



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

Unaudited Half Year ("1H") Financial Statements For the Period Ended 31 July 2020

PART I - INFORMATION REQUIRED FOR ANNOUNCEMENT OF HALF YEAR RESULTS

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

	Note	6 months ended		Increase /
		31/07/2020	31/07/2019	(Decrease)
		\$'000	\$'000	%
Revenue	1	22,860	17,246	33
Cost of sales	2	(16,586)	(10,523)	58
Gross profit		6,274	6,723	(7)
Other income	3	2,226	2,739	(19)
Interest income	4	2,704	3,283	(18)
Distribution costs	5	(608)	(399)	52
Administrative costs	6	(4,570)	(4,453)	3
Other operating expenses	7	(2,821)	(840)	n.m.
Finance costs	8	(5,212)	(3,843)	36
Profit/(loss) from operations		(2,007)	3,210	n.m.
Share of results of associated companies and joint ventures	9	53,819	(2,017)	n.m.
Profit before taxation		51,812	1,193	n.m.
Taxation	10	(643)	(807)	(20)
Profit after taxation for the period		51,169	386	n.m.
Attributable to:				
Owners of the parent	11	51,879	808	n.m.
Non-controlling interests		(710)	(422)	68
		51,169	386	n.m.
Earnings per share (cents)				
- basic		7.02	0.11	n.m.
- diluted		7.02	0.11	n.m.

n.m.: Not Meaningful

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

	6 months ended		Increase / (Decrease) %
	31/07/2020 \$'000	31/07/2019 \$'000	
Net profit for the period	51,169	386	n.m.
Other comprehensive income/(expense) after tax			
Items that will not be reclassified to profit and loss:			
Fair value gain/(loss) on financial assets at FVOCI (net of tax at Nil%)	(3,642)	1,366	n.m.
Exchange differences on translation of the financial statements of foreign entities (net)	178	(106)	n.m.
Items that are or may be reclassified subsequently to profit and loss:			
Exchange differences on translation of the financial statements of foreign entities (net)	1,963	(1,081)	n.m.
Total other comprehensive income/(expense) for the period, net of tax	(1,501)	179	n.m.
Total comprehensive income/(expense) for the period	<u>49,668</u>	<u>565</u>	n.m.
Total comprehensive income/(expense) attributable to:			
Owners of the parent	50,200	1,093	n.m.
Non-controlling interests	(532)	(528)	1
Total comprehensive income/(expense) for the period	<u>49,668</u>	<u>565</u>	n.m.

n.m.: Not Meaningful

(a)(ii) Notes to the income statement

- 1 Revenue increased by \$5.7M to \$22.9M in 1H current year from \$17.2M in 1H previous year. The increase was due to increase in revenue of \$9.9M in development segment offset by the decrease of \$2.1M each in investment and hotel segments. Development revenue increase was due to sales at Uptown @Farrer which was launched for sale in Q3 previous year. As at 31 July 2020, 25 out of 116 units have been sold at average price \$1,864 psf. The decrease in revenue in investment segment was mainly due to rental rebates granted to tenants at the retail mall at Paya Lebar Square due to the lockdown of operations and safe distancing measures imposed by the Singapore government to prevent the spread of COVID-19 pandemic. The decrease in revenue of \$2.1M in hotel segment was mainly due to the decrease in occupancy at Duxton Perth Hotel offset by the increase in occupancy at Citadines Balestier. Occupancy at Duxton Perth Hotel decreased to 30% in 1H current year from 60% in 1H previous year as a result of the lockdown imposed by the Australian government. Citadines Balestier started business in Q3 previous year and its average occupancy was 78% for 1H current year. Despite the circuit breaker measures imposed in Singapore, occupancy at Citadines Balestier was higher than expected due to accommodation demand from foreign workers affected by Malaysia border closures and returnees from overseas serving out Stay Home Notices in hotels.
- 2 Cost of sales increased by \$6.1M to \$16.6M in 1H current year from \$10.5M in 1H previous year. The increase in cost of sales was mainly due to higher sales in development segment.
- 3 Other income decreased by \$0.5M to \$2.2M in 1H current year from \$2.7M in 1H previous year. Decrease was mainly due to decrease in dividend income of \$0.7M to \$0.2M in 1H current year compared to \$0.9M in 1H previous year. There was no gain on disposal of quoted equity investment in 1H current year.
- 4 Interest income decreased by \$0.6M to \$2.7M in 1H current year from \$3.3M in 1H previous year. The decrease was mainly due to lower fixed deposit interest in 1H current year compared to 1H previous year.
- 5 Distribution costs increased by \$0.2M to \$0.6M in 1H current year from \$0.4M in 1H previous year. The increase was due to sales agent commission incurred at Uptown @ Farrer in 1H current year.
- 6 Administrative costs increased by \$0.1M to \$4.6M in 1H current year from \$4.5M in 1H previous year.

- 7 Other operating expenses increased by \$2.0M to \$2.8M in 1H current year from \$0.8M in 1H previous year. The increase was mainly due to commencement of business at Citadines Balestier in Q3 previous year.
- 8 Finance costs increased by \$1.4M to \$5.2M in 1H current year from \$3.8M in 1H previous year. The increase was mainly due to higher interest incurred at Citadines Balestier, BT Centre and Uptown @ Farrer. In accordance with SFRS (I) 15 and SFRS (1) 1-23, interest expenses were expensed to profit and loss upon sales launch at Uptown @ Farrer and commencement of business at Citadines Balestier and BT Centre in Q3 previous year.
- 9 Share of results of associated companies and joint ventures was a profit of \$53.8M in 1H current year compared to a loss of \$2.0M in 1H previous year. The increase was mainly due to sale of equity stake in PSH in 1H current year. Huatland Development Pte Ltd (“Huatland”), a wholly owned subsidiary of Company, owns 20% equity interest in Perennial Shenton Investors Pte. Ltd. (“PSI”). PSI owns 100% equity stake in Perennial Shenton Holdings Pte Ltd (“PSH”) who in turn owns 100% equity stake in Perennial Shenton Property Pte. Ltd. (“PSP”). PSP is the owner of AXA Tower, a 50-storey landmark Grade A office development with a retail podium strategically located in Shenton Way.

On 6 May 2020, PSI disposed of 100% of its equity interest in PSH and transfer its shareholders’ loan outstanding as at 30 June 2020 to Alibaba Singapore Holding Private Limited (“Alibaba Singapore”), and PRE 13 Pte Ltd (“P13”) in equal share. Alibaba Singapore is a subsidiary of Alibaba Group Holding Limited, and P13 is a new joint venture comprising the original consortium of investors, led by Perennial Real Estate Holdings Limited (“Perennial”), in PSI. Huatland holds an equity interest of 20 % in P13 and an effective interest of 10% in PSH as at 30 June 2020. P13 and Alibaba Singapore then entered into an agreement for the redevelopment of AXA Tower.

AXA Tower currently has an existing gross floor area (“GFA”) of approximately 1.05 million square feet. 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 1.24 million square feet. Approval had also been obtained to further increase AXA Tower’s GFA to 1.55 million square feet should it integrate hotel and residential usage under the CBD Incentive Scheme.

The consideration for the share sale is based on the net asset value of PSH as at 30 June 2020, calculated based on the agreed property price of AXA Tower at \$1.68 billion. 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.

PSI received cash proceeds of \$297.8M from Alibaba Singapore and a promissory note of \$297.8M from P13 for the sale of PSH. Total cash proceeds received by PSI including new bank facility of PSP was \$533.8M. Net cash proceeds was \$334.8M after providing \$199.0M for compensation to strata owners, tenants’ compensation, asset enhancement initiatives and transaction cost. Huatland received total cash proceeds of \$67.1M including redemption of junior bonds of \$32.0M. Total shareholder loan granted by Huatland to P13 was \$59.6M while cost of investment and share of operating profit in PSI was \$43.8M. As disclosed on page 6 note 14 of the balance sheet, an advance of \$43.4M was extended by PSI to Huatland as the completion of capital reduction process would take some time. Gain on sale of equity stake in PSH was \$50.0M.

As stated in the announcement dated 6 May 2020, the new joint venture with Alibaba Singapore is to redevelop AXA Tower. 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 \$114.1M based on Huatland’s proportionate equity share.

10 The basis of tax computation is set out below:

	6 months ended		Increase /
	31/07/2020	31/07/2019	(Decrease)
	\$'000	\$'000	%
- current	(639)	(793)	(19)
- foreign tax	(4)	(14)	(71)
	<u>(643)</u>	<u>(807)</u>	(20)

Taxation decreased by \$0.2M to \$0.6M in 1H current year from \$0.8M in 1H previous year. The decrease was due to lower taxable profits from investment and hotel segments.

11 Net profit attributable to shareholders increased by \$51.1M to \$51.9M in 1H current year from \$0.8M in 1H previous year. The increase was mainly due to the gain on sale of our equity stake in PSH of \$50.0M in 1H current year. Net profit attributable to shareholders increased by \$1.1M to \$1.9M in 1H current year from \$0.8M in 1H previous year if the gain on sale of equity stake in PSH was excluded.

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

	Group		Note	Company	
	31/07/2020	31/01/2020		31/07/2020	31/01/2020
	\$'000	\$'000		\$'000	\$'000
ASSETS					
Non-current assets					
Investment properties	316,706	318,798	1	17,916	18,016
Property, plant and equipment	292,193	289,401	1	2,424	2,572
Right-of-use assets	7,788	7,943	1	2,560	2,586
Subsidiaries	-	-		541,629	605,168
Joint ventures	90,740	89,794		98,551	96,910
Associated companies	131,040	68,148	2	-	-
Financial assets at FVOCI	9,043	12,685	3	825	971
Other investments at amortised cost	-	32,000	12	-	-
Other receivables	224	260	5	-	-
Deferred tax assets	745	719		-	-
	<u>848,479</u>	<u>819,748</u>		<u>663,905</u>	<u>726,223</u>
Current assets					
Cash and cash equivalents	121,476	59,477	4	82,278	17,168
Fixed deposits	9,131	9,116	4	-	-
Amount owing by subsidiaries	-	-		2,577	2,524
Amount owing by non-controlling interests	957	957	8	-	-
Trade and other receivables	6,714	6,573	5	2,815	2,679
Inventories	400	378		-	-
Contract assets	6,910	2,497	13	3,865	2,202
Contract costs	323	298		-	-
Development properties	633,367	612,898	6	-	-
	<u>779,278</u>	<u>692,194</u>		<u>91,535</u>	<u>24,573</u>
Total assets	<u><u>1,627,757</u></u>	<u><u>1,511,942</u></u>		<u><u>755,440</u></u>	<u><u>750,796</u></u>
EQUITY AND LIABILITIES					
Capital and reserves					
Share capital	161,863	161,863		161,863	161,863
Capital reserves	(2,005)	(2,005)		-	-
Fair value reserves	(2,559)	1,083	7	70	216
Retained profits	540,922	500,125		517,905	512,125
Exchange fluctuation account	(2,090)	(4,053)		-	-
	<u>696,131</u>	<u>657,013</u>		<u>679,838</u>	<u>674,204</u>
Non-controlling interests	32,107	32,639	10	-	-
Total equity	<u>728,238</u>	<u>689,652</u>		<u>679,838</u>	<u>674,204</u>
LIABILITIES					
Non-current liabilities					
Bank borrowings	716,586	678,208	9	-	-
Trade and other payables	3,106	3,106	11	-	-
Provisions	28	27		-	-
Amount owing to non-controlling interests	46,206	45,147	8	-	-
Lease liabilities	1,872	1,968		8	12
Deferred tax liabilities	3,065	3,065		-	-
	<u>770,863</u>	<u>731,521</u>		<u>8</u>	<u>12</u>
Current liabilities					
Trade and other payables	17,144	23,566	11	8,908	9,349
Contract liabilities	1,084	389		-	-
Amount owing to subsidiaries	-	-		11,476	11,508
Amount owing to related companies	64	-		-	-
Amount owing to joint ventures	257	254		-	-
Advances from associated company	43,423	-	14	-	-
Lease liabilities	393	398		7	7
Amount owing to non-controlling interests	403	375	8	-	-
Provision for directors' fee	108	245		108	245
Provision for taxation	3,580	3,342		95	471
Bank borrowings	62,200	62,200	9	55,000	55,000
	<u>128,656</u>	<u>90,769</u>		<u>75,594</u>	<u>76,580</u>
Total liabilities	<u>899,519</u>	<u>822,290</u>		<u>75,602</u>	<u>76,592</u>
Total equity and liabilities	<u><u>1,627,757</u></u>	<u><u>1,511,942</u></u>		<u><u>755,440</u></u>	<u><u>750,796</u></u>

Notes to the balance sheets

- 1 The net book value of Investment properties decreased by \$2.1M to \$316.7M as at 31 July 2020 from \$318.8M as at 31 January 2020. The decrease was due to higher depreciation charge for the period. The net book value of Property, plant and equipment increased by \$2.8M to \$292.2M as at 31 July 2020 from \$289.4M as at 31 January 2020. The increase was due to increase in construction progress at LYF @ Farrer to 70% as at 31 July 2020 from 62% as at 31 January 2020. The net book value of Right-of-use assets decreased by \$0.1M to \$7.8M as at 31 July 2020 from \$7.9M as at 31 January 2020 due to depreciation.
- 2 Associated companies increased by \$62.9M to \$131.0M as at 31 July 2020 from \$68.1M as at 31 January 2020. The increase was mainly due to shareholder loan of \$59.6M to P13, the new associate that owns 50% equity interest in PSH. Please refer to page 3 note 9 of income statement for details of the disposal of equity interest in PSH.
- 3 Financial assets at fair value through other comprehensive income ("FVOCI") decreased by \$3.7M to \$9.0M as at 31 July 2020 from \$12.7M as at 31 January 2020. The decrease was mainly due to the decrease in fair value of quoted equity investments measured at FVOCI.
- 4 Cash and cash equivalents and fixed deposits increased by \$62.0M to \$130.6M as at 31 July 2020 from \$68.6M as at 31 January 2020 mainly due to sale proceed / consideration for sale of equity stake in PSH and full redemption of junior bonds.
- 5 Trade and other receivables increased by \$0.1M to \$6.9M as at 31 July 2020 from \$6.8M as at 31 January 2020.
- 6 Development properties increased by \$20.5M to \$633.4M as at 31 July 2020 from \$612.9M as at 31 January 2020. The increase was mainly due to development charge incurred at Klimt Cairnhill in 1H current year.
- 7 Fair value reserves was negative \$2.6M as at 31 July 2020 compared to \$1.1M as at 31 January 2020 mainly due to decrease in fair value of quoted equity investments measured at FVOCI.
- 8 Total amount owing to non-controlling interests increased by \$1.1M to \$45.7M as at 31 July 2020 from \$44.6M as at 31 January 2020 mainly due to imputed interest on shareholder loans.
- 9 Bank borrowings increased by \$38.4M to \$778.8M as at 31 July 2020 from \$740.4M as at 31 January 2020 due to additional loans drawdown mainly to finance development charge at Klimt Cairnhill, dividend payment to shareholders and operational requirements of Company, Klimt Cairnhill and Uptown @ Farrer, Lyf @ Farrer. Gearing was 0.93 as at 31 July 2020 compared to 1.03 as at 31 January 2020.
- 10 Non-controlling interests decreased by \$0.5M to \$32.1M as at 31 July 2020 from \$32.6M as at 31 January 2020 mainly due to decrease in share of profits.
- 11 Trade and other payables decreased by \$6.4M to \$20.3M as at 31 July 2020 from \$26.7M as at 31 January 2020. The decrease was mainly due to decrease in construction activity at Lyf @ Farrer and Uptown @ Farrer due to the lockdown and circuit breaker period since April 2020.
- 12 Other investments at amortised cost was \$nil as at 31 July 2020 due to full redemption of junior bond on 30 June 2020.
- 13 Contract assets increased by \$4.4M to \$6.9M as at 31 July 2020 from \$2.5M as at 31 January 2020. The increase was due to unbilled development progress revenue at Uptown @ Farrer and unbilled construction progress revenue at Dalvey Haus.
- 14 Advance from associated company was \$43.4M as at 31 July 2020 compared to \$nil as at 31 January 2020. The advance was extended by PSI in relation to the disposal of our equity stake in PSH as the completion of capital reduction process would take some time.

1(b)(ii) Aggregate amount of group's borrowings and debt securities

	31/07/2020		31/01/2020	
	Secured \$'000	Unsecured \$'000	Secured \$'000	Unsecured \$'000
Amount repayable in one year or less, or on demand	7,200	55,000	7,200	55,000
Amount repayable after one year	716,586	-	678,208	-
	<u>723,786</u>	<u>55,000</u>	<u>685,408</u>	<u>55,000</u>

Details of any collateral

Borrowings are secured by the mortgages on the subsidiaries' property, plant and equipment, development and investment properties and assignment of all rights and benefits with respect to the property, plant and equipment, development and investment properties mortgaged.

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

	6 months ended	
	31/07/2020	31/07/2019
	\$'000	\$'000
Cash Flows from Operating Activities		
Operating profit before taxation	51,812	1,193
Adjustments for:		
Share of results of associated companies and joint ventures	(53,819)	2,017
Depreciation of investment properties	2,100	1,483
Depreciation of property, plant and equipment	2,772	858
Depreciation of right-of-use assets	250	-
Amortisation of provision	1	-
Amortisation of contract costs	332	-
Gain on disposal of property, plant and equipment	-	(15)
Impairment loss/(reversal) on receivables	33	(41)
Bad debts written off	-	1
Property, plant and equipment written off	6	-
Investment properties written off	-	190
Gain on disposal of financial assets at FVPL	-	(557)
Fair value gain on financial assets at FVPL	-	1
Dividend income from quoted equity investments	(168)	-
Finance costs	5,212	3,843
Interest income	(2,704)	(3,283)
Operating profit before working capital changes	5,827	5,690
(Increase)/Decrease in inventories	(14)	(63)
Increase/(Decrease) in contract liabilities	695	-
(Increase)/Decrease in development properties	(20,469)	(332,638)
(Increase)/Decrease in operating receivables	(1,711)	52,323
Increase/(Decrease) in operating payables	(6,500)	852
(Increase)/Decrease in contract assets & contract costs	(4,770)	3,130
Cash (used in)/generated from from operations	(26,942)	(270,706)
Interest paid	(4,152)	(3,636)
Income tax paid	(401)	(1,737)
Net cash (used in)/generated from operating activities	(31,495)	(276,079)
Balance carried forward	(31,495)	(276,079)

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

	6 months ended	
	30/07/2020	31/07/2019
	\$'000	\$'000
Balance brought forward	(31,495)	(276,079)
Cash Flows from Investing Activities		
Acquisition of property, plant and equipment	(2,968)	(16,027)
Acquisition of investment properties	(8)	(51,802)
Interest received	2,269	3,283
Decrease/(increase) in fixed deposit with maturity more than three months	(14)	-
Redemption of principal of junior bonds	32,000	-
Dividend from quoted equity investments	168	-
Advances and loans made to associated companies and joint ventures	(589)	(4,191)
Capital return from joint ventures in liquidation	-	918
Advances from associated company	34,960	-
Proceeds from disposal of quoted equity investments	-	7,564
Proceeds from disposal of property, plant and equipment	-	19
Net cash (used in)/generated from investing activities	65,818	(60,236)
Cash Flow from Financing Activities		
Dividends paid to shareholders of the Company	(11,082)	(11,082)
Proceeds from bank borrowings	41,978	295,300
Repayment of bank borrowings	(3,600)	(3,600)
Repayment to non-controlling interests	-	(977)
Loan from non-controlling interests	-	972
Payment of principal portion of lease liabilities	(198)	-
Net cash (used in)/generated from financing activities	27,098	280,613
Net (decrease)/increase in cash and cash equivalents	61,421	(55,702)
Cash and cash equivalents at beginning of year	59,477	116,259
Exchange differences on translation of cash and cash equivalent at beginning of year	578	(115)
Cash and cash equivalents at end of year	121,476	60,442

The Group has unused bank facilities of \$149.6M as of 31 July 2020.

The Group generated a net increase in cash flow of \$61.4M during 1H current year compared to net decrease of \$55.7M during 1H previous year. The net increase in cash and cash equivalents was due to \$31.5M used in operating activities offset with \$65.8M generated from investing activities and \$27.1M generated from financing activities.

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

Statement of Changes in Equity

	Share capital \$'000	Reserves \$'000	Retained profits \$'000	Total \$'000
The Company				
Balance at 1 February 2020	161,863	216	512,125	674,204
Total comprehensive income and loss for the period	-	(146)	16,862	16,716
Transaction with owners: -				
Dividends paid in respect of financial year ended 31 January 2020	-	-	(11,082)	(11,082)
Balance at 31 July 2020	<u>161,863</u>	<u>70</u>	<u>517,905</u>	<u>679,838</u>
Balance at 1 February 2019	161,863	906	423,748	586,517
Total comprehensive income and loss for the period	-	(209)	8,072	7,863
Transaction with owners: -				
Dividends paid in respect of financial year ended 31 January 2018	-	-	(11,082)	(11,082)
Balance at 31 July 2019	<u>161,863</u>	<u>697</u>	<u>420,738</u>	<u>583,298</u>

	Share capital \$'000	Reserves \$'000	Retained profits \$'000	Exchange fluctuation account \$'000	Sub-total \$'000	Non-controlling interests \$'000	Total \$'000
The Group							
Balance at 1 February 2020	161,863	(922)	500,125	(4,053)	657,013	32,639	689,652
Total comprehensive income and loss for the period	-	(3,642)	51,879	1,963	50,200	(532)	49,668
Transaction with owners: -							
Dividends paid	-	-	(11,082)	-	(11,082)	-	(11,082)
Balance at 31 July 2020	<u>161,863</u>	<u>(4,564)</u>	<u>540,922</u>	<u>(2,090)</u>	<u>696,131</u>	<u>32,107</u>	<u>728,238</u>
Balance at 1 February 2019	161,863	5,282	490,053	(1,982)	655,216	33,621	688,837
Total comprehensive income and loss for the period	-	1,366	808	(1,081)	1,093	(528)	565
Transfer upon disposal of financial assets at FVOCI	-	(537)	537	-	-	-	-
Transaction with owners: -							
Dividends paid	-	-	(11,082)	-	(11,082)	-	(11,082)
Balance at 31 July 2019	<u>161,863</u>	<u>6,111</u>	<u>480,316</u>	<u>(3,063)</u>	<u>645,227</u>	<u>33,093</u>	<u>678,320</u>

- 1(d)(ii) Details of any changes in the company's share capital arising from rights issue, bonus issue, share buy-backs, exercise of share options or warrants, conversion of other issues of equity securities, issue of shares for cash or as consideration for acquisition or for any other purpose since the end of the previous period reported on. State also the number of shares that may be issued on conversion of all the outstanding convertibles, as well as the number of shares held as treasury shares, if any, against the total number of issued shares excluding treasury shares of the issuer, as at the end of the current financial period reported on and as at the end of the corresponding period of the immediately preceding financial year**

There was no change in the Company's share capital as at 31 July 2020 compared to 31 January 2020.

There were no outstanding executives' share options granted as at 31 July 2020 and 31 January 2020.

There was no treasury share held or issued as at 31 July 2020 and 31 January 2020.

- 1(d)(iii) To show the total number of issued shares excluding treasury shares at the end of the current financial period and as at the end of the immediately preceding financial year**

	As at 31-07-2020	As at 31-01-2020
Number of issued shares excluding treasury shares	738,816,000	738,816,000

- 1(d)(iv) A statement showing all sales, transfers, disposal, cancellation and / or use of treasury shares as at the end of the current financial period reported on.**

There were no sales, transfers, disposal, cancellation and/or use of treasury shares as at 31 July 2020.

- 2. Whether the figures have been audited, or reviewed and in accordance with which standard (e.g. the Singapore Standard on Review Engagements 2400 (Engagements to Review Financial Statements), or an equivalent standard)**

The figures have not been audited or reviewed.

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

Not applicable.

- 3A. Where the latest financial statements subject to an adverse opinion, qualified opinion or disclaimer of opinion: (a) updates on the efforts taken to resolve each outstanding audit issue; (b) confirmation from the Board that the impact of all outstanding audit issues on the financial statements have been adequately disclosed. This is not required for any audit issue that is a material uncertainty relating to going concern.**

Not applicable.

- 4. Whether the same accounting policies and methods of computation as in the issuer's most recently audited annual financial statements have been applied**

Except as disclosed in Note 5 below, the Group has applied the same accounting policies and methods of computation in the financial statements for the current financial period as compared with those used in the audited financial statements for the year ended 31 January 2020.

5. If there are any changes in the accounting policies and methods of computation, including any required by an accounting standard, what has changed, as well as the reasons for, and the effect of, the change

The Group has adopted new/revised SFRS(I) applicable for the financial period beginning 1 February 2020 as follows:

Amendments to References to the Conceptual Framework in SFRS(I)	
Amendments to SFRS(I) 3	Definition of a Business
Amendments to SFRS(I) 1-1 and SFRS(I) 1-8	Definition of Material

The Group has elected to early adopt Amendment to SFRS(I) 16: COVID-19 Related Rent Concessions which is effective from 1 June 2020. Under SFRS(I) 16, the Group may apply the practical expedients and elect to account for any change in lease payments resulting from the rent concession as if the changes were not a lease modification.

The adoption of the above amendments to SFRS(I) did not have any significant financial impact on the financial position or performance of the Group.

6. Earnings per ordinary share of the group for the current period reported on and the corresponding period of the immediately preceding financial year, after deducting any provision for preference dividends

	6 months ended	
	31/07/2020	31/07/2019
Earnings per ordinary share for the period based on net profit attributable to shareholders of the Company:		
(i) Based on weighted average number of ordinary shares in issue	7.02 cents	0.11 cents
(ii) On a fully diluted basis	7.02 cents	0.11 cents

7. Net asset value (for the issuer and group) per ordinary share based on issued share capital of the issuer at the end of the (a) current period reported on and (b) immediately preceding financial year

	Group		Company	
	31/07/2020	31/01/2020	31/07/2020	31/01/2020
Net asset value per ordinary share	94 cents	89 cents	92 cents	91 cents
Net tangible assets backing per ordinary share	94 cents	89 cents	92 cents	91 cents

8. **A review of the performance of the group, to the extent necessary for a reasonable understanding of the group's business. The review must discuss any significant factors that affected the turnover, and earnings of the group for the current financial period reported on, including (where applicable) seasonal or cyclical factors. It must also discuss any material factors that affected the cash flow, working capital, assets or liabilities of the group during the current financial period reported on**

	6 months ended		Increase / (Decrease) %
	31/07/2020 \$'M	31/07/2019 \$'M	
Revenue			
Development	9.9	-	n.m.
Investment	6.4	8.5	(25)
Hotel	6.6	8.7	(24)
Total	<u>22.9</u>	<u>17.2</u>	33
Profit /(loss) before tax and non-controlling interests			
Development	0.4	(0.5)	n.m.
Investment	55.0	2.4	n.m.
Hotel	(3.6)	(0.7)	n.m.
Total	<u>51.8</u>	<u>1.2</u>	n.m.
Non-controlling interests	0.7	0.4	75
Taxation	(0.6)	(0.8)	(25)
Net profit attributable to shareholders	<u>51.9</u>	<u>0.8</u>	n.m.

n.m.: Not Meaningful

Development

Development revenue was \$9.9M in 1H current year. There was no development revenue in 1H previous year. Uptown @ Farrer was launched for sale in Q3 previous year and 25 out of 116 units were sold at an average price of \$1,864 psf.

Net profit before tax and non-controlling interests for development segment was \$0.4M in 1H current year compared to negative \$0.5M in 1H previous year.

Investment

Investment revenue decreased by \$2.1M to \$6.4M in 1H current year from \$8.5M in 1H previous year. The decrease was mainly due to rental rebates provided to tenants at retail mall of Paya Lebar Square as a result of lockdowns and safe distancing measures imposed by the Singapore government to curb the spread of COVID-19 pandemic.

Net profit before tax and non-controlling interests for investment segment increased by \$52.6M to \$55.0M in 1H current year from \$2.4M in 1H previous year. The increase was mainly due to gain on sale of equity stake in PSH of \$50.0M in 1H current year. Please refer to page 3 note 9 of income statement for details of the disposal of equity interest in PSH. Net profit before tax and non-controlling interest increased by \$2.6M to \$5.0M in 1H current year from \$2.4M in 1H previous year if gain on sale of equity stake in PSH was excluded. The increase was due to increased profitability at Westgate Tower and higher operational profit share at AXA Tower offset by decreased profitability at retail malls at Paya Lebar Square, BT Centre and construction business of Company and absence of gain on sale of quoted equity investment in 1H current year.

Hotel and F&B

Revenue from hotel segment decreased by \$2.1M to \$6.6M in 1H current year from \$8.7M in 1H previous year. Occupancy at Duxton Perth Hotel decreased to 30% in 1H current year from 60% in 1H previous year due to the lockdown, temporary closures and quarantines imposed by the Australian government to control the spread of Covid-19 pandemic. Citadines Balestier started business in Q3 previous year and its average occupancy was 78% for 1H current year. Despite the circuit breaker measures imposed in Singapore, occupancy at Citadines Balestier was higher than expected due to accommodation demand from foreign workers affected by Malaysia border closures and returnees from overseas serving out Stay Home Notices in hotels.

Net loss before tax and non-controlling interests for hotel segment increased by \$2.9M to \$3.6M in 1H current year from \$0.7M in 1H previous year due to the significantly lower occupancy at hotel segment.

Net profit attributable to shareholders

Net profit attributable to shareholders increased by \$51.1M to \$51.9M in 1H current year from \$0.8M in 1H previous year. The increase was mainly due to the gain on sale of our equity stake in PSH of \$50.0M in 1H current year. Net profit attributable to shareholders increased by \$1.1M to \$1.9M in 1H current year from \$0.8M in 1H previous year if the gain on sale of equity stake in PSH was excluded.

Balance Sheet

Cash and cash equivalents and fixed deposits increased by \$62.0M to \$130.6M as at 31 July 2020 from \$68.6M as at 31 January 2020 mainly due to sale proceed / consideration for sale of equity stake in PSH and full redemption of junior bonds. Bank borrowings increased by \$38.4M to \$778.8M as at 31 July 2020 from \$740.4M as at 31 January 2020 due to additional loans drawdown mainly to finance development charge at Klimt Cairnhill, dividend payment to shareholders and operational requirements of Company, Klimt Cairnhill and Uptown @ Farrer, Lyf @ Farrer. Gearing was 0.93 as at 31 July 2020 compared to 1.03 as at 31 January 2020. Net equity increased by \$39.1M to \$696.1M from \$657.0M due to the increase in net profit attributable to shareholders.

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

Not applicable

10. A commentary at the date of the announcement of the competitive conditions of the industry in which the group operates and any known factors or events that may affect the group in the next reporting period and the next 12 months

The health consequences of COVID-19 pandemic presents unprecedented challenges to the business community. Its impact on the global economy has been devastating and more business closures are expected. The Group will continue to be selective in land bidding and investment projects. The Group will strive to maintain rental rates for renewals. The Management remains focused on maintaining stable and sustainable distributions to shareholders while achieving long-term growth.

11. Dividend

(a) Current Financial Period Reported On

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

(b) Corresponding Period of the Immediately Preceding Financial Year

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

(c) Date payable

Not applicable

(d) Books closure date

Not applicable

12. If no dividend has been declared/recommended, a statement to that effect

Not applicable

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

Not applicable

14. Confirmation by Directors

The Board of Directors of the Company hereby confirm that, to the best of their knowledge, nothing has come to the attention of the board of directors, which may render the unaudited consolidated financial results for the 6 months ended 31 July 2020 to be false or misleading in any material aspect.

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

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

BY ORDER OF THE BOARD

Low Keng Boon @ Lau Boon Sen
Executive Chairman

Dato' Marco Low Peng Kiat
Managing Director

14 September 2020