**201**

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

The Group	Excess of net book value over tax written down value of property, plant and equipment $'000
At 1 February 2020	3,065
Transfer to profit or loss	17
At 31 January 2021 and 31 January 2022	**3,082**

Deferred tax assets are recognised for tax losses carried forward to the extent that realisation of the related tax benefits through future taxable profits is probable. The Group's deferred tax assets include $Nil (2021 - $665,000) from a wholly-owned subsidiary, Perumal Development Pte. Ltd. This subsidiary has incurred tax losses when the property was still in the development phase as no taxable profits are allowed to be recognised until the project is substantially completed, which is indicated by issuance of Temporary Occupation Permit ("TOP") on 7 September 2021. Construction for Uptown @ Farrer is 100% (2021 - 84%) completed as at 31 January 2022 and TOP had been issued during the year.

The Group is of the view that the related deferred tax asset is recoverable based on the estimated future taxable income of the subsidiary on the basis of the current business plan and approved budget for the subsidiary. The related tax losses have no expiry date.

18 Trade and other payables

		The Group		The Company	
		2022	2021	**2022**	2021
	Note	**$'000**	$'000	**$'000**	$'000
Due within one year					
Trade payables					
Trade payables					
- Third parties		**17,152**	13,167	**8,204**	6,249
- Related party		**12**	21	**5**	4
	(i)	**17,164**	13,188	**8,209**	6,253
Other payables					
Accruals		**3,970**	5,168	**408**	453
Deposits received from third parties		**4,932**	4,649	**–**	–
Advanced payments received from customers		**479**	2,259	**–**	–
Interest payable		**452**	480	**10**	11
GST payable		**198**	465	**5**	228
Amount owing to related parties		**–**	2	**–**	–
Amount owing to subsidiaries		**–**	–	**4,200**	4,200
Provision for unutilised staffs' leave		**1,532**	1,537	**719**	510
Deferred income		**111**	353	**–**	97
Sundry payables		**1,021**	501	**29**	67
	(ii)	**12,695**	15,414	**5,371**	5,566
Total	(i) + (ii)	**29,859**	28,602	**13,580**	11,819
Due after one year					
Trade payables – Third parties	(iii)	**3,106**	3,106	**–**	–
Grand total	(i) + (ii) + (iii)	**32,965**	31,708	**13,580**	11,819

18 Trade and other payables (Cont'd)

Related party refers to a company which is controlled by the Group's key management personnel and his close family members. Transactions with related party were made on normal commercial terms and conditions. Outstanding balances with related party are unsecured.

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

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

Deferred income of $110,529 (2021 - $174,000) and $Nil (2021 - $179,000) pertains to renovation subsidy from a landlord and Job Support Scheme grant received but not yet earned respectively.

Trade and other payables are denominated in the following currencies:

	The Group		The Company	
	2022	2021	**2022**	2021
	$'000	$'000	**$'000**	$'000
Singapore dollar	**30,541**	28,963	**13,580**	11,819
Australian dollar	**2,412**	2,740	**–**	–
Malaysian Ringgit	**5**	5	**–**	–
Chinese Renminbi	**7**	–	**–**	–
	32,965	31,708	**13,580**	11,819

Further information about the financial risk management is disclosed in Note 40.

19 Amounts owing to joint ventures (non-trade)

	2022	2021
The Group	**$'000**	$'000
Balance at beginning of year	**249**	254
Exchange translation difference	**4**	(5)
Balance at end of year	**253**	249

The non-trade amounts owing to joint ventures represent advances which are unsecured, interest-free and repayable on demand. It is denominated in United States dollar.

Further information about the financial risk management is disclosed in Note 40.

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

The Group	**2022** **$'000**	2021 $'000
Non-trade amounts owing by non-controlling shareholders of subsidiaries		
- Advances	**1,618**	957
Amount repayable:		
Not later than one year	**1,618**	957

The advances owing by non-controlling shareholders of subsidiaries, are unsecured, interest-free and repayable on demand. They are denominated in Singapore dollar.

Further information about the financial risk management is disclosed in Note 40.

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

The Group	**2022** **$'000**	2021 $'000
Non-trade amounts owing to non-controlling shareholders of subsidiaries:		
- Advances	**390**	417
- Dividend payable	**960**	–
- Non-interest bearing loans	**–**	32,736
- Notional interest on loans	**–**	9,360
- Interest on loans	**–**	2,780
	1,350	45,293
Amount repayable:		
Not later than one year	**1,350**	417
Later than one year and not later than five years	**–**	44,876
	1,350	45,293

20(b) Amounts owing to non-controlling shareholders of subsidiaries (non-trade) (Cont'd)

Advances

The non-trade advances of $390,000 (2021 - $417,000) owing to non-controlling shareholders of subsidiaries, are unsecured, interest-free and repayable on demand.

Non-interest bearing loans

Interest is imputed on the non-interest bearing loans of $44,876,000. Discount rate of 5% (2021 - 5%) per annum has been applied to calculate the financial liabilities to its fair value at initial recognition and notional interest up till the repayment date, 30 June 2021, as part of the agreement for acquisition of Paya Lebar Square Pte Ltd's non-controlling interests.

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

The Group	**2022** **$'000**	2021 $'000
Singapore dollar	**–**	44,876
Australian dollar	**390**	417
Chinese Renminbi	**960**	–
	1,350	45,293

Further information about the financial risk management is disclosed in Note 40.

21 Provision

The Group	**2022** **$'000**	2021 $'000
Reinstatement of premises - Non-current	**28**	28

Provision for reinstatement of premises is the estimated costs of dismantlement, removal or restoration of plant and equipment arising from the acquisition and use of restaurant assets, which are capitalised and included in the cost of plant and equipment. The provision is based on estimates made from historical data associated with reinstatement works on contracts of similar nature. The Group expects to incur the liability in the next two years (2021 - three years).

21 Provision (Cont'd)

Movement in provision for reinstatement of premises is as follows:

The Group	Note	**2022 $'000**	2021 $'000
Balance at beginning of year		**28**	27
Provision during the year		**–**	28
Amortisation of discount	31	**–**	1
Provision no longer required		**–**	(28)
Balance at end of year		**28**	28

22 Borrowings

	2022 $'000	2021 $'000
The Group		
Bank borrowings		
Revolving credit loan - unsecured	**25,000**	9,700
Money market loan - secured	**29,610**	30,000
Temporary bridging loan - unsecured	**4,800**	5,000
Term loans - secured	**656,986**	690,186
	716,396	734,886
Lease liabilities [Note 37(a)]	**1,780**	2,236
	718,176	737,122
Amount repayable:		
Not later than one year	**63,431**	47,299
Later than one year and not later than five years	**654,745**	689,823
	718,176	737,122
The Company		
Bank borrowings		
Revolving credit loan – unsecured	**25,000**	9,700
Temporary bridging loan – unsecured	**4,800**	5,000
	29,800	14,700
Lease liabilities [Note 37(a)]	**25**	12
	29,825	14,712
Amount repayable:		
Not later than one year	**26,223**	9,707
Later than one year and not later than five years	**3,602**	5,005
	29,825	14,712

All bank borrowings are denominated in Singapore dollar.

22 Borrowings (Cont'd)

Revolving credit loan totalling $25,000,000 (2021 - $9,700,000) at both the Group and the Company level is unsecured and carries an effective interest rate ranging from 1.22% to 1.60% (2021 - 1.25% to 1.38%) per annum.

The Group's money market loan totalling $29,610,000 (2021 - $30,000,000) is secured by mortgages over the investment property and property, plant and equipment located at 207 Balestier Road, Singapore [Notes 15(c)(4) and 16(i)(2)] and charges on all new assignments of tenancy, sales agreements or contracts with the operator of the serviced apartment. The effective interest rate per annum for the money market loan is 1.05% (2021 - 1.00%).

Temporary bridging loan totalling $4,800,000 (2021 - $5,000,000) at both the Group and the Company level is unsecured and carries an effective interest rate of 2.00% (2021 - 2.00%) per annum.

Term loans of the Group totalling $656,986,000 (2021 - $690,186,000) are secured by mortgages over the development properties (Note 10), certain investment properties [Notes 15(c)(2) and 15(c)(3)] and property, plant and equipment 16(i)(2) and Note 16(ii)(4) of certain subsidiaries and charges on all new assignments of tenancy, sales agreements and construction contracts and a fixed deposit of $3,600,000 (2021 - $3,600,000) of a subsidiary (Note 4). The effective interest rate per annum for the term loans ranges from 1.25% to 1.5% (2021 - 1.20% to 1.45%).

All the Group's and the Company's loan interest rates are repriced monthly. The carrying amounts of the Group's and the Company's borrowings approximate their fair values.

The maturity dates of bank borrowings are as follows:

	The Group		The Company	
	2022	2021	**2022**	2021
	$'000	$'000	**$'000**	$'000
Repayable in/by				
FY2022	**–**	46,900	**–**	9,700
FY2023	**63,027**	122,200	**26,217**	–
FY2024	**551,027**	560,786	**1,241**	–
FY2025	**1,266**	–	**1,266**	–
FY2026	**101,076**	5,000	**1,076**	5,000
	716,396	734,886	**29,800**	14,700

The amount repayable within one year is included under current liabilities whilst the amount repayable after one year is included under non-current liabilities.

The Group has financial covenants attached to all term loans granted to certain subsidiaries which relate to restriction of limits imposed on certain ratios to be maintained by the said subsidiaries. At the end of the reporting period, there are no known instances of any breach of loan covenants of the Group and its subsidiaries. The Group manages the liquidity risk by maintaining sufficient cash to enable them to meet its normal operating commitments and having an adequate amount of committed credit facilities.

Further information about the financial risk management is disclosed in Note 40.

23 Share capital

The Group and The Company	2022 Number of ordinary shares	2021 Number of ordinary shares	2022 $'000	2021 $'000
Issued and fully paid with no par value:				
Balance at beginning and end of year	**738,816,000**	738,816,000	**161,863**	161,863

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company. All issued shares rank equally with regard to the Company's residual assets.

24(a) Capital reserve

The Group	Note	2022 $'000	2021 $'000
Balance at beginning of year		**(2,005)**	(2,005)
Acquisition of non-controlling interest in a subsidiary	14	**(28,209)**	–
Balance at end of year		**(30,214)**	(2,005)

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

24(b) Retained profits

	The Group		The Company	
	2022 $'000	2021 $'000	**2022 $'000**	2021 $'000
Balance at beginning of year	**537,779**	500,125	**514,175**	512,125
Profit for the year	**20,815**	48,736	**13,605**	13,132
Transfer upon disposal of financial assets at FVOCI (Notes 11 and 25)	**3**	–	**3**	–
Dividends paid (Note 36)	**(18,470)**	(11,082)	**(18,470)**	(11,082)
	2,348	37,654	**(4,862)**	2,050
Balance at end of year	**540,127**	537,779	**509,313**	514,175

25 Fair value reserve

	The Group		The Company	
	2022	2021	**2022**	2021
	$'000	$'000	**$'000**	$'000
Balance at beginning of year	**(1,513)**	1,083	**214**	216
Fair value gain recycled to retained earnings on de-recognition [Notes 11 and 24(b)]	**(3)**	–	**(3)**	–
Net fair value (loss)/gain on financial assets at FVOCI (Note 11)	**3,376**	(2,596)	**305**	(2)
	3,373	(2,596)	**302**	(2)
Balance at end of year	**1,860**	(1,513)	**516**	214

Fair value reserve arises from fair value changes on revaluation of financial assets at FVOCI held as at the end of reporting period.

26 Currency translation reserve

The Group	**2022** **$'000**	2021 $'000
Balance at beginning of year	**(585)**	(4,053)
Exchange fluctuation difference during the year	**(1,978)**	3,468
Balance at end of year	**(2,563)**	(585)

The currency translation reserve is a non-distributable reserve and relates to the exchange difference arising from translation of the financial statements of foreign subsidiaries, associate companies and joint ventures.

27 Revenue

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

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

The Group	**2022** At a point in time $'000	**2022** Over time $'000	**2022** Total $'000	2021 At a point in time $'000	2021 Over time $'000	2021 Total $'000
Revenue from contracts with customers:						
Sales of development properties	**–**	**116,597**	**116,597**	–	40,585	40,585
Hotel and restaurant operations	**7,527**	**12,838**	**20,365**	5,076	10,951	16,027
Construction of buildings	**–**	**7,816**	**7,816**	–	1,598	1,598
	7,527	**137,251**	**144,778**	5,076	53,134	58,210
Rental income [Note 15(b)]			**16,860**			15,141
Total revenue of the Group			**161,638**			73,351

The segment analysis of the Group is disclosed in Note 38 to the financial statements.

28(a) Other operating income

The Group	Note	**2022 $'000**	2021 $'000
Dividend income from quoted equity investments:			
- Relating to investments held at the end of reporting period	32	**356**	193
Gain on disposal of joint venture	32	**19,685**	–
Gain on disposal of investment properties	32	**8,630**	–
Gain on lease modification	32	**–**	67
Loss allowance on receivables no longer required	6, 32	**353**	–
Reversal of impairment loss on property, plant and equipment	16, 32	**3,391**	–
Rental income - Investment properties	15(b)	**–**	60
Management fee		**1,057**	1,229
Government grant income	32	**1,568**	5,309
Rent concessions	32	**–**	91
Sundry income		**284**	470
		35,324	7,419

28(a) Other operating income (Cont'd)

Included in government grant income is Job Support Scheme ("JSS") grant of $352,000 (2021 - $1,202,000) from the Singapore Government to help employers to retain their local employees during the period of economic uncertainty as a result of COVID-19. JSS grant income is allocated over the period of economic uncertainty to match the related staff costs for which the grant is intended to compensate.

The Group as lessor

Included in government grant income are property tax rebate of $845,000 (2021 - $2,271,000) and cash grant of $Nil (2021 - $1,240,000) from the Singapore Government as part of relief measures to help businesses deal with the impact from COVID-19. For the property tax rebate, the Group is obliged to pass on the benefits of $Nil (2021 - $1,641,000) to its tenants and has transferred these to the tenants in the form of rental rebates, and accordingly the amount was recorded as government grant expense in operating expenses (Note 30). For the cash grant, the Group is obliged to waive up to 4 months of rental to eligible tenants, and consequently has recognised variable lease payment of $Nil (2021 - $2,290,000) as a reduction to rental income in profit or loss and has offset the obligation for rental reliefs against the lease receivable.

The Group as lessee

In the previous financial year, included in rental concession is rental relief and property tax rebate received from the landlord totalling $88,000 for the Group's leased restaurant premises at CHIJMES (Note 16) and $3,000 for the Group's short-term lease under the Rental Relief Framework as mandated by the Singapore Government whereby the landlord is obliged to waive up to 4 months of rental to the Group as eligible tenant and under the COVID-19 (Temporary Measures) Act 2021 for the property tax rebate received from landlord.

28(b) Interest income

The Group	Note	**2022 $'000**	2021 $'000
Interest income			
- Banks		**43**	187
- Fixed deposits		**133**	481
- Joint ventures and associate companies		**3,370**	3,931
- Unquoted junior bonds	35	**–**	596
- Others		**61**	5
		3,607	5,200

29 Administrative costs

The Group	Note	2022 $'000	2021 $'000
Audit fees		**194**	240
Consultation fees		**165**	10
Credit card commission expenses		**203**	148
Employee benefit costs		**5,690**	5,744
Depreciation of property, plant and equipment		**487**	488
Depreciation of investment properties		**53**	159
Directors' fee	32	**215**	215
Insurance		**311**	392
Maintenance fees		**131**	159
Professional fees		**220**	287
Property management fees		**283**	293
Property tax		**70**	107
Repair and maintenance		**171**	230
Subscription fees		**134**	96
Travelling and transportation expenses		**39**	28
Utilities		**115**	51
Others		**946**	549
		9,427	9,196

30 Other operating expenses

The Group	Note	2022 $'000	2021 $'000
Bad debts written off	32	**115**	–
Fair value loss on financial assets at FVPL	5, 32	**3,480**	–
Exchange loss		**607**	–
Hotel maintenance and utilities		**1,138**	1,517
Serviced apartment pre-operating expenses		**753**	–
Loss allowance on receivables	6, 32	**–**	1,021
Loss on disposal of property, plant and equipment	32	**55**	–
Government grant expense	28(a), 32	**–**	1,641
Property, plant and equipment written off	32	**335**	6
Impairment of investment properties	15, 32	**1,902**	–
Impairment of property, plant and equipment	16, 32	**48**	1,550
		8,433	5,735

31 Finance costs

The Group	Note	2022 $'000	2021 $'000
Interest expense			
- Lease liabilities	37(a)	**63**	71
- Loans		**6,872**	6,650
- Unwinding of the effect of discounting provision	21	**–**	1
- Non-controlling shareholders		**876**	2,429
		7,811	9,151

32 Profit before taxation

The Group	Note	2022 $'000	2021 $'000
Profit before taxation has been arrived at after charging/(crediting):			
Audit fee:			
- Auditors of the Company			
- Current year		**166**	169
- Over provision in respect of prior years		**(4)**	–
- Other auditors			
- Current year		**62**	71
- Over provision in respect of prior years		**(31)**	–
Non-audit fees:			
- Auditors of the Company			
- Current year		**12**	7
- Other auditors			
- Current year		**76**	86
- Over provision in respect of prior years		**(15)**	(1)
Depreciation of:			
- Investment properties	15	**4,149**	4,145
- Property, plant and equipment	16	**5,407**	5,581
Cost of development properties recognised as expense		**102,918**	36,113
Cost of inventories recognised as expenses	9	**2,064**	1,328
Gain on lease modification	28(a)	**–**	(67)
Exchange loss		**612**	58
Amortisation of contract costs	8(b)	**4,844**	1,537
Fair value loss on financial assets at FVPL	5, 30	**(3,480)**	–
Loss on disposal of property, plant and equipment	30	**55**	–
Gain on disposal of investment properties	28 (a)	**(8,630)**	–
Gain on disposal of joint venture	28 (a)	**(19,685)**	–
Dividend income from quoted equity investments:			
- Relating to investments held at the end of reporting period	28(a)	**(356)**	(193)

32 Profit before taxation (Cont'd)

The Group	Note	2022 $'000	2021 $'000
Property, plant and equipment written off	30	**335**	6
Impairment loss on receivables	6, 28(a), 30	**(353)**	1,021
Impairment loss on property, plant and equipment	16, 30	**48**	1,550
Impairment loss on investment properties	15, 30	**1,902**	–
Impairment loss no longer required for:			
- Property, plant and equipment	16, 28(a)	**(3,391)**	–
Bad debts written off	30	**115**	–
Operating lease rentals:			
- Short-term leases	37(a)	**–**	96
- Low value leases	37(a)	**3**	12
- Variable lease expenses	37(a)	**–**	15
Rent concessions	28(a)	**–**	(91)
Government grant income	28(a)	**(1,568)**	(5,309)
Government grant expense	30	**–**	1,641
Employee benefit costs:			
Directors' fee	29	**215**	215
Directors of the Company			
- Salaries and other related costs		**2,940**	2,397
- CPF contributions and other equivalent contributions		**44**	25
Key management personnel (other than directors)			
- Salaries, wages and other related costs		**1,758**	1,572
- CPF contributions and other equivalent contributions		**38**	40
		4,995	4,249
Other than key management personnel			
- Salaries, wages and other related costs		**10,735**	9,871
- CPF contributions and other equivalent contributions		**1,163**	948
		16,893	15,068
Cost of sales:			
- Current		**140,355**	60,909

33 Taxation

The Group	Note	2022 $'000	2021 $'000
Current taxation			
- Singapore		**2,128**	1,586
- Foreign		**47**	11
		2,175	1,597
Deferred taxation	17	**822**	(275)
Tax expense		**2,997**	1,322
Overprovision of current taxation in respect of prior years		**(417)**	(453)
		2,580	869

Domestic income tax is calculated at 17% (2021 - 17%) of the estimated assessable profit for the year. Taxation for other jurisdictions is calculated at 24%, 25% and 30% (2021 - 24%, 25% and 30%) for jurisdictions located in Malaysia, PRC and Australia respectively.

The tax on the Group's results before tax differs from the theoretical amount that would arise using the various applicable corporate tax rates of income tax as follows:

The Group	2022 $'000	2021 $'000
Profit before taxation	**22,987**	48,741
Share of results of joint ventures and associate companies, net of tax	**40**	(53,025)
	23,027	(4,284)
Tax at domestic rate applicable to profits in the countries concerned[(1)]	**1,743**	(979)
Tax effect on non-deductible expenses[(2)]	**3,879**	9,446
Tax effect on non-taxable income[(3)]	**(4,786)**	(8,053)
Tax effect on temporary differences not recognised	**2,180**	982
Tax incentives	**–**	(20)
Tax effect on Singapore statutory stepped income exemption	**(64)**	(54)
Withholding taxes	**45**	–
Overprovision of taxation in respect of prior years	**(417)**	(453)
	2,580	869

Notes:

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

(2) This relates mainly to disallowed expenditures incurred in the ordinary course of business which includes cost of development properties sold at Uptown @ Farrer which would only be deductible upon obtaining Temporary Occupation Permit, depreciation on non-qualifying assets, impairment on property, plant and equipment, impairment of investment properties and interest charged on non-interest bearing loans from non-controlling shareholders.

(3) This relates mainly to non-taxable income occurred in the ordinary course of business which includes revenue from sold development properties at Uptown @ Farrer which would only be taxable upon obtaining Temporary Occupation Permit, notional interest income charged to joint ventures, JSS government grant income, impairment losses no longer required for property, plant and equipment and one-tier tax exempt dividend income from quoted equity investments.

33 Taxation (Cont'd)

During the year, there was a forfeiture of unutilised capital allowances amounting to $15,792,000. As at the end of reporting period, the Group had unabsorbed capital allowances and tax losses amounting to $Nil (2021 - $15,792,000) and $2,887,000 (2021 - $11,823,000) respectively in relation to certain subsidiaries incorporated in Singapore, which are subject to agreement with the tax authorities. The unabsorbed capital allowances and tax losses could be carried forward for offsetting against future taxable income provided that the provisions of Sections 23 and 37 of the Singapore Income Tax Act 1947 are complied with.

Unutilised tax benefits totalling $487,000 (2021 - $4,695,000) arising from these unabsorbed capital allowances and tax losses have not been recognised as there is no reasonable certainty of their realisation in future periods. The unutilised tax losses have no expiry dates.

34 Earnings per share

Basic and diluted earnings per share are calculated by dividing the net profit attributable to equity holders of the Company by the weighted average number of ordinary shares in issue during the financial year.

The following table reflects the consolidated income statement and share data used in the computation of basic and diluted earnings per share from continuing operations for the financial years ended 31 January:

The Group	**2022** **$'000**	2021 $'000
Net profit attributable to equity holders of the Group	**20,815**	48,736
Weighted average number of ordinary shares for purpose of calculating basic and diluted earnings per share (Note 23)	**738,816,000**	738,816,000
Basic and diluted earnings per share (cents)	**2.82**	6.60

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

35 Related party transactions

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

The Group	**2022** **$'000**	2021 $'000
Executive directors service fee charged by non-controlling shareholders of subsidiaries	**–**	81
Security services charged by other related party	**254**	245
Repayment of shareholder loans to non-controlling shareholders of subsidiaries	**47,566**	2,700
Dividends paid to non-controlling shareholders of subsidiaries	**943**	–
Shareholders' loans to a joint venture	**86**	133
Repayment of shareholder loans by joint ventures	**80,548**	2,000
Construction work performed for an associate company	**7,816**	1,598
Advances to associate companies	**1,092**	869
Shareholders' loans to an associate company	**–**	59,761
Management fee charged to joint ventures	**1,057**	1,229
Interest income on junior bonds from an associate company [Note 28(b)]	**–**	596

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

36 Dividends

The Company	**2022** **$'000**	2021 $'000
Dividends paid		
- Ordinary dividends:		
First and final dividend of 2.5 (2021 - 1.5) cents per share, tax exempt paid in respect of the previous financial year [Note 24(b)]	**18,470**	11,082
Dividends proposed		
- Ordinary dividends:		
First and final dividend of 2.0 (2021 - 2.5) cents per share, tax exempt	**14,776**	18,470

At the forthcoming Annual General Meeting, a first and final tax-exempt (one-tier) ordinary dividend of 2.0 cents (2021 - 2.5 cents) per share amounting to $14,776,000 (2021 - $18,470,000) 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 2023.

37 Leases

37(a) Lease liabilities

	The Group		The Company	
	2022	2021	**2022**	2021
	$'000	$'000	**$'000**	$'000
Undiscounted lease payments due:				
- Financial Year 1	**454**	460	**7**	7
- Financial Year 2	**363**	455	**7**	2
- Financial Year 3	**95**	364	**5**	2
- Financial Year 4	**91**	96	**5**	1
- Financial Year 5	**89**	92	**3**	–
- Financial Year 6 and onwards	**1,021**	1,184	**–**	–
	2,113	2,651	**27**	12
Less: Future interest cost	**(333)**	(415)	**(2)**	–
Lease liabilities	**1,780**	2,236	**25**	12
Presented under borrowings (Note 22) as:				
- Current	**404**	399	**6**	7
- Non-current	**1,376**	1,837	**19**	5
	1,780	2,236	**25**	12

Lease liabilities are denominated in the following currencies:

	The Group		The Company	
	2022	2021	**2022**	2021
	$'000	$'000	**$'000**	$'000
Singapore dollar	**644**	967	**25**	12
Australian dollar	**1,136**	1,269	**–**	–
	1,780	2,236	**25**	12

Interest expense on lease liabilities of $63,000 (2021 - $71,000) (Note 31) is recognised within finance costs in profit or loss.

Rental expenses not capitalised in lease liabilities but recognised within administrative costs in profit or loss are set out below:

	2022	2021
The Group	**$'000**	$'000
Short-term leases	**–**	96
Leases of low-value assets	**3**	12
Variable lease payments not dependent on an index or rate[(i)]	**–**	15

Total cash outflows for all leases in the year amount to $355,000 (2021 - $439,000).

37 Leases (Cont'd)

37(a) Lease liabilities (Cont'd)

As at 31 January 2022, the Group's short-term lease commitments at the reporting date are not substantially dissimilar to those giving rise to the Group's short-term lease expense for the year.

Information about the Group's leasing activities is disclosed in Note 37(b).

Further information about the financial risk management is disclosed in Note 40.

The Group's lease liabilities are secured by the lessors' title to the leased assets.

(i) Variable lease payments

The leases for restaurant premise contain variable lease payments that are based on 2% of gross sales generated by the restaurant, on top of fixed payments. Such variable lease payments are recognised to profit & loss when incurred, and an amount of $Nil (2021 - $15,000) has been recognised in profit or loss for the financial year ended 31 January 2022.

37(b) Lease arrangements

(i) The Group as lessee

Leasehold land and buildings

The Group has made upfront payments to secure the right-of-use of various leasehold land and buildings. The leasehold land and buildings are recognised within the Group's property, plant and equipment (Note 16) when they are used in the production or supply of goods or services. Otherwise, these are classified within investment properties (Note 15) when they are held for long-term rental yields and/or for capital appreciation.

The Group also makes monthly lease payments for the use of several leasehold properties for operation purposes [Note 37(a)]. These leasehold properties are recognised within the Group's property, plant and equipment (Note 16). There are no externally imposed covenants on these property lease arrangements.

Office equipment

The Group makes monthly lease payments to lease office equipment used for administrative operation activities. These equipment are recognised as the Group's property, plant and equipment (Note 16).

37 Leases (Cont'd)

37(b) Lease arrangements (Cont'd)

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

Set below are the carrying amounts of right-of-use assets classified within property, plant and equipment and the movement during the period:

The Group	Equipment $'000	Leasehold land $'000	Leasehold buildings $'000	Total $'000
At 31 January 2021	**33**	**–**	**6,771**	**6,804**
Additions	**23**	**–**	**–**	**23**
Transfer from construction-in-progress	**–**	**88,120**	**–**	**88,120**
Transfer from investment properties	**–**	**–**	**592**	**592**
Written off	**(3)**	**–**	**–**	**(3)**
Exchange translation difference	**–**	**–**	**(79)**	**(79)**
Depreciation expense	**(13)**	**–**	**(169)**	**(182)**
At 31 January 2022	**40**	**88,120**	**7,115**	**95,275**
At 31 January 2020	47	–	7,896	7,943
Additions	–	–	980	980
Lease modification [Note 16(ii)(A)]	–	–	(846)	(846)
Exchange translation difference	–	–	134	134
Depreciation expense	(14)	–	(413)	(427)
Impairment loss	–	–	(980)	(980)
At 31 January 2021	33	–	6,771	6,804

(ii) The Group as lessor

Investment properties

Operating leases, in which the Group is the lessor, relate to investment properties (Note 15) owned by the Group. The lease terms range between 1 to 6 years with the option to extend for another 3 years, for certain tenants. All operating lease contracts contain market review clauses in the event that the lessee exercises its option to renew. The lessee does not have an option to purchase the property at the expiry of the lease period.

These leases are classified as operating lease because the risk and rewards incidental to ownership of the assets are not substantially transferred. The unguaranteed residual values do not represent a significant risk for the Group, as they relate to properties which are located in locations with constant increase in value over the last 5 years. The Group has not identified any indications that this situation will change.

37 Leases (Cont'd)

37(b) Lease arrangements (Cont'd)

(ii) The Group as lessor (Cont'd)

Investment properties (Cont'd)

The Group's revenue from rental income received on the investment properties are disclosed in Note 15(b).

Variable lease payments received during the year that do not depend on an index or rate from rental of investment properties is $396,000 (2021 - $408,000).

The future minimum rental receivable under non-cancellable operating leases contracted for at the reporting date are as follows:

The Group	**2022 $'000**	2021 $'000
Undiscounted lease payments to be received:		
- Financial Year 1	**15,935**	16,016
- Financial Year 2	**10,217**	12,743
- Financial Year 3	**4,762**	7,291
- Financial Year 4	**1,451**	2,370
- Financial Year 5	**240**	468
- Financial Year 6 and onwards	**–**	46
	32,605	38,934

38 Operating segments

For management purposes, the Group's operating businesses are organised and managed separately according to the nature of the products and services provided, with each segment representing a strategic business unit that offers different products and serves different markets. The Group's reportable operating segments are as follows:

(i) Development

Activities in this segment comprise the development of properties.

(ii) Hotels

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

(iii) Investments

Activities in this segment relate mainly to investments in properties and shares in quoted and unquoted equities.

38 Operating segments (Cont'd)

There are no other operating segments that have been aggregated to form the above reportable operating segments.

The Executive Chairman and the Managing Director monitor the operating results of its operating segments for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on operating profit or loss which in certain aspects, as set out below, is measured differently from operating profit or loss in the consolidated financial statements.

Group taxation is managed on a group basis and is not allocated to operating segments.

Sales between operating segments are carried out at arm's length basis similar to transactions with third parties.

(a) Business Segments

The Group	Development 2022 $'000	Development 2021 $'000	Hotels 2022 $'000	Hotels 2021 $'000	Investments 2022 $'000	Investments 2021 $'000	Consolidated 2022 $'000	Consolidated 2021 $'000
REVENUE								
Total sales	**116,597**	40,585	**21,867**	16,506	**41,542**	24,147	**180,006**	81,238
Inter-segment sales	**–**	–	**(1,502)**	(479)	**(16,866)**	(7,408)	**(18,368)**	(7,887)
External sales	**116,597**	40,585	**20,365**	16,027	**24,676**	16,739	**161,638**	73,351
RESULTS								
Segment results	**2,608**	105	**(414)**	(5,142)	**25,037**	4,704	**27,231**	(333)
Interest income	**55**	265	**3**	14	**3,549**	4,921	**3,607**	5,200
Finance costs	**(2,757)**	(1,127)	**(1,344)**	(1,583)	**(3,710)**	(6,441)	**(7,811)**	(9,151)
	(94)	(757)	**(1,755)**	(6,711)	**24,876**	3,184	**23,027**	(4,284)
Share of results of joint ventures and associate companies	**58**	(738)	**–**	–	**(98)**	53,763	**(40)**	53,025
	(36)	(1,495)	**(1,755)**	(6,711)	**24,778**	56,947	**22,987**	48,741
Taxation							**(2,580)**	(869)
Non-controlling interests							**408**	864
Net profit							**20,815**	48,736

38 Operating segments (Cont'd)

(a) Business Segments (Cont'd)

The Group	Development 2022 $'000	Development 2021 $'000	Hotels 2022 $'000	Hotels 2021 $'000	Investments 2022 $'000	Investments 2021 $'000	Consolidated 2022 $'000	Consolidated 2021 $'000
OTHER INFORMATION								
Segment assets	**756,487**	645,246	**35,077**	143,231	**552,071**	580,645	**1,343,635**	1,369,122
Investments in joint ventures and associate companies under equity method	**39,504**	38,648	**-**	–	**63,596**	139,815	**103,100**	178,463
Consolidated total assets (excluding taxation)	**795,991**	683,894	**35,077**	143,231	**615,667**	720,460	**1,446,735**	1,547,585
Consolidated total liabilities (excluding taxation)	**(415,511)**	(439,868)	**(6,216)**	(6,462)	**(332,616)**	(367,820)	**(754,343)**	(814,150)
Capital expenditure								
- Property, plant and equipment	**9,222**	6,082	**708**	2,726	**775**	58	**10,705**	8,866
- Investment properties	**-**	–	**-**	–	**30**	110	**30**	110
Depreciation								
- Property, plant and equipment	**-**	–	**4,884**	5,052	**523**	529	**5,407**	5,581
- Investment properties	**-**	–	**-**	–	**4,149**	4,145	**4,149**	4,145
Impairment loss/(reversal), net on								
- Property, plant and equipment	**-**	–	**(3,343)**	1,550	**-**	–	**(3,343)**	1,550
- Investment properties	**-**	–	**-**	–	**1,902**	–	**1,902**	–
- Receivables	**-**	–	**-**	–	**(353)**	1,021	**(353)**	1,021
Write-off								
- Property, plant and equipment	**-**	–	**332**	6	**3**	–	**335**	6
(Gain)/loss on disposal of								
- Property, plant and equipment	**-**	–	**-**	–	**55**	–	**55**	–
- Investment properties	**-**	–	**-**	–	**(8,630)**	–	**(8,630)**	–
Fair value loss on financial assets at FVPL	**-**	–	**-**	–	**(3,480)**	–	**(3,480)**	–
Amortisation of contract costs	**4,844**	1,537	**-**	–	**-**	–	**4,844**	1,537
Bad debts written off	**-**	–	**115**	–	**-**	–	**115**	–

38 Operating segments (Cont'd)

(b) Geographical Segments

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

	Revenue		Non-current assets	
	2022	2021	**2022**	2021
The Group	**$'000**	$'000	**$'000**	$'000
Singapore	**148,673**	63,852	**547,263**	622,182
Australia	**12,965**	9,499	**29,370**	32,423
Malaysia	**–**	–	**56,798**	26,620
	161,638	73,351	**633,431**	681,225

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

(c) Information about major customers

The Group does not have any major customers.

(d) Reconciliation of segments total assets and total liabilities

	2022	2021
The Group	**$'000**	$'000
Reportable segments' assets are reconciled to total assets as follows:		
Segment assets	**1,343,635**	1,369,122
Investments in joint ventures and associate companies under equity method	**103,100**	178,463
Deferred tax assets	**201**	1,040
GST receivable	**7**	24
Total assets	**1,446,943**	1,548,649
Reportable segments' liabilities are reconciled to total liabilities as follows:		
Segment liabilities	**754,343**	814,150
Deferred tax liabilities	**3,082**	3,082
GST payable	**198**	465
Current tax payable	**5,711**	3,241
Total liabilities	**763,334**	820,938

39 Disclosure of directors' remuneration

As required by the Listing Manual of the Singapore Exchange, the remuneration of Directors of the Company is disclosed in bands as follows:

	Number of directors	
	2022	2021
$1,000,001 to $1,250,000	**–**	1
$750,001 to $1,000,000	**2**	1
$500,001 to $750,000	**1**	–
$250,001 to $500,000	**1**	1
Below $250,001	**4**	4
Total	**8**	7

40 Financial risk management objectives and policies

The Group's and the Company's financial risk management policies set out the Group's and the Company's overall business strategies and its risk management philosophy. The Group and the Company are exposed to financial risks arising from its operations and the use of financial instruments. The key financial risks include currency risk, interest rate risk, liquidity risk, market price risk and credit risk. The Group's and the Company's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise adverse effects from the unpredictability of financial markets on the Group's and the Company's financial performance.

The Board of Directors reviews and agrees policies and procedures for the management of these risks. The Audit Committee provides independent oversight to the effectiveness of the risk management process.

The Group and the Company do not hold or issue derivative financial instruments for speculative purposes.

As at 31 January 2022, the Group's and the Company's financial instruments mainly consisted of cash and cash equivalents, financial assets at FVOCI, financial asset at FVPL, receivables, payables, lease liabilities and bank borrowings.

There has been no change to the Group's and the Company's exposures to these financial risks or the manner in which it manages and measures the risk. Market risk exposures are measured using sensitivity analysis indicated below.

40.1 Currency risk

Currency risk is the risk that the value of a financial instrument will fluctuate due to changes in foreign exchange rates. Currency risk arises when transactions are denominated in foreign currencies.

Part of the Group's revenue, expenses, investments, assets and liabilities are denominated in foreign currencies which give rise to foreign exchange risk, particularly of the hotel which is located overseas. The currencies giving rise to this risk are primarily Australian dollar (AUD), Malaysian Ringgit (RM) and United States dollar (USD).

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

40.1 Currency risk (Cont'd)

In terms of operations, the sales and purchases are denominated in the same currency as much as is practicable. The Group also matches the currency of its bank borrowings, if any, with the location of its investment to mitigate the risk of currency exposure. As such, the Group does not deem it necessary to enter into any derivative contracts to hedge against foreign currency risk.

Exposure to foreign currency risk is insignificant as the Group's income and related expenses, assets and liabilities are substantially denominated in the respective functional currencies of the Group's entities. The exposure is monitored on an ongoing basis and the Group endeavours to keep the net exposure at an acceptable level.

The Company and the Group also hold cash and cash equivalents denominated in foreign currencies for working capital purposes. As at the end of each reporting period, the carrying amounts of monetary assets and monetary liabilities denominated in currencies other than the respective group entities' functional currencies are as follows:

	USD $'000	**AUD $'000**	**RM $'000**	**Total $'000**
The Group				
At 31 January 2022				
Cash and cash equivalents	**226**	**86**	**178**	**490**
Financial assets at FVPL	**–**	**15,708**	**–**	**15,708**
Financial assets at FVOCI	**–**	**–**	**1,267**	**1,267**
Amount owing to non-controlling shareholders of subsidiaries	**–**	**(390)**	**–**	**(390)**
Amount owing to joint ventures	**(253)**	**–**	**–**	**(253)**
	(27)	**15,404**	**1,445**	**16,822**
At 31 January 2021				
Cash and cash equivalents	328	3,773	126	4,227
Financial assets at FVPL	–	763	–	763
Financial assets at FVOCI	–	–	969	969
Amount owing to non-controlling shareholders of subsidiaries	–	(417)	–	(417)
Amount owing to joint ventures	(249)	–	–	(249)
	79	4,119	1,095	5,293
The Company				
At 31 January 2022				
Cash and cash equivalents	**226**	**86**	**178**	**490**
Financial assets at FVOCI	**–**	**–**	**1,267**	**1,267**
Amount owing by subsidiaries	**–**	**49**	**–**	**49**
	226	**135**	**1,445**	**1,806**
At 31 January 2021				
Cash and cash equivalents	328	3,773	126	4,227
Financial assets at FVOCI	–	–	969	969
Amount owing to subsidiaries	–	–	(1,146)	(1,146)
	328	3,773	(51)	4,050

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

40.1 Currency risk (Cont'd)

Sensitivity analysis for foreign currency risk

The following table demonstrates the sensitivity to a reasonably possible change in foreign currencies against the functional currency of each group entity, with all other variables held constant, of the Group's results net of tax and equity.

	Increase/(Decrease)			
	2022		2021	
	Profit after taxation $'000	**Equity $'000**	Profit after taxation $'000	Equity $'000
The Group				
Australian dollar				
- strengthened 5% (2021 - 5%)	**639**	**639**	171	171
- weakened 5% (2021 - 5%)	**(639)**	**(639)**	(171)	(171)
Malaysian Ringgit				
- strengthened 5% (2021 - 5%)	**7**	**60**	5	45
- weakened 5% (2021 - 5%)	**(7)**	**(60)**	(5)	(45)
United States dollar				
- strengthened 5% (2021 - 5%)	**(1)**	**(1)**	3	3
- weakened 5% (2021 - 5%)	**1**	**1**	(3)	(3)
The Company				
Australian dollar				
- strengthened 5% (2021 - 5%)	**6**	**6**	157	157
- weakened 5% (2021 - 5%)	**(6)**	**(6)**	(157)	(157)
Malaysian Ringgit				
- strengthened 5% (2021 - 5%)	**7**	**60**	(42)	(2)
- weakened 5% (2021 - 5%)	**(7)**	**(60)**	42	2
United States dollar				
- strengthened 5% (2021 - 5%)	**9**	**9**	14	14
- weakened 5% (2021 - 5%)	**(9)**	**(9)**	(14)	(14)

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

40.2 Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of the Group's and the Company's financial instruments will fluctuate because of changes in market interest rates.

The Group's and the Company's exposure to interest rate risk arises primarily from bank borrowings and cash placed with financial institutions.

The interest rates of cash and fixed deposits placed with financial institutions, notional interest charged on non-interest bearing loans owing by joint ventures, associates and subsidiaries, notional interest charged on non-interest bearing loans owing to non-controlling shareholders of subsidiaries, bank borrowings and lease liabilities are disclosed in Notes 3, 4, 12, 13, 14, 20(b), 22 and 37(a) to the financial statements, respectively.

The following table sets out the carrying amount, by maturity, of the Group's and the Company's financial instruments that are exposed to interest rate risk:

The Group	Within 1 year $'000	1 - 2 years $'000	2 - 3 years $'000	3 - 4 years $'000	4 - 5 years $'000	Over 5 years $'000	Total $'000
At 31 January 2022							
Floating rate							
Fixed deposits - less than 3 months	**17,274**	**–**	**–**	**–**	**–**	**–**	**17,274**
Fixed deposits more than - 3 months	**7,473**	**–**	**–**	**–**	**–**	**–**	**7,473**
Bank borrowings	**(63,027)**	**(551,027)**	**(1,266)**	**(101,076)**	**–**	**–**	**(716,396)**
	(38,280)	**(551,027)**	**(1,266)**	**(101,076)**	**–**	**–**	**(691,649)**
At 31 January 2021							
Floating rate							
Fixed deposits - less than 3 months	38,937	–	–	–	–	–	38,937
Fixed deposits more than - 3 months	7,456	–	–	–	–	–	7,456
Bank borrowings	(46,900)	(122,200)	(560,786)	–	(5,000)	–	(734,886)
	(507)	(122,200)	(560,786)	–	(5,000)	–	(688,493)

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

40.2 Interest rate risk (Cont'd)

The Company	Within 1 year $'000	1 - 2 years $'000	2 - 3 years $'000	3 - 4 years $'000	4 - 5 years $'000	Over 5 years $'000	Total $'000
At 31 January 2022							
Floating rate							
Fixed deposits less than 3 months	**15,203**	**–**	**–**	**–**	**–**	**–**	**15,203**
Bank borrowings	**(26,217)**	**(1,241)**	**(1,266)**	**(1,076)**	**–**	**–**	**(29,800)**
	(11,014)	**(1,241)**	**(1,266)**	**(1,076)**	**–**	**–**	**(14,597)**
At 31 January 2021							
Floating rate							
Fixed deposits less than 3 months	25,474	–	–	–	–	–	25,474
Bank borrowings	(9,700)	–	–	–	(5,000)	–	(14,700)
	15,774	–	–	–	(5,000)	–	10,774

Interest on financial instruments subject to floating interest rates is contractually repriced at intervals of less than 6 months. The other financial instruments of the Group and the Company that are not included in the above table are not subject to interest rate risks.

Sensitivity analysis for interest rate risk

The sensitivity analysis below has been determined based on the exposure to interest rates for non-derivative instruments at the end of reporting period and on the assumption that the change took place at the beginning of the financial year and is held constant throughout the reporting period. The magnitude represents management's assessment of the likely movement in interest rates under normal economic conditions.

	Increase/(Decrease)			
	2022		2021	
	Profit after taxation $'000	**Equity $'000**	Profit after taxation $'000	Equity $'000
The Group				
Interest rate				
- decreased by 1% per annum	**5,741**	**5,741**	5,714	5,714
- increased by 1% per annum	**(5,741)**	**(5,741)**	(5,714)	(5,714)
The Company				
Interest rate				
- decreased by 1% per annum	**121**	**121**	(89)	(89)
- increased by 1% per annum	**(121)**	**(121)**	89	89

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

40.2 Interest rate risk (Cont'd)

Interest rate benchmark reform

The Group is exposed to the following interest rate benchmarks which are subject to the Interbank Offered Rates ("IBOR") reform and the exposures arise on derivatives and non-derivative financial assets and liabilities:

- SGD SIBOR

  The Group has closely monitored the market and the output from the various industry working groups managing the transition to new interest rate benchmarks. This includes announcements made by the Association of Banks in Singapore (ABS), the Singapore Foreign Exchange Market Committee (SFEMC), and the Steering Committee for SOR Transition to SORA (SC-STS) (collectively, the "IBOR Committees"). Under the direction of the IBOR Committees, the Singapore Interbank Offered Rate (SIBOR) and the Singapore Swap Offer Rate (SOR) are expected to be phased out and replaced by the Singapore Overnight Rate Average (SORA). The IBOR Committees have made clear that SOR, which relies on USD LIBOR, is expected to be discontinued post-2021, and SIBOR is expected to cease after that.

  For the Group's floating rate debt, the Group has discussed with the banks to amend the SGD bank loan to change the reference benchmark interest rate from SIBOR to SORA. The reference benchmark interest rate of the Group's SGD certain bank loans has been changed from SIBOR to SORA during the current financial year. For the Group's derivatives which are referencing to SIBOR, the International Swaps and Derivatives Association's (ISDA) fall back clauses were made available at the end of 2019, and during 2021, the Group started discussions with the banks to implement this language into the relevant agreements.

The key risks for the Group arising from the transition are as follows:

- If the bilateral negotiations with the Group's counterparties are not successfully concluded before the cessation of SIBOR, there are significant uncertainties with regard to the interest rate that will apply. This gives rise to additional interest rate risk that was not anticipated when the contracts were entered into and thus will not be captured by the Group's interest rate risk management strategy.

- Interest rate risk over settlement may arise if a non-derivative instrument and the derivative instrument held to manage the interest rate risk on the non-derivative instrument transition to alternative benchmark rates at different times. This risk may also arise where back-to-back derivatives transition at different times.

- IBOR are forward-looking term rates published for a period (e.g. 12 months) at the beginning of that period and include an inter-bank credit spread, whereas alternative benchmark rates are typically risk-free overnight rates published at the end of the overnight period with no embedded credit spread. These differences will result in additional uncertainty regarding floating rate interest payments, which may require additional liquidity management.

- If no agreement is reached to implement the interest rate benchmark reform on existing contracts, (e.g. arising from differing interpretation of existing fallback terms), there is a risk of prolonged disputes with counterparties which could give rise to additional legal and other costs.

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

40.2 Interest rate risk (Cont'd)

Interest rate benchmark reform (Cont'd)

The following table shows the quantitative information about the Group's and the Company's non-derivative financial assets, non-derivative financial liabilities and derivatives that have yet to transition to an alternative benchmark rate as at 31 January 2022. The amounts of financial assets and financial liabilities are shown at their carrying amounts and derivatives are shown at their nominal amounts.

	The Group **2022** **$'000**	The Company **2022** **$'000**
Non-derivative financial liabilities		
- Bank loans	**559,136**	**29,800**

The Group will continue to apply these amendments to SFRS(I) 9 and SFRS(I) 1-39 until the end of the uncertainty arising from the IBOR reform with respect to the timing and amount of the underlying cash flows that the Group is exposed to. The Group has assumed that this uncertainty will not end until the Group's contracts that reference IBOR are amended to specify the date on which the interest rate benchmark will be replaced, the cash flows of the alternative benchmark rate and the relevant spread adjustment.

40.3 Liquidity risk

Liquidity risk is the risk that the Group or the Company will encounter difficulty in raising funds to meet commitments associated with financial instruments that are settled by delivering cash or another financial asset. Liquidity risk may result from an inability to sell a financial asset quickly at close to its fair value.

The Group's and the Company's exposure to liquidity arises primarily from mismatches of the maturities of financial assets and liabilities. The Group's and the Company's objective is to maintain a balance between continuity of funding and flexibility through the use of stand-by credit facilities.

The Group and the Company ensure that there are adequate funds to meet all its obligations in a timely and cost-effective manner. The Group and the Company aim at maintaining flexibility in funding by keeping committed credit facilities available as disclosed in Note 22 to the financial statements.

The table below summarises the Group's and the Company's financial liabilities into relevant maturity groupings based on the remaining period from the end of reporting period to the contractual maturity date. The amounts disclosed in the table are based on the contractual undiscounted cash flows. Balance due within 12 months equal their carrying balances as the impact of discounting is not significant.

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

40.3 Liquidity risk (Cont'd)

	Less than 1 year $'000	Between 1 and 5 years $'000	More than 5 years $'000	Total $'000
The Group				
At 31 January 2022				
Trade and other payables	**29,071**	**3,152**	**–**	**32,223**
Amounts owing to joint ventures (non-trade)	**253**	**–**	**–**	**253**
Amounts owing to non-controlling shareholders of subsidiaries (non-trade)	**1,350**	**–**	**–**	**1,350**
Provision for directors' fee	**215**	**–**	**–**	**215**
Borrowings	**71,767**	**661,787**	**1,021**	**734,575**
	102,656	**664,939**	**1,021**	**768,616**
At 31 January 2021				
Trade and other payables	25,525	3,197	–	28,722
Amounts owing to joint ventures (non-trade)	249	–	–	249
Amounts owing to non-controlling shareholders of subsidiaries (non-trade)	417	47,566	–	47,983
Provision for directors' fee	215	–	–	215
Borrowings	56,365	701,510	1,184	759,059
	82,771	752,273	1,184	836,228
Financial guarantees for joint ventures	1,360	153,972	–	155,332
The Company				
At 31 January 2022				
Trade and other payables	**13,575**	**–**	**–**	**13,575**
Amounts owing to subsidiaries (non-trade)	**12,944**	**–**	**–**	**12,944**
Provision for directors' fee	**215**	**–**	**–**	**215**
Borrowings	**26,340**	**3,737**	**–**	**30,077**
	53,074	**3,737**	**–**	**56,811**
Financial guarantees for subsidiaries	**7,200**	**725,596**	**–**	**732,796**
At 31 January 2021				
Trade and other payables	11,494	–	–	11,494
Amounts owing to subsidiaries (non-trade)	11,422	–	–	11,422
Provision for directors' fee	215	–	–	215
Borrowings	9,831	5,385	–	15,216
	32,962	5,385	–	38,347
Financial guarantees for subsidiaries	7,200	759,186	–	766,386
Financial guarantees for joint ventures	1,360	153,972	–	155,332

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

40.4 Market price risk

Market price risk arises mainly from uncertainty about future prices of instruments used in the Group's operations. It represents the potential loss the Group might suffer through holding investments in the face of price movements. It is the Group's policy to hold an appropriate spread of investments in the portfolio in order to reduce the risk arising from factors specific to a particular sector or industry.

The Group is exposed to marketable securities price risk arising from its investments in equity investments classified as financial assets held at fair value through other comprehensive income. These securities are listed on the Singapore Exchange and Bursa Malaysia Berhad.

The Group is also exposed to market price risk arising from its investment in the limited partnership classified as financial assets held at fair value through profit or loss. The partnership will invest all or substantially all of its assets in the Master Fund, whose valuation is based on the valuation of the underlying commercial real estate assets. All investments present a risk of loss of capital. The General Partner moderates this risk by managing the investments with the careful selection and recommendation by the Manager to the Partnership and the Master Fund within the specified investment guidelines.

	The Group		The Company	
	2022	2021	**2022**	2021
	$'000	$'000	**$'000**	$'000
Financial assets at FVOCI				
- Listed in Singapore	**11,272**	8,418	**–**	–
- Listed in Malaysia	**2,186**	1,671	**1,267**	969
	13,458	10,089	**1,267**	969
Financial assets at FVPL				
- Investment in limited partnership	**15,708**	763	**–**	–
Total equity securities	**29,166**	10,852	**1,267**	969

The Group and the Company are not exposed to commodity price risk. The Group and the Company have in place a set of internal controls to manage its market price risk arising from investments in marketable securities.

Sensitivity analysis for market price risk

The sensitivity analysis below has been determined based on the portfolio of quoted equity securities held by the Group and the Company as at the end of reporting period, if prices for equity securities listed in Singapore and Malaysia increase/decrease by 2% (2021 - 2%) with all other variables including tax rate being held constant throughout the reporting period. The magnitude represents management's assessment of the likely movement in the prices for equity securities under normal economic conditions.

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

40.4 Market price risk (Cont'd)

Investments

	Increase/(Decrease)					
	2022			2021		
	Profit after taxation	**OCI**	**Equity**	Profit after taxation	OCI	Equity
	$'000	**$'000**	**$'000**	$'000	$'000	$'000
The Group						
Prices for quoted equity investments						
- increased by 2% per annum	**–**	**269**	**269**	–	202	202
- decreased by 2% per annum	**–**	**(269)**	**(269)**	–	(202)	(202)
Prices for unquoted investment in limited partnership						
- increased by 2% per annum	**261**	**–**	**261**	13	–	13
- decreased by 2% per annum	**(261)**	**–**	**(261)**	(13)	–	(13)
The Company						
Prices for quoted equity investments						
- increased by 2% per annum	**–**	**25**	**25**	–	19	19
- decreased by 2% per annum	**–**	**(25)**	**(25)**	–	(19)	(19)

40.5 Credit risk

Credit risk refers to the risk that counterparty will default on its contractual obligations resulting in financial loss to the Group. The Group adopts the policy of dealing only with:

- Customers of appropriate credit standing and history, and obtaining sufficient collateral where appropriate to mitigate credit risk; and

- High credit quality counterparties rating by external credit rating companies.

The Group's and the Company's exposure to credit risk arise primarily from trade and other receivables, related parties' balances and cash placed with financial institutions. Cash is held with reputable financial institutions. For trade receivables, the Group and the Company adopt the policy of dealing only with customers of appropriate credit history. For other financial assets, the Group and the Company adopt the policy of dealing only with high credit quality counterparties.

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

40.5 Credit risk (Cont'd)

The Group's objective is to seek continual growth while minimising losses incurred due to increased credit risk exposure. There are no significant concentrations of credit other than advances to joint ventures, associate companies, non-controlling shareholders of subsidiaries, and inter-company balances which are eliminated upon consolidation.

As at 31 January 2022, none (2021 - none) of the trade receivables individually exceed 5% of the Group's total assets.

The Company carries out construction work for entities within the Group and for an associate company. There is insignificant expected credit loss on construction contracts.

As the Group and the Company do not hold collateral, the maximum exposure to credit risk to each class of financial instruments is the carrying amount of that class of financial instruments presented on the statements of financial position, except as disclosed in Note 43.2.

The Group monitors its potential losses on credit extended. In addition, rental deposits are received as security from tenants of its investment properties. The amounts presented in the statements of financial position are net of allowances for doubtful receivables.

The Group's credit risk framework comprises the following categories:

Category	Description	Basis for recognising ECL
Performing	The counterparty has a low risk of default and does not have any past-due amounts.	12-month ECL
Doubtful	Amount is >30 days past due or there has been a significant increase in credit risk since initial recognition.	Lifetime ECL - not credit-impaired
In default	Amount is >90 days past due or there is evidence indicating the asset is credit-impaired.	Lifetime ECL - credit-impaired
Write-off	There is evidence indicating that the debtor is in severe financial difficulty and the Group has no realistic prospect of recovery.	Amount is written off

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

40.5 Credit risk (Cont'd)

The tables below detail the credit quality of the Group's and the Company's financial assets and other items, as well as maximum exposure to credit risk by credit risk rating grades:

The Group	Internal credit rating	12-month or Lifetime ECL	Gross carrying amount $'000	Loss allowance $'000	Net carrying amount $'000
2022					
Trade receivables	(a)	Lifetime	**8,181**	**(647)**	**7,534**
Contract assets	(a)	Lifetime	**24,829**	**–**	**24,829**
Other receivables	Performing	12-month	**2,554**	**(57)**	**2,497**
Shareholder loan owing by associate company	Performing	12-month	**38,673**	**–**	**38,673**
Amount owing by non-controlling shareholders of subsidiaries	Performing	12-month	**1,618**	**–**	**1,618**
2021					
Trade receivables	(a)	Lifetime	5,727	(1,207)	4,520
Contract assets	(a)	Lifetime	25,889	–	25,889
Other receivables	Performing	12-month	3,334	(57)	3,277
Non-interest bearing loans owing by joint ventures	Performing	12-month	76,296	–	76,296
Shareholder loan owing by associate company	Performing	12-month	36,830	–	36,830
Amount owing by non-controlling shareholders of subsidiaries	Performing	12-month	957	–	957

Cash and cash equivalents, other receivables and contract assets are subject to immaterial credit loss.

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

40.5 Credit risk (Cont'd)

The Company	Internal credit rating	12-month or Lifetime ECL	Gross carrying amount $'000	Loss allowance $'000	Net carrying amount $'000
2022					
Trade receivables	(a)	Lifetime	**4,893**	**(420)**	**4,473**
Contract assets	(a)	Lifetime	**2,167**	**–**	**2,167**
Other receivables	Performing	12-month	**1,348**	**(44)**	**1,304**
Amount owing by subsidiaries	Performing	12-month	**13,104**	**(10,874)**	**2,230**
2021					
Trade receivables	(a)	Lifetime	2,156	(420)	1,736
Contract assets	(a)	Lifetime	4,117	–	4,117
Other receivables	Performing	12-month	1,365	(44)	1,321
Non-interest bearing loans owing by joint ventures	Performing	12-month	76,296	(1,888)	74,408
Amount owing by subsidiaries	Performing	12-month	13,208	(10,474)	2,734

(a) *Trade receivables and contract assets*

The Group and the Company use a provision matrix to measure the lifetime expected credit loss allowance for trade receivables and contract assets. In measuring the expected credit losses, trade receivables and contract assets are grouped based on shared credit risk characteristics and days past due. The contract assets relate to unbilled work-in-progress, which have substantially the same risk characteristics as the trade receivables for the same type of contracts. The Group and the Company have therefore concluded that the expected loss rates for trade receivables are a reasonable approximation of the loss rates for the contract assets, except for credit-impaired receivables which has been impaired in full.

In calculating the expected credit loss rates, the Group considers historical loss rates for each category of customers and adjusts to reflect current and forward-looking macroeconomic factors affecting the ability of the customers to settle the receivables.

In response to the COVID-19 pandemic, the management has also been performing more frequent reviews of sales limits for retail tenants that are severely impacted. In the previous financial year, the Group has temporarily extended the credit terms to up to 120 days for specific customers with liquidity constraints arising as a result of the COVID-19 pandemic. All extensions are granted within current sales limits after careful consideration of the impact of the COVID-19 pandemic on the creditworthiness of the customer and each customer granted an extension is closely monitored for credit deterioration.

In particular, the Group and the Company have identified a group of debtors who have been experiencing significant financial difficulty arising from the consequences of COVID-19 outbreak. The carrying amount of the related receivables amounting to $647,000 and $420,000 (2021 - $1,021,000 and $420,000) at the reporting date under the Group and the Company level respectively (Note 6) are credit impaired and therefore allowance for impairment loss has been made in full. The recovery from these receivables is assessed individually after consideration of any collateral.

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

40.5 Credit risk (Cont'd)

(a) *Trade receivables and contract assets (Cont'd)*

Trade receivables and contract assets are written off when there is no reasonable expectation of recovery, such as a debtor failing to engage in a repayment plan with the Group. The Group considers a financial asset as in default if the counterparty fails to make contractual payments within 90 days when they fall due and writes off the financial asset when a debtor fails to make contractual payments greater than 120 days past due.

Where receivables are written off, the Group and the Company continue to engage in enforcement activity to attempt to recover the receivables due. Where recoveries are made, these are recognised in profit or loss.

The Group's and the Company's credit risk exposure in relation to trade receivables and contract assets under SFRS(I) 9 as at 31 January 2022 are set out as follows:

	Trade receivables						Contract assets	
	Current	< 30 days	31 – 60 days	61 – 90 days	91 – 120 days	> 120 days	Current	Total
	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
The Group								
2022								
ECL Rate (%)	**0.0**%	**0.0**%	**3.1**%	**1.9**%	**14.3**%	**96.3**%	**0.0**%	
Estimated total gross carrying amount at default ($)	**3,053**	**4,230**	**64**	**103**	**77**	**654**	**24,829**	**33,010**
Lifetime ECL ($)	**–**	**2**	**2**	**2**	**11**	**630**	**–**	**647**
2021								
ECL Rate (%)	**0.0**%	**4.8**%	**0.0**%	**70.7**%	**81.8**%	**77.8**%	**0.0**%	
Estimated total gross carrying amount at default ($)	2,373	1,805	103	133	110	1,203	25,889	31,616
Lifetime ECL ($)	–	87	–	94	90	936	–	1,207
The Company								
2022								
ECL Rate (%)	**0.0**%	**0.0**%	**0.0**%	**0.0**%	**0.0**%	**98.4**%	**0.0**%	
Estimated total gross carrying amount at default ($)	**4,466**	**–**	**–**	**–**	**–**	**427**	**2,167**	**7,060**
Lifetime ECL ($)	**–**	**–**	**–**	**–**	**–**	**420**	**–**	**420**
2021								
ECL Rate (%)	**0.0**%	**0.0**%	**0.0**%	**0.0**%	**0.0**%	**32.4**%	**0.0**%	
Estimated total gross carrying amount at default ($)	860	–	–	–	–	1,296	4,117	6,273
Lifetime ECL ($)	–	–	–	–	–	420	–	420

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

40.5 Credit risk (Cont'd)

(b) *Financial guarantees*

The Company has issued financial guarantees to banks for borrowings of its subsidiaries. These guarantees are subject to the impairment requirements of SFRS(I) 9. The Company has assessed that its subsidiaries have the financial capacity to meet the contractual cash flow obligations in the near future and hence, does not expect significant credit losses arising from these guarantees.

The maximum exposure of the Company in respect of its intra-group financial guarantees (Note 43.2) at the reporting date as if the facilities are drawn down up to the amount of $803,986,000 (2021 - $1,011,202,000). At the reporting date, the Company does not consider it probable that a claim will be made against the Company under the intra-group financial guarantees.

41 Fair value measurement

(i) Definition of fair value

SFRS(I)s define fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

(ii) Non-financial assets and liabilities

(a) *Fair value hierarchy*

The Group categorises fair value measurements 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).

41 Fair value measurement (Cont'd)

(ii) Non-financial assets and liabilities (Cont'd)

(a) *Fair value hierarchy (Cont'd)*

Other than as disclosed elsewhere in these financial statements, the carrying amounts and fair values of non-financial assets and liabilities, including their fair value hierarchy level, are set out below:

	2022			2021		
	Carrying amount $'000	**Fair value $'000**	**Fair value hierarchy**	Carrying amount $'000	Fair value $'000	Fair value hierarchy
The Group						
Investment properties:						
Office units	**–**	**–**	**–**	14,796	23,000	Level 3
Retail units	**249,508**	**373,200**	**Level 3**	252,324	367,000	Level 3
Commercial units	**44,208**	**45,200**	**Level 3**	47,355	48,200	Level 3
Property, plant and equipment:						
Hotel	**18,222**	**85,640**	**Level 3**	19,571	84,043	Level 3
Serviced apartment	**263,840**	**390,400**	**Level 3**	138,446	158,400	Level 3
Serviced apartment under development	**–**	**–**	**–**	113,759	161,914	Level 3
Office units	**4,993**	**22,705**	**Level 3**	5,065	17,654	Level 3
The Company						
Investment properties:						
Office units	**–**	**–**	**–**	17,817	20,500	Level 3
Property, plant and equipment						
Office units	**2,480**	**11,002**	**Level 3**	2,524	15,034	Level 3

The Group's policy is to recognise transfers into and out of fair value hierarchy levels as of the date of the event or change in circumstances that caused the transfer. There were no transfers into or out of fair value hierarchy levels for the financial years ended 31 January 2022 and 2021.

41 Fair value measurement (Cont'd)

(ii) Non-financial assets and liabilities (Cont'd)

(b) *Valuation inputs and relationship to fair value*

The following table summarises the quantitative information about the significant unobservable inputs used in the Level 3 fair value measurements.

Valuation Method	Key unobservable inputs	Retail units	Commercial units	Hotel	Serviced apartment	Office units	Inter-relationship between key unobservable inputs and fair value measurement
Income Capitalisation Method	Capitalisation rate						
	2022	**4.3%**	**3.3%**	**5.0%**	**3.3%**	**-**	Higher the capitalisation rate, lower the fair value
	2021	4.3%	3.5%	5.0%	3.8%	–	
	Occupancy rate						
	2022	**98.5%**	**96.7%**	**31.1% to 69.4%**	**81.5%**	**-**	Higher the occupancy rate, higher the fair value
	2021	98.9%	64.0%	31.1% to 69.4%	92.3%	–	
Discounted Cash Flow Method	Discount rate						
	2022	**-**	**-**	**6.5% to 7.0%**	**-**	**-**	Higher the discount rate, lower the fair value
	2021	–	–	6.5% to 7.0%	–	–	
	Terminal yield rate						
	2022	**-**	**-**	**5.0% to 5.5%**	**-**	**-**	Higher the terminal yield rate, lower the fair value
	2021	–	–	5.0% to 5.5%	–	–	
	Occupancy rate						
	2022	**-**	**-**	**31.1% to 69.4%**	**-**	**-**	Higher the occupancy rate, higher the fair value
	2021	–	–	31.1% to 69.4%	–	–	
Direct Comparison Method	Transacted price of comparable properties (psm)						
	2022 ($'000)	**-**	**-**	**-**	**-**	**$19,302 to $21,712**	Higher the transacted price of comparable properties, higher the fair value
	2021 ($'000)	–	–	–	–	$16,892 to $21,301	

41 Fair value measurement (Cont'd)

(ii) Non-financial assets and liabilities (Cont'd)

(c) *Valuation techniques used to determine Level 3 fair values for properties*

The fair value measurement was categorised as a Level 3 fair value based on the inputs in the valuation technique used. Level 3 fair value of the Group's certain properties were derived using Income Capitalisation Method, Discounted Cash Flow ("DCF") Method and Direct Comparison Method.

The Income Capitalisation Method capitalises an income stream into a present value using single-year capitalisation rates. The DCF Method involves the estimation and projection of an income stream over a period and discounting the income stream with an internal rate of return to arrive at the market value. 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.

(d) *Impact of COVID-19*

The economic disruption caused by the COVID-19 pandemic has created a highly uncertain economic outlook which may have a material adverse effect on the operations of tenanted properties and hotel/serviced apartment properties.

This uncertainty is factored into the valuation of the properties, specifically in estimating occupancy rates and discount rate, all of which are significant inputs into the fair value determination.

The valuer has factored in the potential impact of the COVID-19 pandemic by modifying the assumptions of previous year on the occupancy rates for retail units, commercial units, hotel and serviced apartment properties and discount rate for hotel property as per *(b)* above.

The discount rate for hotel property has decreased by 0.5% due to the uncertainties caused by COVID-19.

Occupancy rate for hotel property has been lowered with the assumption that only selected number of countries would be able to travel to Australia by Q1 FY2023 with unrestricted international travel not available until FY2024.

41 Fair value measurement (Cont'd)

(ii) Non-financial assets and liabilities (Cont'd)

(d) *Impact of COVID-19 (Cont'd)*

The occupancy rates for retail and commercial units have been lowered down to reflect the post COVID-19 impact to the respective properties. Meanwhile, the capitalisation rate and occupancy rate of serviced apartment in Singapore were improved despite the circuit breaker measures imposed by the Singapore Government due to accommodation demand from foreign workers affected by Malaysia border closures and returnees from overseas serving out Stay Home Notices in hotels during the year.

The valuation as at 31 January 2022 and 31 January 2021 contains a 'market valuation uncertainty' clause due to the market disruption caused by the COVID-19 pandemic which has resulted in a reduction in transactional evidence. This clause does not invalidate the valuation but implies that there is substantially more uncertainty than under normal market conditions. Accordingly, the valuer cannot attach as much weight as usual to previous market evidence for comparison purposes, and there is an increased risk that the price realised in an actual transaction would differ from the value conclusion. As a result of this increased uncertainty, the assumptions may require significant revision in the next financial period.

(e) *Valuation processes*

The Group engages external, independent and qualified valuers to determine the fair value of the Group's properties at the end of every financial year based on the properties' highest-and-best use. As at 31 January 2022 and 31 January 2021, the fair values of the properties have been determined by Savills Valuation & Professional Services (S) Pte Ltd and Savills Valuations Pty Ltd.

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

At each financial year end, the finance department:

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

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

41 Fair value measurement (Cont'd)

(iii) Financial assets and liabilities

(a) *Fair value hierarchy*

The following table shows the Levels within the hierarchy of financial assets and liabilities measured at fair value on a recurring basis at 31 January 2022 and 31 January 2021:

The Group	Level 1 $'000	Level 2 $'000	Level 3 $'000
2022			
Assets			
Financial assets at FVPL - Unquoted equity investments	**–**	**–**	**15,708**
Financial assets at FVOCI - Quoted equity investments	**13,458**	**–**	**–**
2021			
Assets			
Financial assets at FVPL - Unquoted equity investments	–	–	763
Financial assets at FVOCI - Quoted equity investments	10,089	–	–

The Company	Level 1 $'000	Level 2 $'000	Level 3 $'000
2022			
Assets			
Financial assets at FVOCI - Quoted equity investments	**1,267**	**–**	**–**
2021			
Assets			
Financial assets at FVOCI - Quoted equity investments	969	–	–

(b) *Valuation techniques used to determine Level 1 fair values for financial assets at FVOCI*

The fair value of financial instruments traded in active markets is based on quoted market prices at the end of reporting period. The quoted market price used for financial assets at FVOCI held by the Group and the Company is the current bid price. These instruments are included in Level 1.

41 Fair value measurement (Cont'd)

(iii) Financial assets and liabilities (Cont'd)

(c) *Valuation techniques used to determine Level 3 fair values for financial asset at FVPL*

As at 31 January 2022, the whole of financial asset at FVPL comprises the investment in the Master Fund that has been fair valued in accordance with the estimates disclosed in Note 2(d)(ii).

The Master Fund is not publicly traded. As set out in the limited partnership agreement, the Master Fund will make, manage and dispose of investments in accordance with the Investment Guidelines spelt out in the Partnership Agreement. The Partnership's objective is to invest all or substantially all of its assets in the Master Fund, whose valuation is based on the valuation of the underlying commercial real estate assets.

As at 31 January 2022, the Master Fund has entered into investment in commercial real estate assets and obtained related borrowings. For the investment in commercial real estate asset, it is measured at fair value. As such, the fair value of the Master Fund is determined based on the latest available financial statements of the Master Fund and represents the net asset value of the Master Fund as of 31 January 2022.

There were no transfers into or out of fair value hierarchy levels for financial years ended 31 January 2022 and 2021.

(iv) Financial instruments that are not carried at fair value and whose carrying amount are reasonable approximation of fair value

The carrying amounts of cash and short-term deposits, current trade and other receivables, non-trade amount owing by/to non-controlling shareholders of subsidiaries, non-trade amount owing to joint ventures, provision for directors' fee, current trade and other payables and current bank loans based on their notional amounts, reasonably approximate their fair values due to their short-term nature.

The carrying amounts of non-current bank loans approximate fair values as their interest rates approximate the market lending rate and they are repriced frequently. For non-current payables and receivables, their fair values are not significantly different from their carrying amount.

42 Financial instruments

Accounting classifications of financial assets and financial liabilities

The carrying amount of the different categories of financial instruments are as follows:

The Group	**2022 $'000**	2021 $'000
Financial assets at FVOCI	**13,458**	10,089
Financial assets at FVPL	**15,708**	763
Cash and cash equivalents	**119,929**	76,427
Fixed deposits	**7,473**	7,456
Amount owing by joint ventures	**–**	76,296
Amount owing by non-controlling shareholders of subsidiaries	**1,618**	957
Amount owing by associate companies	**38,673**	36,830
Trade and other receivables(i)	**10,031**	7,797
Financial assets at amortised cost	**177,724**	205,763
Amount owing to joint ventures	**253**	249
Amount owing to non-controlling shareholders of subsidiaries	**1,350**	45,293
Provision for directors' fee	**215**	215
Borrowings	**718,176**	737,122
Trade and other payables(ii)	**32,177**	28,631
Financial liabilities at amortised cost	**752,171**	811,510

The Company	**2022 $'000**	2021 $'000
Financial assets at FVOCI	**1,267**	969
Cash and cash equivalents	**25,607**	36,326
Amount owing by joint ventures	**–**	74,408
Amount owing by subsidiaries	**94,678**	54,184
Trade and other receivables(i)	**5,777**	3,057
Financial assets at amortised cost	**126,062**	167,975
Amount owing to subsidiaries	**12,944**	11,422
Provision for directors' fee	**215**	215
Borrowings	**29,825**	14,712
Trade and other payables(ii)	**13,575**	11,494
Financial liabilities at amortised cost	**56,559**	37,843

(i) This excludes GST receivable, prepayment and government grant receivable.

(ii) This excludes GST payable, advanced payments received from customers and deferred income.

43 Commitments

43.1 Capital commitments

Capital expenditures contracted for at the reporting date but not recognised in the financial statements, excluding those relating to investments in joint ventures (Note 12) and investments in associate companies (Note 13) are as follows:

	2022	2021
	$'000	$'000
The Group		
Capital expenditure contracted but not provided for in the financial statements	**253,511**	295,764

The capital commitments principally relate to:

- Consultancy, architectural services and construction cost for the proposed development of 71 Cairnhill Road by Glopeak Development Pte. Ltd. of $105,665,000 (2021 - $120,681,000);

- Consultancy, architectural services and construction cost for the mixed development at 2 Perumal Road by Perumal Development Pte. Ltd. of $5,105,000 (2021 - $10,737,000);

- Improvement of Property Management System, Point of Sale and Inventory System for hotel at No.1 St. George's Terrace by Narymal Pty Ltd of $Nil (2021 - $56,000);

- Addition of property, plant and equipment for hotel at No.1 St. George's Terrace by Amuret Pty Ltd of $83,000 (2021 - $Nil);

- Redevelopment of AXA Tower by Huatland Development Pte. Ltd. of $114,118,000 (2021 - $114,118,000) (Note 13); and

- Fund Partnership commitment by Glocity Capital Pte. Ltd. as limited partner totalling $28,540,000 (2021 - $50,172,000) (Note 5).

43.2 Other commitments

Financial guarantees

The Company has provided financial guarantees to banks for credit facilities totalling $803,986,000 (2021 - $855,870,000) granted to certain subsidiaries for which the Company is exposed to liability which is capped at $732,796,000 (2021 - $766,386,000), as disclosed in Note 40.3. As at the reporting date, the banking facilities utilised stood at $732,796,000 (2021 - $766,386,000).

In previous financial year, the Company has provided financial guarantees to banks for credit facilities $155,332,000 granted to certain joint ventures for which the Company is exposed to liability which is capped at $155,332,000, as disclosed in Note 40.3. As at 31 January 2021, the banking facilities utilised stood at $155,332,000.

As at 31 January 2022 and 31 January 2021, the fair values of the financial guarantees determined based on the expected loss arising from the risk of default are negligible.

44 Capital management

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

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

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

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

(d) to provide an adequate return to shareholders.

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

Total capital is calculated as total equity plus net debt.

The Group	Note	**2022** **$'000**	2021 $'000
Trade and other payables	18	**32,965**	31,708
Amounts owing to joint ventures	19	**253**	249
Amounts owing to non-controlling shareholders of subsidiaries (non-trade)	20(b)	**1,350**	45,293
Borrowings	22	**718,176**	737,122
		752,744	814,372
Less:			
Cash and cash equivalents	3	**(119,929)**	(76,427)
Fixed deposits	4	**(7,473)**	(7,456)
Net debt	(i)	**625,342**	730,489
Total equity	(ii)	**683,609**	727,711
Total capital	(i)+(ii)	**1,308,951**	1,458,200
Gearing ratio	(i)/[(i)+(ii)]	**48%**	50%

44 Capital management (Cont'd)

The Company	Note	**2022 $'000**	2021 $'000
Trade and other payables	18	**13,580**	11,819
Amounts owing to subsidiaries	7(b)	**12,944**	11,422
Borrowings	22	**29,825**	14,712
		56,349	37,953
Less:			
Cash and cash equivalents	3	**(25,607)**	(36,326)
Net debt	(i)	**30,742**	1,627
Total equity	(ii)	**671,692**	676,252
Total capital	(i)+(ii)	**702,434**	677,879
Gearing ratio	(i)/[(i)+(ii)]	**4%**	1%

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

The Group and the Company have observed its covenant obligations, including maintaining capital ratios since the inception of the borrowings (Note 22).

There were no changes in the Group's and Company's approach to capital management during the financial year ended 31 January 2022.

The Group and the Company are not subject to externally imposed capital requirements, other than as disclosed in Note 22.

45 Events after end of reporting period

(i) Huatland Development Pte. Ltd. ("Huatland"), a wholly-owned subsidiary of the Company together with other minority shareholders of PRE 13 Pte Ltd ("PRE 13") had on 4 April 2022 entered into share purchase agreements (the "SPAs") with CEL Shenton Pte. Ltd. ("CEL") and Sing-Haiyi Emerald Pte. Ltd. ("SHY") (collectively the "Purchasers"), to dispose of a combined 21% effective stake in the former AXA Tower ("the Property"). Huatland will be disposing of its entire 20% shareholding interest of 200 shares in PRE 13 to the Purchasers for a consideration of $2,029,184. In connection with the sale, the Purchasers will be taking over a shareholder's loan previously granted by Huatland to PRE 13 on the terms and conditions of the SPAs (the "Proposed Transactions"). PRE 13 and a subsidiary of Alibaba Group Holding Limited each holds a 50% effective stake in the Property, a 50-storey landmark Grade A office development with a retail podium located at 8 Shenton Way in central business district area of Singapore.

Upon the completion of the Proposed Transactions, PRE 13 will cease to be an associate of the Group

(ii) Lyf @ Farrer commenced operations in February 2022.

46 Comparative figures

Certain reclassifications have been made to the prior year's financial statements to reclassify right-of use-assets to property, plant and equipment and lease liabilities to borrowings for presentation purposes. The effects are as follows:

	(As previously reported) 31 January 2021 $'000	Adjustments $'000	(As reclassified) 31 January 2021 $'000
The Group			
Assets			
Non-current Assets			
Property, plant and equipment	294,609	6,804	301,413
Right-of-use assets	6,804	(6,804)	–
Non-current Liabilities			
Borrowings	687,986	1,837	689,823
Lease liabilities	1,837	(1,837)	–
Current Liabilities			
Borrowings	46,900	399	47,299
Lease liabilities	399	(399)	–
The Company			
Assets			
Non-current Assets			
Property, plant and equipment	2,231	2,535	4,766
Right-of-use assets	2,535	(2,535)	–
Non-current Liabilities			
Borrowings	5,000	5	5,005
Lease liabilities	5	(5)	–
Current Liabilities			
Borrowings	9,700	7	9,707
Lease liabilities	7	(7)	–

This reclassification is not considered to be material to the consolidated financial statements as a whole, and does not affect the opening statement of financial position of the earliest comparative period, 1 February 2020. Hence no third statement of financial position is presented.

STATISTICS OF SHAREHOLDINGS

As at 14 April 2022

SHARE CAPITAL INFORMATION

Issued and Fully Paid-Up Capital	:	S$162,151,305
Number of Issued Shares	:	738,816,000
Number of Treasury Shares	:	Nil
Class of shares	:	Ordinary share
Voting rights	:	One vote per share

Size of shareholdings	No of shareholders	%	No of shares	%
1 - 99	13	0.51	431	0.00
100 - 1,000	73	2.84	43,521	0.01
1,001 - 10,000	1,021	39.77	6,348,980	0.86
10,001 - 1,000,000	1,429	55.67	97,120,804	13.14
1,000,001 and above	31	1.21	635,302,264	85.99
TOTAL	**2,567**	**100.00**	**738,816,000**	**100.00**

TOP 20 LARGEST SHAREHOLDERS AS AT 14 APRIL 2022

No	Name	No of shares	%
1	UNITED OVERSEAS BANK NOMINEES P L	396,868,845	53.72
2	EST OF LOW KENG HOO @ LAU KEENG FOO, DEC'D	52,889,946	7.16
3	LOW KENG BOON @ LAU BOON SEN	52,773,806	7.14
4	LAU CHOY LAY	23,000,000	3.11
5	RAFFLES NOMINEES (PTE) LIMITED	13,069,800	1.77
6	LOW CHIN HAN	10,000,000	1.35
7	DBS NOMINEES PTE LTD	9,890,900	1.34
8	ANGELA LOW SEOK FUN	7,000,000	0.95
9	LOW SEOK LING MONICA	7,000,000	0.95
10	CITIBANK NOMS SPORE PTE LTD	6,472,400	0.88
11	CGS-CIMB SECURITIES (SINGAPORE) PTE LTD	5,853,267	0.79
12	PHILLIP SECURITIES PTE LTD	5,050,500	0.68
13	LIM AND TAN SECURITIES PTE LTD	4,483,200	0.61
14	DBS VICKERS SECURITIES (S) PTE LTD	4,208,200	0.57
15	LEE CHO SENG @ LEE CHOO SEONG	4,194,900	0.57
16	MAYBANK SECURITIES PTE. LTD.	3,524,700	0.48
17	LIM BOK HOO	3,406,600	0.46
18	CHIAM HOCK POH	2,970,300	0.40
19	OCBC SECURITIES PRIVATE LTD	2,932,300	0.40
20	OW-YONG SIM HIAN MABEL	2,310,000	0.31
	TOTAL	**617,899,664**	**83.64**

STATISTICS OF SHAREHOLDINGS

As at 14 April 2022

SUBSTANTIAL SHAREHOLDERS AS AT 14 APRIL 2022

	No. of shares fully paid		
Name of Substantial Shareholder	Direct Interest	Deemed Interest	Total
Consistent Record Sdn Bhd	–	395,194,345	395,194,345
Seah Soh Seng	–	395,194,345	395,194,345
Dato' Marco Low Peng Kiat	300,000	399,945,345	400,245,345
Low Keng Boon @ Lau Boon Sen	52,773,806	23,000,000	75,773,806
Est of Low Keng Hoo @ Lau Keeng Foo, Dec'd	52,889,946	–	52,889,946

Seah Soh Seng is deemed to be interested in the 395,194,345 shares held by United Overseas Bank Nominees (Private) Limited ("UOBNPL") for account Consistent Record Sdn Bhd ("CRSB") as trustee for her minor grandsons.

Dato' Marco Low Peng Kiat and a trust for his minor sons jointly hold all the shares in CRSB. He is deemed to be interested in the 395,194,345 shares held by UOBNPL for account of CRSB. He is deemed to be interested in 2,751,000 shares held by Maybank Securities Pte. Ltd. and 2,000,000 shares held by Raffles Nominees (Pte) Limited for his own account.

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

PERCENTAGE OF SHAREHOLDINGS IN PUBLIC HANDS

Based on information available to the Company as at 14 April 2022, approximately 23.45% of the issued ordinary shares of the Company are held in the hands of the public. This in in compliance with Rule 723 of the Listing Manual issued by the Singapore Exchange Securities Trading Limited.

NOTICE OF FIFTY-THREE
ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Fifty-Three Annual General Meeting of Low Keng Huat (Singapore) Limited (the "Company") will be held by electronic means on Tuesday, 31 May 2022 at 11.00 a.m., for the following purposes:-

AS ORDINARY BUSINESS

1. To receive and adopt the Audited Financial Statements for the financial year ended 31 January 2022 together with the statements of the Directors and report of the Auditors thereon. ***(Resolution 1)***

2. To declare a first and final tax-exempt (one-tier) dividend of 2 cents per ordinary share for the financial year ended 31 January 2022. ***(Resolution 2)***

3. To re-elect Mr Low Poh Kuan, a Director retiring under Regulation 88 of the Constitution of the Company. ***(Resolution 3)*** ***(See Explanatory Note 1)***

4. To re-elect Mr Chris Chia Woon Liat, a Director retiring under Regulation 88 of the Constitution of the Company. ***(Resolution 4)*** ***(See Explanatory Note 2)***

5. To re-elect Mr Cheo Chai Hong, a Director retiring under Regulation 88 of the Constitution of the Company. ***(Resolution 5)*** ***(See Explanatory Note 3)***

6. To approve the Directors' fee of $215,000 for the financial year ended 31 January 2022 (2021: $215,000) ***(Resolution 6)***

7. To re-appoint Foo Kon Tan LLP, as Auditors of the Company and to authorise the Directors to fix their remuneration. ***(Resolution 7)***

AS SPECIAL BUSINESS

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

8. Authority to issue shares

   (a) That pursuant to Section 161 of the Companies Act 1967 and the listing rules of the Singapore Exchange Securities Trading Limited ("SGX-ST"), approval be and is hereby given to the Directors of the Company at any time upon such terms and for such purposes and to such persons as the Directors may in their absolute discretion deem fit, to:

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

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

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

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

provided always that

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

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

(b) new shares arising from exercising share options or vesting of share awards provided the options or awards were granted in compliance with Part VIII of Chapter 8 of the Listing Manual of the SGX-ST; and

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

and adjustments in accordance with (a) or (b) are only to be made in respect of new shares arising from convertible securities, share options or share awards which were issued and outstanding or subsisting at the time of the passing of this Resolution, and

(ii) such authority shall, unless revoked or varied by the Company at a general meeting, continue in force until the conclusion of the next Annual General Meeting or the date by which the next Annual General Meeting of the Company is required by law to be held, whichever is the earlier. ***(Resolution 8)***
(See Explanatory Note 4)

ANY OTHER BUSINESS

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

By Order of the Board

Chin Yeok Yuen
Company Secretary
Singapore, 13 May 2022

Explanatory notes:

1. Mr Low Poh Kuan will, upon being re-elected as a Director of the Company, remain as Executive Director. Detailed information on Mr Low Poh Kuan can be found under "Additional Information on Directors Seeking Re-election" section in the Company's Annual Report 2021/2022.

2. Mr Chris Chia Woon Liat will, upon being re-elected as Independent Director of the Company, remain as member of the Audit Committee. He will be considered independent for the purposes of Rule 704(8) of the Listing Manual of the SGX-ST. He will also remain as member of the Nominating Committee and Remuneration Committee. Detailed information on Mr Chris Chia Woon Liat can be found under "Additional Information on Directors Seeking Re-election" section in the Company's Annual Report 2021/2022.

3. Mr Cheo Chai Hong will, upon being re-elected as Independent Director of the Company and remain as member of the Audit Committee. He will be considered independent for the purposes of Rule 704(8) of the Listing Manual of the SGX-ST. He will also continue as Chairman of the Nominating Committee. Detailed information on Mr Cheo Chai Hong can be found under "Additional Information on Directors Seeking Re-election" section in the Company's Annual Report 2021/2022.

4. The Ordinary Resolution 8 is to authorise the Directors of the Company from the date of the above meeting until the next Annual General Meeting to issue shares and convertible securities in the Company up to an amount not exceeding in aggregate 50% of the total number of issued shares excluding treasury shares and subsidiary holdings of the Company of which the total number of shares and convertible securities issued other than on a pro rata basis to existing shareholders shall not exceed 20% of the total number of issued shares excluding treasury shares and subsidiary holdings of the Company at the time the resolution is passed, for such purposes as they consider would be in the interests of the Company. The total number of issued shares excluding treasury shares and subsidiary holdings of the Company for this purpose shall be the total number of issued shares excluding treasury shares and subsidiary holdings at the time this resolution is passed after adjusting for new shares arising from the conversion of convertible securities or employee share options on issue at the time this resolution is passed and any subsequent bonus issues, consolidation or subdivision of shares. This authority will, unless revoked or varied at a general meeting, expire at the next Annual General Meeting of the Company.

Notes:

LIVE WEBCAST

1. This Annual General Meeting ("**AGM**") is being convened and will be held by electronic means pursuant to the COVID-19 (Temporary Measures) (Alternative Arrangements for Meetings for Companies, Variable Capital Companies, Business Trusts, Unit Trusts and Debenture Holders) Order 2020. This Notice of AGM will be sent to members by electronic means via publication on the Company's website at https://www.lkhs.com.sg. This Notice will also be made available on the SGX website at https://www.sgx.com/securities/company-announcements.

2. The Company will arrange for a live webcast of the AGM proceedings ("**Live AGM Webcast**"), which will take place on 31 May 2022 at 11.00 a.m. as specified in the Notice of AGM. The Live AGM Webcast will be fully virtual.

3. **As a precautionary measure due to the current COVID-19 situation in Singapore, a member will not be able to attend the AGM in person.**

4. Shareholders will be able to participate in the AGM in the following manner set out in the paragraphs below:-

    a.) Shareholders may watch the live webcast of the AGM proceedings through the Live AGM Webcast via mobile phones, tablets or computers. To do so, shareholders will need to register at https://online.meetings.vision/lowkenghuat-agm-registration (the "**Registration Link**") by 11.00 a.m. on 28 May 2022 (the "**Registration Deadline**") to enable the Company to verify their status.

    b.) After verification, authenticated shareholders will receive an email invitation by 30 May 2022 by 11 a.m. containing guidelines to access the live webcast of the AGM proceedings. Only shareholders of the Company will be able to register to watch the live webcast.

    c.) Shareholders who registered successfully by the Registration Deadline but do not receive an email invite by 30 May 2022 may contact our Share Registrar, KCK CorpServe Pte. Ltd. by emailing to sharereg@kckcs.com.sg.

    d.) Shareholders must not forward the unique link or telephone number to other persons who are not shareholders and who are not entitled to attend the AGM. This is also to avoid any technical disruptions or overload to the Live AGM Webcast.

SUBMISSION OF PROXY FORMS TO VOTE

1 Shareholders who wish to vote for the resolutions, must appoint "Chairman of the Meeting" as their proxy by completing the proxy form, indicating how they wish to vote on each resolution. A softcopy of the proxy form is available for downloading at our website https://www.lkhs.com.sg.

2 Shareholder can either choose to submit the completed and signed proxy form by:-

a.) Depositing it at or sending by post to the Registered Office of the Company at 80 Marine Parade Road, #18-05/09 Parkway Parade, Singapore 449269, or

b.) Emailing it to proxyform@lkhs.com.sg

not less than seventy-two (72) hours, by 11.00 a.m., 28 May 2022. Any incomplete and incorrect proxy forms will be rejected by the Company.

CPF or SRS investors who wish to submit their votes should approach their respective CPF Agent Banks or SRS Operators to appoint the chairperson as their proxy and submit their votes at least seven (7) working days before the AGM (i.e. by 5.00 p.m. on 19 May 2022).

3 Shareholders must indicate how they wish to vote on each resolution in the submitted proxy forms. In the absence of specific directions in respect of a resolution, the appointment of the Chairman of the Meeting as proxy for that resolution will be treated as invalid.

4 **Please note that shareholders will not be able to vote through the live webcast and can only vote with their proxy forms which are required to be submitted in accordance with the foregoing paragraphs.**

5 **Due to the current COVID-19 situation in Singapore, members are strongly encouraged to submit completed proxy forms electronically via email.**

SUBMISSION OF SHAREHOLDERS' QUESTIONS AND ANSWERS

1 Shareholders may submit any questions that are related to any resolutions to be tabled for approval at the AGM. Shareholders may send their queries by 21 May 11.00 a.m. 2022, via email to our Chief Financial Officer at agm2022@lkhs.com.sg.

2 Please provide the following information in your email when submitting questions to the Company:

- your full name as it appears on your CDP/CPF/SRS/Scrip share records;
- your address;
- number of shares held; and
- the manner in which you hold shares in the Company (e.g., via CDP, CPF or SRS or Scrip based)

3 The Company will endeavour to address the substantial and relevant questions by 26 May 11.00 a.m. and the Company's responses will be posted on the SGXNet and the Company's website.

4 All documents (including the Annual Report 2022, proxy form, this Notice of AGM and appendices to this Notice of AGM) or information relating to the business of this AGM have been, or will be, published on SGXNet and the Company's website at https://www.lkhs.com.sg. **Printed copies of the documents will not be despatched to members** as provided for under clause 7 First Schedule of COVID-19 (Temporary Measures) (Alternative Arrangements for Meetings for Companies, Variable Capital Companies, Business Trusts, Unit Trusts and Debenture Holders) Order 2020. Members and investors are advised to check SGXNet and/or the Company's website regularly for updates.

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

Name of Director	Low Poh Kuan	Chris Chia Woon Liat	Cheo Chai Hong
Date of appointment	5 April 2004	12 September 2018	7 December 2018
Date of last re-appointment	16 June 2020	16 June 2020	29 May 2019
Age	52	49	69
Country of principal residence	Singapore	Singapore	Singapore
The Board's comments on this appointment (including rationale, selection criteria and the search and nomination process)	The re-election of Mr Low Poh Kuan as a Director of the Company at the AGM 2022 was recommended by the Nominating Committee and approved by the Board after taking into consideration Mr Low's contributions, qualifications and past experiences.	The re-election of Mr Chris Chia Woon Liat as a Director of the Company at the AGM 2022 was recommended by the Nominating Committee and approved by the Board after taking into consideration Mr Chia's background, qualifications, expertise and past experiences.	The re-election of Mr Cheo Chai Hong as a Director of the Company at the AGM 2022 was recommended by the Nominating Committee and approved by the Board after taking into consideration Mr Cheo's background, qualifications, expertise and past experiences.
Whether the appointment is executive and if so, please state the area of responsibility	Yes, his main duties include the management of the overall operations of the Company's property developments projects.	No, the appointment is non-executive.	No, the appointment is non-executive.
Job title (e.g.Lead ID, AC Chairman, AC member, etc)	● Executive Director	● Independent Director ● Member of Audit Committee ● Member of Nominating Committee ● Member of Remuneration Committee	● Independent Director ● Chairman of Nominating Committee ● Member of Audit Committee

ADDITIONAL INFORMATION ON DIRECTORS SEEKING RE-ELECTION

Name of Director	Low Poh Kuan	Chris Chia Woon Liat	Cheo Chai Hong
Professional memberships/ qualifications	Bachelor of Science in Marketing and Economics from University of Indiana, Bloomington, USA	● Bachelor of Commerce from University of Western Australia (Major in Accounting and Finance) ● Bachelor of Commerce (Honours) from University of Western Australia (Major in Accounting) ● Master of Accounting from University of Western Australia ● Master of Business Administration from MIT Sloan School of Management ● Master of Liberal Arts from Harvard University	Bachelor of Business Administration (Hons) degree from University of Singapore
Working experience and occupation(s) during the past 10 years	Prior to joining the Company, Mr Low has extensive experience in sales and marketing in the contract furnishing industry.	Mr Chris Chia is the Managing Partner of Kendall Court, an investment partnership focused on alternative financing primarily in the Southeast Asian region and across Asia Pacific. He is also currently, a member of the Board of Directors of Bangkok Bank Berhad. Mr Chris Chia has also served as the longest member of the Money Policy Advisory Committee under SPRING Singapore to assess SME developmental needs in the area of financing.	UOB, Managing Director, Group Credit
Shareholding interest in the Company and its subsidiaries	Direct interest of 1,998,000 of shares, 0.27%	None	None

Name of Director	Low Poh Kuan	Chris Chia Woon Liat	Cheo Chai Hong
Any relationship (including immediate family member relationships) with any existing director, existing executive officer, the Company and/or substantial shareholder of the Company or any of its principal subsidiaries	Mr Low Poh Kuan is the nephew of Mr Low Keng Boon, Executive Chairman and cousin of Dato' Marco Low Peng Kiat, Managing Director.	None	None
Conflict of interest (including competing business)	None	None	None
Undertaking (in the format set out in Appendix 7.7) under Rule 720(1) submitted to the Company?	Yes	Yes	Yes
Other principal commitments including Directorships			
- Present	Various subsidiaries of Low Keng Huat (Singapore) Limited	• Bangkok Bank Berhad • Kendall Court Capital Management Limited • Kendall Court (Singapore) Pte Ltd • Kendall Court Harmony Ltd • Karris Holdings Pte Ltd • SH Chia Sdn Bhd • Chiraz Properties Sdn Bhd • Kipleplay Sdn Bhd • Mandaya Medical International Pte Ltd • Kiple Kendall Capital Partners Sdn Bhd • Kendall Court Ventures Limited • Kendall Court Resourced Limited	• The Anglo-Chinese Schools Foundation Ltd (Director) • ACS Old Boys Association (Member) • The Anglo-Chinese School (International) Singapore (Board of Management)

Name of Director	Low Poh Kuan	Chris Chia Woon Liat	Cheo Chai Hong
		• Kendall Court Champions Limited • Druk Holding & Investments Limited (Advisor)	
- Past (for the last 5 years)	Nil	• Deira Mauritius Ltd. • Balsa Kendall Mauritius Limited • Kendall Court Capital Partners Limited • Kendall Court Capital Partners Bristol Limited • Kendall Court Cambridge Investment Manager Limited • Kendall Court Mezzanine (Asia) Investment Manager Limited • Growmoto Kendall Pte Ltd • Hybrid Capital Pte Ltd • KN Finance Limited • Enduring Capital Limited • Hybrid Investment Limited • Glove Kendall Limited • DAW Investment Pte Ltd • Impulse Talent Sdn Bhd • Maple Challenge Sdn Bhd • Framewrk Pte Ltd • Deira Cayman Ltd	• UOB Asset Management • UOB International Investment Pte Ltd
Responses to questions (a) to (k) under Appendix 7.4.1 of the Listing Manual of SGX-ST	Negative Confirmation	Negative Confirmation	Negative Confirmation

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LOW KENG HUAT (SINGAPORE) LIMITED

Company Registration No. 196900209G
(Incorporated in the Republic of Singapore)

IMPORTANT
This proxy form is not valid for use by CPF and SRS investors and shall be ineffective for all intents and purposes if used or purported to be used by them. CPF and SRS investors should contact their respective Agent Banks/SRS Operators if they have any queries regarding their appointment as proxies.

PROXY FORM

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

of ____

(Address) being a *member/members of Low Keng Huat (Singapore) Limited (the "Company") hereby appoint the **Chairman of the Meeting** as *my/our *proxy to vote for *me/us on *my/our behalf at the Annual General Meeting ("AGM") of the Company to be held by electronic means on 31 May 2022 at 11.00 a.m. and at any adjournment thereof.

I/We direct my/our proxy to vote for or against or abstain from voting on the resolutions to be proposed at the AGM in the spaces provided hereunder.

In the absence of specific directions in respect of a resolution, the appointment of the Chairman of the Meeting as your proxy for that resolution will be treated as invalid.

	Resolutions	No of Votes or indicate with a tick (√) or cross (x)**		
		For	Against	Abstain
Ordinary business				
1.	To receive and adopt the Audited Financial Statements, Directors' Statement and Auditors' Report for the financial year ended 31 January 2022.			
2.	To declare a first and final tax exempt (one-tier) dividend of 2 cents per ordinary share for the financial year ended 31 January 2022.			
3.	To re-elect Mr Low Poh Kuan as a Director.			
4.	To re-elect Mr Chris Chia Woon Liat as a Director.			
5.	To re-elect Mr Cheo Chai Hong as a Director.			
6.	To approve Directors' fee of $215,000 for the financial year ended 31 January 2022.			
7.	To re-appoint Foo Kon Tan LLP as Auditors and to authorise the Directors to fix their remuneration.			
Special business				
8.	To authorise Directors to issue shares pursuant to Section 161 of the Companies Act 1967.			

* Delete where applicable

** All resolutions would be put to vote by poll in accordance with listing rules of the Singapore Exchange Securities Limited.

Please tick (√) or cross (X) or indicate the number of votes within the box provided. A tick or cross would represent you are exercising all your votes "For" or "Against" or "Abstain" from the relevant resolution.

Dated this __________ day of _________________ 2022

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

____

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

IMPORTANT: PLEASE READ NOTES OVERLEAF

IMPORTANT: PLEASE READ NOTES BEFORE COMPLETING THE PROXY FORM

Notes:

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

2. A corporation which is a member of the Company may authorize by resolution of its directors or other governing body such person as it thinks fit to act as its representative at the AGM, in accordance with its Regulations of the Constitution of the Company and Section 179 of the Companies Act 1967.

3. The instrument appointing proxy or proxies, together with the power of attorney or other authority (if any) under which it is signed, or notarially certified copy thereof, must either be submitted by (a) mail to the registered office of the Company at 80 Marine Parade Road #18-05/09 Parkway Parade Singapore 449269; or (b) email to proxyform@lkhs.com.sg, not later than 72 hours before the time set for the AGM.

   Due to the current COVID-19 situation in Singapore, members are strongly encouraged to submit completed proxy forms electronically via email.

4. A member should insert the total number of shares held. If the member has shares entered against his name in the Depository Register maintained by the Central Depository (Pte) Limited (as defined in Section 130A of the Companies Act 1967, he should insert that number of shares. If the member has shares registered in his name in the Register of Members of the Company, he should insert the number of shares. If the member has shares entered against his name in the Depository Register and shares registered in his name in the Register of Members of the Company, he should insert the aggregate number of shares. If no number of shares is inserted, this form of proxy will be deemed to relate to all the shares held by the member of the Company.

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

6. Personal data privacy: By submitting an instrument appointing a proxy(ies) or representative(s), the member accepts and agrees to the personal data privacy terms set out in the Notice of AGM.

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LOW KENG HUAT
(SINGAPORE) LIMITED

(Regn. No.: 196900209G)

80 Marine Parade Road
#18-05/09 Parkway Parade
Singapore 449269
Tel: +65 6344 2333
Fax: +65 6345 7841
https://www.lkhs.com.sg

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