



**LOW KENG HUAT  
(SINGAPORE) LIMITED**



**BUILDING  
FOR FUTURE**

ANNUAL REPORT 2012/2013

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CORPORATE  
PROFILE

**LOW KENG HUAT** (Singapore) Limited (“LKHS”) is a builder established since 1969. Today, its business has grown to encompass building construction, property development, hotels and investments.

In addition, LKHS owns and operates deluxe hotels in Perth (Australia) and Ho Chi Minh City (Vietnam) under the in-house brand Duxton Hotel. Its other hospitality-related business is food & beverage business under our brand name of Carnivore in Singapore. Among its investment portfolio are investment properties in Singapore, Malaysia and China.

## CHAIRMAN'S STATEMENT

The Group recorded a net profit attributable to shareholders of \$109.7 million, an increase of 28% compared to the previous financial year.

**TAN SRI DATO' LOW KENG HUAT**



### REVIEW OF FINANCIAL PERFORMANCE

For the financial year ended 31 January 2013, the Group recorded a net profit attributable to shareholders of \$109.7 million, an increase of 28% compared to the previous financial year. The increase was mainly due to higher profits from development, investment and hotel segments offset by lower profit from construction segment.

The Group's shareholders' funds increased by 21.9% to \$476.1 million as at 31 January 2013 from \$390.5 million as at 31 January 2012. Consequently, the net tangible asset per ordinary share of the Group increased to \$0.65 as at 31 January 2013 from \$0.53 as at 31 January 2012. Cash and cash equivalents increased by \$172.6 million to \$205.5 million as at 31 January 2013 from \$32.9 million as at 31 January 2012. At the same time the Group's bank borrowings decreased by \$43.0 million to \$513.8 million as at 31 January 2013 from \$556.8 million as at 31 January 2012. Gearing decreased to 0.63 as at 31 January 2013 from 1.29 as at 31 January 2012.

### CORPORATE DEVELOPMENT & PROSPECTS

The Group has slowly transformed its main business from construction to property development. The 1,145 units Minton at Hougang was completely sold during the year and we have recognised the profits in accordance with the percentage of completion method. Parkland Residences, our DBSS project at Upper Serangoon Road, was launched in January 2012 and we sold more than 90% as of April 2013. Paya Lebar Square, our commercial and retail project, located at the upcoming Paya Lebar Hub and directly linked by both East-West and Central MRT lines, was launched in December 2011. As of April 2013, we sold approximately 95% of our office units. The sales of the retail units have yet to be launched. However more than 72% of the retail units have been leased to tenants as of April 2013. In line with the adoption of accounting standard INT FRS 115, the Group can only recognise the profits from Parkland Residences and Paya Lebar Square when these projects obtain TOP in 2014.

Duxton Hotel Perth and Duxton Hotel Saigon performed better than expected due to the mining industry boom in Perth and better cost management respectively. During the year, we continue to nurture and develop our new F&B business concept Addictions (casual café) alongside our existing signature Brazilian churrascaria brand Carnivore.

CHAIRMAN'S  
STATEMENT

Our outlook is cautiously positive in view of the expected sluggishness in the global economy and also as Singapore undergoes economic restructuring in order to create sustained growth. The latest round of cooling measures introduced by the government in January 2013 and the release of more land for development to cool the residential market are expected to dampen buying sentiments. We will continue to be selective in our project tendering. We will also continue to invest in business that will generate consistent revenue and profitability streams.

**DIVIDEND**

The Board is pleased to recommend a first and final dividend of 3.0 cents per share and a special dividend of 1.5 cents per share making a total dividend of 4.5 cents. Both dividends are tax exempt (one-tier) and total dividend payment will amount to \$33.2 million. This proposed dividend represents 30.2% of our earnings per share of 14.9 cents and is 12.5% higher than last year's. This dividend recommendation is subject to the approval of shareholders at the Annual General Meeting to be held on 31 May 2013. The proposed dividend, if approved by shareholders will be paid on 18 June 2013.

**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.

**TAN SRI DATO' LOW KENG HUAT**

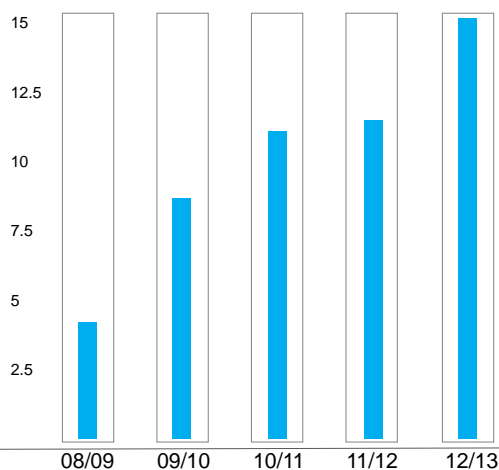
Non-Executive Chairman

April 2013

## 5 YEARS FINANCIAL HIGHLIGHTS

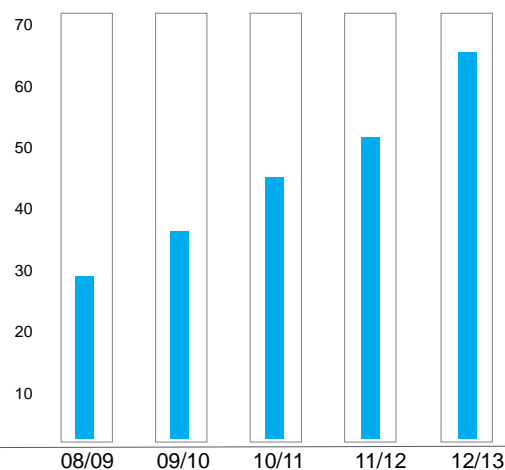
### EARNINGS PER SHARE

cents



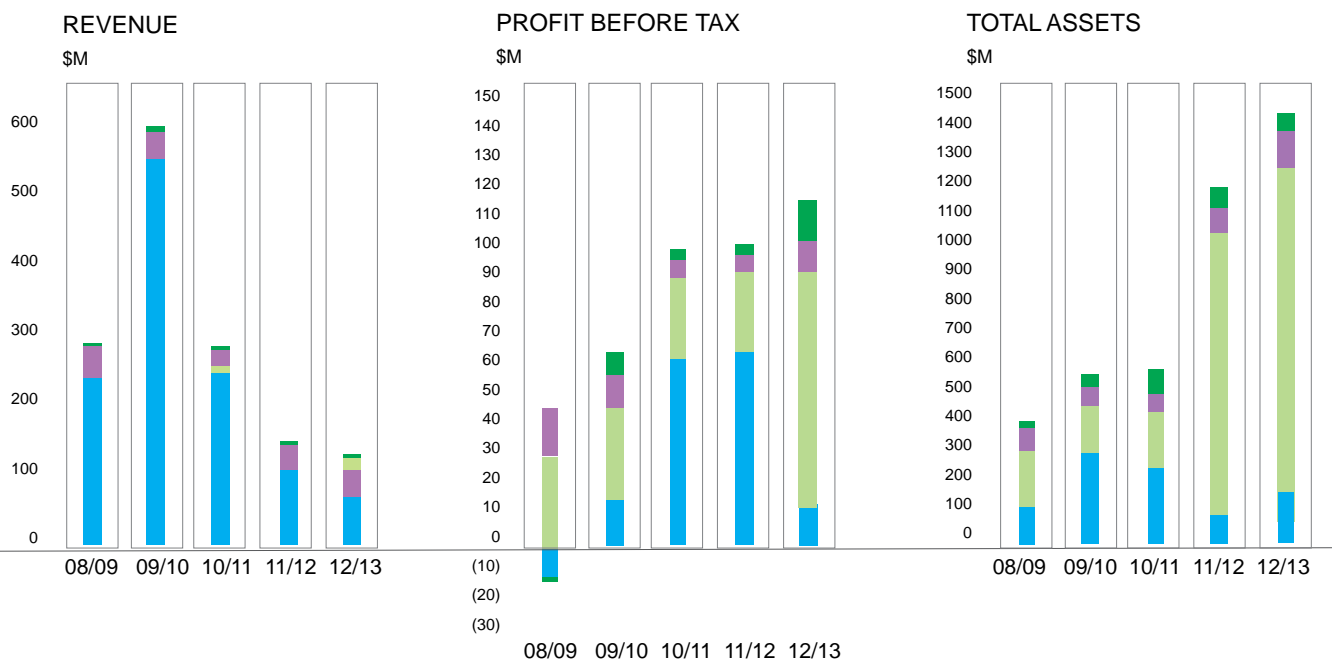
### NET TANGIBLE ASSETS PER SHARE

cents



	2008/09	2009/10	2010/11	2011/12	2012/13
<b>OPERATING RESULTS</b>					
Revenue (\$'000)	274,602	595,451	272,164	136,398	126,364
EBITDA (\$'000)	41,033	74,134	105,978	108,756	121,776
Pretax profit (\$'000)	35,053	67,926	100,453	102,633	115,441
Net profit (\$'000)	30,682	64,276	83,687	88,349	109,575
EBITDA margin (%)	14.9	12.5	38.9	79.7	96.4
Pretax margin (%)	12.8	11.4	36.9	75.2	91.4
Net margin (%)	11.2	10.8	30.7	64.8	86.7
<b>FINANCIAL POSITION</b>					
Total assets (\$'000)	359,768	547,227	549,751	1,155,717	1,418,989
Total borrowings (\$'000)	38,569	6,001	-	556,750	513,750
Shareholders' equity (\$'000)	209,583	268,716	333,191	390,529	476,131
Net debt : equity (times)	0.03	-	-	1.34	0.65
<b>PER SHARE DATA</b>					
Earnings (cents)	4.0	8.5	11.1	11.6	14.9
Dividend (cents)	1.5	3.0	4.0	4.0	4.5
Net tangible assets (cents)	28.0	36.0	45.0	53.0	65.0
Year end share price (cents)	16.0	46.0	46.0	34.5	68.0
<b>SHAREHOLDERS' RETURN</b>					
Return on equity (%)	14.6	23.9	25.1	22.6	23.0
Return on assets (%)	8.5	11.7	15.2	7.7	7.7
Dividend yield (%)	9.4	6.5	8.8	11.6	6.6
Dividend payout ratio (%)	38.0	35.0	36.0	34.4	30.2

5 YEARS  
FINANCIAL HIGHLIGHTS



	2008/09 (\$'000)	2009/10 (\$'000)	2010/11 (\$'000)	2011/12 (\$'000)	2012/13 (\$'000)
<b>REVENUE</b>					
Construction	219,992	545,645	221,202	82,505	67,437
Development	-	148	234	-	580
Hotels	54,278	48,356	48,791	51,627	56,948
Investments	332	1,302	1,937	2,266	1,399
	274,602	595,451	272,164	136,398	126,364
<b>PROFIT BEFORE TAX</b>					
Construction	(11,641)	16,923	66,951	69,878	15,830
Development	31,279	31,756	23,918	24,146	79,952
Hotels	16,238	12,659	5,851	6,755	12,922
Investments	(823)	6,588	3,733	1,854	6,737
	35,053	67,926	100,453	102,633	115,441
<b>TOTAL ASSETS *</b>					
Construction	97,829	225,250	164,328	60,288	102,285
Development	172,140	182,846	226,196	952,939	1,173,387
Hotels	68,648	73,606	70,847	72,412	71,114
Investments	21,086	64,993	87,876	70,078	72,412
	359,703	546,695	549,247	1,155,717	1,418,989

\* Excluding tax

Construction Development Hotels Investments

## OPERATING & FINANCIAL REVIEW

The Group's shareholders' funds increased by 21.9% to \$476.1 million as at 31 January 2013 from \$390.5 million as at 31 January 2012.



Paya Lebar Square

### OVERALL

The Group's four business segments are construction, property development, hotel and investments. In recent years, the Company shifted the business mix from hotels to property developments.

Net profit attributable to shareholders increased by \$23.8M to \$109.7M during current year from \$85.9M during previous year. It increased by \$9.8M to \$42.2M in Q4 current year from \$32.4M in Q4 previous year. The increase was mainly due to higher profits from development, hotel and investment segments offset by lower profit from construction segment.

Group revenue decreased by \$10.0M to \$126.4M during current year from \$136.4M during previous year. It decreased by \$16.5M to \$25.3M in Q4 current year from \$41.8M in Q4 previous year. The decrease in revenue for current year was mainly due to decrease in construction activities. Development revenue and investment revenue were not significant.

Cost of sales increased by \$40.8M to \$70.0M during current year from \$29.2M during previous year. It increased by \$1.1M to \$8.3M in Q4 current year from \$7.2M in Q4 previous year. Gross profit decreased by \$50.8M to \$56.4M during current year from \$107.2M during previous year. It decreased by \$17.6M to \$16.9M in Q4 current year from \$34.5M in Q4 previous year. The increase in cost of sales and decrease in gross profit was mainly due to completion of major construction projects last year.

Other income increased by \$0.2M to \$7.4M during current year from \$7.2M during previous year. It increased by \$4.1M to \$4.2M in Q4 current year from \$0.1M in Q4 previous year. The increase was mainly due to fair value gain on short-term quoted investments for current year.

The loss of concessionary income is derived from the gaming centre operations in Duxton Hotel Saigon which opened for business in November 2006. The licence for operating the gaming centre was



# OPERATING & FINANCIAL REVIEW



withdrawn by the Vietnamese government in April 2010. The Vietnamese tax authorities have lifted the coercive action on the hotel in April 2012 and the hotel remains open and is running under normal condition. The Vietnamese tax authorities have collected approximately US\$3.5M during the coercive action. We are still in negotiation with the tax authorities to waive the penalty of approximately US\$2.0M. The concessionary loss decreased by \$0.5M to \$0.6M during current year from \$1.1M during previous year.

Distribution costs increased by \$12.6M to \$16.0M during current year from \$3.4M during previous year. The increase was mainly due to marketing expenses incurred for the two development projects, Paya Lebar Square and Parkland Residences, launched in December 2011 and January 2012 respectively. It decreased by \$0.4M to \$2.3M in Q4 current year from \$2.7M in Q4 previous year.

DEVELOPMENT PROJECT ON HAND	LOCATION	LKH'S SHARE (%)	TYPE	NO. OF UNITS	STATUS
1 the Minton	Hougang Street 11	40	Condominium/ shops	1,145	Launched in May 2010 100% sold
2 Parkland Residences	Upper Serangoon Road	100	DBSS flats	680	Launched in January 2012 628 units sold
3 Paya Lebar Square	60 Paya Lebar Road	80	Office units	556	Office units launched in December 2011 95% sold
			Retail	159	72% leased
4 Panorama	Persiaran Hampshire, Kuala Lumpur	25	Serviced Apartments	223	Launched in April 2008 100% sold
5 Masai Industrial Park	Bandar Seri Alam, Johor	49	Industrial	25	Launched in April 2008 100% sold
6 Bina Park	Bandar Seri Alam, Johor	49	3 Storey Twin/ Link Villas	124	Launched in January 2012 110 units sold
			3 Storey Shops	31	Yet to be launched
7 Unnamed	Jalan Conlay, Kuala Lumpur	20	Condominium	740	Yet to be launched
			Serviced Apartments	178	Yet to be launched
LAND BANK	LOCATION	LKH'S SHARE (%)	AREA (SQF)	USE	
8 Unamed	Bandar Seri Alam, Johor	49	3,298,458	Bungalows	
9 Tiram Park	Jalan Kota Tinggi Johor	49	6,622,184	Mixed development	
10 Unamed	Kuala Lumpur	100	14,041	Office	
11 Lot 112440 Land Bank in Johor	Mukin Pelentong Johor	49	195,283	Residential	

## OPERATING & FINANCIAL REVIEW



Chinatown Point

Administrative costs increased by \$3.8M to \$22.1M during current year from \$18.3M during previous year. It increased by \$2.1M to \$7.8M in Q4 current year from \$5.7M in Q4 previous year. The increase in administrative costs were mainly due to increases in administrative expenses incurred for Paya Lebar Square and Parkland Residences and profit share for Joint Managing and Deputy Managing directors. The provision for profit share was made in accordance with service contracts.

The Group uses interest rate swap to manage its exposure to interest rate movements by swapping the borrowings from floating rates to fixed rates. The interest rate swap settles on a quarterly basis. The fair value of the swap entered into as at 31 January 2013 are based on quoted market prices for equivalent instruments at the balance sheet date. The Group does not designate this interest rate swap as hedging instrument and the movements in fair value gain of \$0.6M for current year has been recognised in the income statement.

Other operating expenses decreased by \$9.4M to \$3.8M during current year from \$13.2M during previous year. It decreased by \$3.3M to \$2.2M in Q4 current year from \$5.5M in Q4 previous year. The decrease was mainly due to lower impairment loss on investments for current year.

Share of results of associated companies and joint ventures increased by \$68.1M to \$94.8M during current year from \$26.7M during previous year. It increased by \$17.0M to \$34.0M in Q4 current year from \$17.0M in Q4 previous year. The increase was mainly due to increased contribution from the Minton. The Minton, launched in May 2010, sold all 1,145 units as of 8 June 2012.

## OPERATING & FINANCIAL REVIEW



Duxton Hotel Saigon

### CONSTRUCTION

Construction revenue decreased by 18.3% to \$67.4M during current year from \$82.5M during previous year. It decreased by 57.1% to \$11.8M in Q4 current year from \$27.5M in Q4 previous year. The decrease in current year performance was due to the completion of Hard Rock Hotel at Sentosa and nex at Serangoon Central Mall during last year. Net profit before tax & non-controlling interests for construction segment decreased by \$54.1M to \$15.8M during current year from \$69.9M during previous year. It decreased by \$18.7M to \$6.2M in Q4 current year from \$24.9M in Q4 previous year. The decreased profit performance was due to decrease in construction activities.

### HOTEL & F&B BUSINESS

Revenue for hotel & F&B businesses increased by 10.3% to \$56.9M during current year from \$51.6M during previous year mainly due to higher revenue from Duxton Perth and F&B business. It decreased by 4.4% to \$13.0M in Q4 current year from \$13.6M in Q4 previous year. The higher revenue in Duxton Perth was due to higher occupancy rate and higher average room rate while the higher revenue from F&B business was due to the opening of two more new outlets at Marina Bay Sands and Dempsey Road in October 2011 and March 2012 respectively. Net profit before tax and non-controlling interests for hotel segment increased by \$6.1M to \$12.9M during current year from \$6.8M during previous year. It increased by \$4.0M to \$1.4M in Q4 current year from negative \$2.6M in Q4 previous year. The increase in profits performance was mainly due to higher revenue, lower concessionary loss offset by translation exchange loss.

### DEVELOPMENT

Contributions from associated companies and joint ventures increased by \$55.9M to \$80.0M during current year from \$24.1M during previous year. It increased by \$17.6M to \$32.1M in Q4 current year from \$14.5M in Q4 previous year.

The increase was mainly due to increased profit contributions from The Minton, which was launched in May 2010. The Minton is 100% sold as of 8 June 2012. In Q4 previous year, we launched two majority owned projects, Paya Lebar Square and Parkland Residences. Paya Lebar Square, our commercial and retail project is located at the upcoming Paya Lebar Hub and directly linked by both East-West and Circle MRT lines. As of 22 April 2013, we sold approximately 95% of the office units. Sale of retail units have yet to be launched. However, the leasing of the retail units has commenced and we have achieved 72% leasing commitments as of 22 April 2013. The better than expected sales performance at Paya Lebar Square is an indication of the health of the commercial property market at strategic non-CBD locations. The other project launched is a DBSS residential project, Parkland Residences located at Upper Serangoon Road. We sold 628 units (92%) as of 22 April 2013 out of a total of 680 units. The good sales performance was achieved despite the negative market sentiment in the residential property market as a result of the additional stamp duty imposed by the government in December 2011 and the increase in the number of BTO launches.

In line with the adoption of accounting standard INT FRS 115, the Group can only recognise the revenue and related costs of development in Paya Lebar Square, a commercial development, and Parkland Residences, a DBSS development, when these projects obtain TOP. Both projects are expected to receive TOP in 2014.

### INVESTMENTS

The Group's current investments are investment properties mainly in Singapore and Malaysia as well as some quoted equity investments. Net profit before tax and non-controlling interest in investment segment increased by \$4.8M to \$6.7M during current year from \$1.9M during previous year mainly due to higher fair value on quoted equity investment for current year.

## CORPORATE INFORMATION

### BOARD OF DIRECTORS

Tan Sri Dato' Low Keng Huat  
(Non-Executive Chairman)

Low Keng Boon  
(Joint Managing Director)

Dato' Marco Low Peng Kiat  
(Joint Managing Director)

Low Keng Hoo  
(Deputy Managing Director)

Low Poh Kuan  
(Executive Director)

Lee Han Yang  
(Lead Independent,  
Non-Executive Director)

Lucas Liew Kim Voon  
(Independent, Non-Executive  
Director)

Wey Kim Long  
(Independent,  
Non-Executive Director)

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

### AUDIT COMMITTEE

Lucas Liew Kim Voon  
(Chairman)

Lee Han Yang

Wey Kim Long

### NOMINATING COMMITTEE

Lucas Liew Kim Voon  
(Chairman)

Lee Han Yang

Low Keng Boon

### REMUNERATION COMMITTEE

Lee Han Yang  
(Chairman)

Lucas Liew Kim Voon

Wey Kim Long

Jimmy Yim Wing Kuen

### COMPANY SECRETARY

Chin Yeok Yuen, FCPA

### SOLICITORS

TSMP Law Corporation  
6 Battery Road  
Level 41  
Singapore 049909

### AUDITORS

Foo Kon Tan Grant Thornton LLP  
47 Hill Street #05-01  
Singapore Chinese Chamber of  
Commerce & Industry Building  
Singapore 179365  
Partner-in-charge: Yeo Boon Chye  
(Year of appointment: FYE 31  
January 2012)

### BANKERS

United Overseas Bank Limited

Oversea-Chinese Banking  
Corporation Limited

Malayan Banking Berhad

The Bank of East Asia, Limited

DBS Bank Limited

Standard Chartered Bank

Hong Leong Bank

### SHARE REGISTRARS & SHARE TRANSFER OFFICE

KCK CorpServe Pte. Ltd.  
333 North Bridge Road  
#08-00 KH KEA Building  
Singapore 188721

### REGISTERED OFFICE

80 Marine Parade Road  
#18-05/09 Parkway Parade  
Singapore 449269  
Tel: +65 6344 2333  
Fax: +65 6345 7841

### LISTING

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

### FINANCIAL REPORTS

A copy of the Company's Annual Report and announcement of quarterly, half-year and full-year financial results is available on request without charge.

### WORLD WIDE WEB HOME PAGE

Visit us at [www.lkhs.com.sg](http://www.lkhs.com.sg)

**TAN SRI DATO' LOW KENG HUAT**

Non-executive Chairman

Tan Sri Dato' Low Keng Huat is a co-founder of the Company and its Chairman since its incorporation on 14 April 1969. He was last re-elected on 31 May 2012. He is a director of Consistent Record Sdn. Bhd., our substantial shareholder. A builder by profession, Tan Sri Dato' Low is a former President of the Master Builders Association, Malaysia and is now its Honorary President. He has wide experience in business, property construction and development in a career spanning more than 50 years.

**LOW KENG BOON @ LAU BOON SEN**

Joint Managing Director

Mr Low Keng Boon is a co-founder and the Managing Director of the Company since its incorporation on 14 April 1969 till 31 October 2011. He was appointed as Joint Managing Director on 1 November 2011 and was last re-elected as director on 31 May 2012. His wide experience in building and construction is evidenced by the successful handling of prestigious projects like the OCBC Centre, UOB Plaza, Singapore Press Holdings headquarters, Novena Square and SIA Engineering Hangar. He was a member of the Singapore Construction Industry Development Board between March 1984 and March 1988. Mr Low was also instrumental in the Company's successful diversification into the hotel business.

**DATO' MARCO LOW PENG KIAT**

Joint Managing Director

Dato' Marco Low Peng Kiat was appointed as a Non-Executive Director of the Company on 7 November 2006. He was last re-elected as director on 31 May 2010 and appointed as Joint Managing Director on 1 November 2011. He is a director of Consistent Record Sdn. Bhd., our substantial shareholder. He holds a Bachelor Science in Management & Systems from City University, England. He spent about two years in the corporate finance unit of one of the big four international accounting firms before joining Fung Keong Rubber Manufactory (Malaya) Sdn Bhd as Executive Director on 29 January 1997.

**LOW KENG HOO @ LAU KEENG FOO**

Deputy Managing Director

Mr Low Keng Hoo is a co-founder and the Deputy Managing Director of the Company. He was appointed to the Board on 14 April 1969 and last re-elected on 31 May 2012. He is responsible for overseeing all site work, execution, site administration, control and liaison between the Company and its sub-contractors. He has contributed to the successful completion of many major projects undertaken by the Company, including OCBC Centre, MAS Building and Mandarin Garden condominium.

## **BOARD OF DIRECTORS**

### **LOW POH KUAN**

#### Executive Director

Mr Low Poh Kuan joined the Company in March 1998 as its Purchasing Manager for construction projects. He was appointed to the Board on 5 April 2004 and was last re-elected on 31 May 2011. In addition to his purchasing function, Mr Low is involved in the Company's property development projects. Mr Low co-managed the overall operations of the Chijmes entertainment complex before it was sold in 2006. He is also the QEHS (Quality, Environmental, Occupational Health and Safety) System Manager under the Company's ISO system. Prior to joining the Company, he had extensive experience in sales and marketing in the contract furnishing industry. Mr Low has a Diploma in Mechanical Engineering from Ngee Ann Polytechnic and a Bachelor of Science in Marketing and Economics from the University of Indiana, Bloomington, USA.

### **LEE HAN YANG**

#### Independent Director

Mr Lee Han Yang was appointed as an independent director of the Company on 28 January 1992. He was last re-elected on 31 May 2012. He is also serving on the Company's Audit, Nominating and Remuneration Committees. Mr Lee is a BA (Singapore) and Barrister-at-Law of Lincoln's Inn, London. He is an Advocate and Solicitor of the Supreme Court of Singapore. Mr Lee currently sits on the Board of Wing Tai Holdings Ltd, a company listed on the SGX. He is also a director of Tan Chong International Ltd, a company listed on the Stock Exchange of Hong Kong. Mr Lee is an active member of the Law Society of Singapore and has served on several committees of the Law Society. He also serves on the Board of the Society for the Physically Disabled and until recently he was on the board of National Council of Social Service. In August 2006, he was awarded the Public Service Star (BBM) by the President of Singapore.

### **LUCAS LIEW KIM VOON**

#### Independent Director

Mr Lucas Liew was appointed as an independent director of the Company on 28 January 1992. He was last re-elected on 31 May 2012. He is an accountant by profession and was formerly the finance director of Singapore Airlines Limited until his retirement in 1992. He has extensive expertise and experience in finance and accounting. Mr Liew, a Certified Public Accountant, obtained his Bachelor of Commerce (Accountancy) degree from the University of New South Wales, Australia.

**WEY KIM LONG**

## Independent Director

Mr Wey Kim Long was appointed as a non-executive director of the Company on 5 April 2004 and was re-designated as an Independent Director on 12 September 2006. He was last re-elected on 31 May 2012. Mr Wey had worked with UOL for 30 years until his retirement in January 2004 as Deputy President (Property). During his tenure at UOL, Mr Wey was involved in all aspects of property development and marketing, property investment and management of all properties in the UOL Group. Mr Wey holds a Bachelor of Science (Estate Management) degree from the then University of Singapore. He is also a Fellow of the Singapore Institute of Surveyors & Valuers and the Royal Institution of Chartered Surveyors.

**JIMMY YIM WING KUEN**

## Independent Director

Mr Jimmy Yim was appointed an Independent Director of the Company on 1 March 2009. He was last re-elected on 31 May 2012. He is the incumbent Managing Director of the Litigation & Dispute Resolution Department of Drew & Napier LLC, a leading law practice in Singapore, established since 1889. He was admitted to the Singapore Bar in 1983 and is one of the earliest batches of Senior Counsel, appointed in January 1998. His practice covers a range of civil and commercial law, criminal law and international commercial arbitrations. He is a fellow of the Singapore Institute of Arbitrators, a regional arbitrator with the Singapore International Arbitration Centre, panel member of mediators for FIDRC of the Association of Banks in Singapore. He is recommended by name in the various professional journals and ranking agencies in the area of dispute resolution. Apart from Low Keng Huat (Singapore) Limited, Mr Yim sits on the boards of a few private and public companies.

## 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 the Company in 1990, Mr Lee was the General Manager of Construction Technology Pte Ltd (Contech), a wholly government owned construction company set up to spearhead modernization and mechanization 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 joined the Company in Oct 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 Certified Public Accountants of Singapore (ICPAS). She graduated with a Bachelor of Accountancy from the National University of Singapore.

### **LOW POH KOK**

#### Manager, Property Development

Mr Low Poh Kok joined the Company in July 2004. He is currently Manager, Property Development and is involved in all overseas property development. Prior to that, he had worked in the United States of America for 8 years as a project manager for an IT company. 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

Duxton Hotels

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 Director of Duxton Hotels in July 2011. Prior to working for Duxton Hotels, Mr Low Chin Han was working with several investment banks in Singapore and Hong Kong in both equity capital markets and debt capital markets.

**BRUCE DOIG**

General Manager

Duxton Hotel Perth

Mr Doig joined Duxton Perth Hotel as Deputy General Manager in April 2008 and was subsequently promoted to General Manager in July 2008. He has more than 34 years of hotel experience in Australia and worked for well known hotel brands including Sheraton, Hyatt, Broadwater Hotel & Resorts, Merlin Hotels and Radisson. Mr Doig graduated from Wesley College before obtaining a Diploma in Hotel Management and Catering from Bentley Technical College.

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## CORPORATE GOVERNANCE

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 Code of Corporate Governance 2005 ("code").

### BOARD MATTERS

#### Principle 1 Board's Conduct of its Affairs

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

- Overseeing and monitoring the management and affairs of the Group;
- Approving the Group's corporate policies;
- Reviewing the financial performance including approval of the annual and interim financial reports;
- Approving the nomination of Directors and appointments to the various Board Committees;
- Reviewing the integrity and adequacy of internal control, risk management, financial reporting and compliance; and
- Assuming responsibility for corporate governance.

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 Articles of Association provide for the Board to convene meetings via teleconferencing and/or similar means.

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

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

- The Nominating Committee;
- The Remuneration Committee; and
- The Audit Committee.

Each of the above committees has its respective written mandates and operating procedures, which will be reviewed on a regular basis.

**CORPORATE GOVERNANCE**

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 as follows:

<b>No. of Meetings Attended in FY2012/2013</b>				
<b>Directors</b>	<b>Board</b>	<b>Audit Committee</b>	<b>Nominating Committee</b>	<b>Remuneration Committee</b>
Tan Sri Dato' Low Keng Huat	1	–	–	–
Low Keng Boon @ Lau Boon Sen	4	4	2	2
Dato' Marco Low Peng Kiat	4	4	2	–
Low Keng Hoo @ Lau Keeng Foo	4	1	–	–
Low Poh Kuan	4	2	–	–
Lee Han Yang	4	4	2	2
Lucas Liew	4	4	2	2
Wey Kim Long	4	4	2	2
Jimmy Yim	3	–	1	1
No. of meetings held in 2012/2013	4	4	2	2

**Principle 2 Board Composition and Balance**

The Board comprises nine Directors of whom five are non-executive and four are executive. Of the five non-executive Directors, four are independent. The number of independent directors thus represents more than one third of the Board and majority of the Board comprises non-executive Directors.

The criteria of independence are based on the definition given in the Code. The Board considers an "independent" director as one who has no relationship with the Company, its related companies or its officers that could interfere, or be reasonably perceived to interfere, with the exercise of the director's independent business judgment.

The 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 profiles of the Directors are set out on (Page 11 to page 13 of Annual Report). The Board has reviewed its composition and is satisfied that such composition is appropriate. The Board will constantly review its size and composition to determine its appropriateness and effectiveness.

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 Directors have access to the advice of the Company Secretary and Management. They may also seek independent professional advice concerning the Company's affairs when necessary.

**Principle 3 Chairman and Managing Director**

The clear division of responsibilities between the non-executive Chairman and the Joint Managing Directors ensures proper balance of power and authority at the top Management of the Group. The posts of the non-executive Chairman and Joint Managing Directors are kept separate and are held by Tan Sri Dato' Low Keng Huat, Mr Low Keng Boon @ Lau Boon Sen and Dato' Marco Low Peng Kiat respectively.

## CORPORATE GOVERNANCE

The Chairman ensures that the business of the Board and Board Committees are well managed, and that harmonious relationships are maintained with shareholders.

The Joint Managing Directors make key decisions on the management and operations of the Group and are responsible for the conduct of the business and affairs of the Group.

Tan Sri Dato' Low keng Huat is the brother of Mr Low Keng Boon @ Lau Boon Sen. Dato' Marco Low Peng Kiat is the son of Tan Sri Dato' Low Keng Huat, appointed as Joint Managing Director on 1 November 2011. Under the Code, which recommends that where the Chairman and CEO are related by close family ties, 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 Lee Han Yang was appointed by the Board on 12 September 2006 as 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 Chairman as to board and committee meetings; and
- promoting high standards of corporate governance.

### Principle 4 Board Membership

The Nominating Committee comprises three Directors, the majority of whom (including the Chairman) are independent Directors:

Mr Lucas Liew	Independent Director (Chairman of the Committee)
Mr Lee Han Yang	Independent Director
Mr Low Keng Boon @ Lau Boon Sen	Joint Managing Director

The Nominating Committee's principal functions are to:

- 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 Annual General Meeting;
- determine annually whether or not 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;
- decide how the Board's performance may be evaluated and propose objective performance criteria for the Board's approval;

## CORPORATE GOVERNANCE

- assess the effectiveness of the Board as a whole, and the contribution by each individual Director to the effectiveness of the Board; and
- ensure disclosure of key information of Directors in the Annual Reports as required by the Code.

All Directors are required to submit themselves for re-nomination and re-election at least once in every three years. Article 88 of the Company requires one third of the Board to retire by rotation at every Annual General Meeting. A newly appointed Director, according to Article 87 of the Company, will submit himself for retirement and re-election at the Annual General Meeting following his appointment.

The Nominating Committee has adopted a process for the selection and appointment of new directors to the Board including using search companies, contacts and recommendations.

### **Principle 5 Board Performance**

The Nominating Committee's evaluation of each Director and the Board's performance as a whole will be 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 Nominating Committee 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.

### **Principle 6 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.

When decisions to be taken by the Board require specialized knowledge or expert opinions, the Board is able to seek independent professional advice, if necessary. Such cost for professional advice will be borne by the Company.

The Directors may communicate directly with the Management, the Company Secretary, the internal auditor and the external auditors on all matters whenever they deem necessary.

The Company Secretary attends all Board meetings and is responsible to ensure that board procedures, applicable rules and regulations are followed.

## CORPORATE GOVERNANCE

### REMUNERATION MATTERS

#### Principle 7 Procedures for Developing Remuneration Policies

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

The Remuneration Committee comprises four Directors, all of whom are non-executive and independent Directors:

Mr Lee Han Yang	Lead Independent Director (Chairman of the Committee)
Mr Lucas Liew	Independent Director
Mr Wey Kim Long	Independent Director
Mr Jimmy Yim	Independent Director

The Remuneration Committee's principal responsibilities are to:

- recommend to the Board base pay levels, benefits and incentive opportunities;
- approve the structure of the compensation programme for Directors and senior management 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 senior management's compensation annually and determine appropriate adjustments; and review and recommend the managing director's pay adjustments.

When necessary, the Remuneration Committee is able to seek independent professional advice on remuneration matters. Such cost will be borne by the Company.

The overriding principle is that no Director should be involved in deciding his own remuneration.

#### Principle 8 Level and Mix of Remuneration

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.

Directors' fees are set in accordance with a remuneration framework comprising basic fees and committee fees. They are paid only after approval by shareholders at the Annual General Meeting.

The executive Directors' remuneration comprises salary, bonus, allowances and benefits which are governed by service agreements entered into with the Company. The bonus, which makes up a significant portion of total remuneration, is linked to the performance of the Group.

#### Principle 9 Disclosure on Remuneration

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 2013 are set out below. A significant portion of key executives' remuneration is linked to corporate and individual performance.

## CORPORATE GOVERNANCE

	Directors' Fee <sup>(1)</sup>	Salary (annual)	Profit Sharing/ Bonus <sup>(2)</sup> (annual)	CPF/ Super-annuation	Allowances/ Benefits (annual)	Total
<b>Directors</b>						
<b>\$5,000,000 to \$5,250,000</b>						
Low Keng Boon @ Lau Boon Sen	–	14%	85%	–	1%	100%
<b>\$2,500,000 to \$2,750,000</b>						
Low Keng Hoo @ Lau Keeng Foo	–	14%	85%	–	1%	100%
Dato' Marco Low Peng Kiat	–	14%	86%	–	–	100%
<b>\$250,000 to \$499,999</b>						
Low Poh Kuan	–	63%	29%	3%	5%	100%
<b>Below \$250,000</b>						
Tan Sri Dato' Low Keng Huat	100%	–	–	–	–	100%
Lee Han Yang	100%	–	–	–	–	100%
Lucas Liew	100%	–	–	–	–	100%
Wey Kim Long	100%	–	–	–	–	100%
Jimmy Yim Wing Kuen	100%	–	–	–	–	100%
<b>Key Executives</b>						
<b>\$250,000 to \$499,999</b>						
Lee Yoon Moi	–	66%	30%	1%	3%	100%
Chin Yeok Yuen	–	67%	30%	3%	–	100%
Low Poh Kok	–	67%	28%	–	5%	100%
Low Chin Han	–	56%	24%	–	20%	100%
<b>Below \$250,000</b>						
Bruce Doig	–	92%	–	8%	–	100%

The directors' fees are subject to shareholders' approval at the Annual General Meeting.

The aggregate total remuneration paid to the top five key management personnel (who are not directors or the CEO) is \$1,760,715.

Dato' Marco Low Peng Kiat is the son of Tan Sri Dato' Low Keng Huat. Mr Low Chin Han is the son of Mr Low Keng Boon @ Lau Boon Sen. Messrs Low Poh Kuan and Low Poh Kok are the sons of Mr Low Keng Hoo @ Lau Keeng Foo.

<sup>(1)</sup> Directors' fee proposed for 2012/2013

<sup>(2)</sup> Profit Share for 2012/2013 For Messrs Low Keng Boon, Low Keng Hoo, Dato' Marco Low Peng Kiat, amounts are in accordance with service agreements.



## CORPORATE GOVERNANCE

The Remuneration of employees who are immediate family members of a director or CEO are as follows:-

	Relationship to Directors/CEO
<b>\$250,000 to \$499,999</b>	
Low Poh Kok	Son of Mr Low Keng Hoo
Low Chin Han	Son of Mr Low Keng Boon
<b>\$150,000 to \$199,999</b>	
Steven Low Chee Leong	Son of Mr Low Keng Boon
<b>\$50,000 to \$99,999</b>	
Low Poh Hon	Son of Mr Low Keng Hoo
Carol Low Seok Peng	Daughter of Mr Low Keng Boon

Save as disclosed, no employee of the Group is an immediate family member of a Director or CEO and whose remuneration is in excess of \$50,000 in the year under review.

## ACCOUNTABILITY AND AUDIT

### Principle 10 Accountability

The Board is accountable to the shareholders while the Management is accountable to the Board. The Board fully recognizes that it has a responsibility to provide timely, reliable and fair disclosure of material information, and to avoid selective disclosure of the same.

The Company will release any price-sensitive information to the public before meeting any group of investors.

### Principle 11 The Audit Committee

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

Mr Lucas Liew	Independent Director (Chairman of the Committee)
Mr Lee Han Yang	Independent Director
Mr Wey Kim Long	Independent Director

These Audit Committee members have had many years of experience in senior management positions in the financial, accounting and industrial sectors. They have sufficient financial management expertise and experience to discharge the Audit Committee's functions.

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

**CORPORATE GOVERNANCE**

The Audit Committee meets periodically to perform the following functions:

- Review with the external auditor, the audit plan, and their evaluation of the accounting, operational and compliance controls, risk management and audit report;
- Review the annual and interim financial statements including the announcements to SGX-ST prior to submission to the Board;
- Review the assistance given by Management and the staff of the Company to the external auditor;
- Review the independence of the external auditor;
- Nomination of the external auditor;
- Oversee internal audit; and
- Review of interested person transactions between the Group and interested persons.

The Audit Committee 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 meetings. The Audit Committee has the discretion to meet the external auditor without the presence of the Management.

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.

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

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

The Company records and reports interested person transactions which are subject to review by the Audit Committee 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:

**INTERESTED PERSON TRANSACTIONS FOR FINANCIAL YEAR ENDED 31<sup>ST</sup> JANUARY 2013**

Name of interested person	Aggregate value of all interested person transactions during the financial year under review (excluding transactions less than S\$100,000 and transactions conducted under shareholders' mandate pursuant to Rule 920)	Aggregate value of all interested person transactions conducted under shareholders' mandate pursuant to Rule 920 (excluding transactions less than S\$100,000)
Consistent Record Sdn. Bhd.	Bina Meganmas Sdn Bhd : Loan S\$631,487	N/A

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

## CORPORATE GOVERNANCE

### **Principle 12 Internal Controls and Risk Management**

#### **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 Audit Committee has reviewed the effectiveness of the Group's internal control system in the light of key business and financial risks affecting its business.

#### **Risk Management Policies and Processes**

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 Board, with the concurrence of the Audit Committee, is satisfied that the present internal controls and risk management are adequate to address financial, operational and compliance risks in the light of the nature and size of the Group's business and operations.

### **Principle 13 Internal Audit**

The Company has a group internal auditor to carry out internal audits. The group internal auditor reports directly to the Audit Committee on internal audit matters and to the Joint Managing Directors for administrative matters.

To ensure the adequacy of the internal audit function, the Audit Committee sets and reviews the scope, methodology and observations of the internal audit.

## **COMMUNICATION WITH SHAREHOLDERS**

### **Principle 14 Communication with Shareholders**

The Company endeavours to communicate regularly, effectively and fairly with its shareholders.

Financial results and material information are communicated to shareholders on a timely basis. Communication is made through:

- Annual reports that are prepared and issued to all shareholders;
- Announcements via SGXNET;
- Press releases on major developments;

## CORPORATE GOVERNANCE

- The Company's website at [www.lkhs.com.sg](http://www.lkhs.com.sg) from which shareholders can access information about the Group; and
- Notices of and explanatory memoranda for Annual General Meetings and Extraordinary General Meetings.

### **Principle 15 Greater Shareholder Participation**

Shareholders are encouraged to attend the Annual General Meeting 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.

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.

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.

The Chairman of the audit, nomination and remuneration committee would be present and available to address questions at general meetings. The external auditor would be present at the said meetings to assist the Directors in addressing any relevant queries by shareholders.

### **SECURITIES TRANSACTIONS**

The Company has adopted and implemented a policy on dealings in the securities of the Company applicable to its Directors, Management and accounting staff. The policy is modeled on the Best Practices Guide in the SGX-ST Listing Manual. Under this policy, Directors, Management and accounting staff are prohibited from dealing in the Company's Shares during the period beginning two weeks before and ending on the date of the release of the quarterly results as well as during the period beginning one month before and ending on the date of the release of the full year results 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 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 directors submit this annual report to the members together with the audited consolidated financial statements of the Group for the financial year ended 31 January 2013 and the statement of financial position of the Company as at 31 January 2013.

## DIRECTORS' REPORT

FOR THE FINANCIAL YEAR ENDED 31 JANUARY 2013

The directors submit this annual report to the members together with the audited consolidated financial statements of the Group for the financial year ended 31 January 2013 and the statement of financial position of the Company as at 31 January 2013.

### Names of Directors

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

Tan Sri Dato' Low Keng Huat  
 Low Keng Boon  
 Dato' Marco Low Peng Kiat  
 Low Keng Hoo  
 Low Poh Kuan  
 Lee Han Yang  
 Lucas Liew Kim Voon  
 Wey Kim Long  
 Jimmy Yim Wing Kuen

Mr Lee Han Yang, Mr Lucas Liew Kim Voon, Mr Wey Kim Long and Mr Jimmy Yim Wing Kuen are independent and non-executive directors.

### Arrangements to enable directors to acquire shares or debentures

During and at the end of the financial year, neither the Company nor any of its subsidiaries was a party to any arrangement of which the object was to enable the directors to acquire benefits through the acquisition of shares in or debentures of the Company or of any other corporate body.

### Directors' interest in shares or debentures

According to the Register of Directors' Shareholdings kept by the Company under Section 164 of the Companies Act, Cap. 50, 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:

Name of director	Holdings registered in the name of director		Holdings in which director is deemed to have an interest	
	As at 1 February 2012	As at 31 January 2013 & 21 February 2013	As at 1 February 2012	As at 31 January 2013 & 21 February 2013
	<u>Number of shares</u>			
<u>Low Keng Huat (Singapore) Limited</u>				
Tan Sri Dato' Low Keng Huat	1,200,000	<b>1,200,000</b>	396,389,097	<b>395,194,345</b>
Low Keng Boon	61,841,450	<b>61,841,450</b>	26,934,000	<b>27,086,000</b>
Dato' Marco Low Peng Kiat	300,000	<b>300,000</b>	397,940,097	<b>396,745,345</b>
Low Keng Hoo	51,695,194	<b>52,889,946</b>	-	-
Low Poh Kuan	1,998,000	<b>1,998,000</b>	-	-
Lee Han Yang	480,000	-	-	<b>480,000</b>
Lucas Liew Kim Voon	456,000	<b>456,000</b>	-	-
Wey Kim Long	400,000	<b>400,000</b>	-	-
Jimmy Yim Wing Kuen	100,000	<b>100,000</b>	-	<b>100,000</b>

**DIRECTORS' REPORT**

FOR THE FINANCIAL YEAR ENDED 31 JANUARY 2013

**Directors' interest in shares or debentures (cont'd)**

Name of director	Holdings registered in the name of director		Holdings in which director is deemed to have an interest	
	As at 1 February 2012	As at <b>31 January 2013</b> & <b>21 February 2013</b>	As at 1 February 2012	As at <b>31 January 2013</b> & <b>21 February 2013</b>
	<u>Number of shares of RM1.00 each</u>			
Ultimate holding company - <u>Consistent Record Sdn. Bhd.</u>				
Tan Sri Dato' Low Keng Huat	1	<b>1</b>	-	-
Dato' Marco Low Peng Kiat	1	<b>1</b>	-	-
	<u>Number of shares</u>			
Subsidiary - <u>Kendall Pte Ltd</u>				
Tan Sri Dato' Low Keng Huat	-	-	750	<b>750</b>
Dato' Marco Low Peng Kiat	-	-	750	<b>750</b>
Subsidiary - <u>Pyline Pte Ltd</u>				
Tan Sri Dato' Low Keng Huat	-	-	750	<b>750</b>
Dato' Marco Low Peng Kiat	-	-	750	<b>750</b>
Subsidiary - <u>Paya Lebar Development Pte. Ltd.</u>				
Tan Sri Dato' Low Keng Huat	-	-	800,000	<b>800,000</b>
Dato' Marco Low Peng Kiat	-	-	800,000	<b>800,000</b>
	<u>Number of shares of A\$1.00 each</u>			
Subsidiary - <u>Narymal Pty Ltd</u>				
Tan Sri Dato' Low Keng Huat	-	-	75	<b>75</b>
Dato' Marco Low Peng Kiat	-	-	75	<b>75</b>

By virtue of the provisions of Section 7 of the Singapore Companies Act, Cap. 50, Tan Sri Dato' Low Keng Huat and Dato' Marco Low Peng Kiat are deemed to have an interest in all the subsidiaries of the Company.

**Directors' benefits**

Since the end of the previous financial year, no director has received or has become entitled to receive a benefit under a contract which is required to be disclosed under Section 201(8) of the Companies Act, Cap. 50 except for salaries, bonuses and fees and those benefits that are disclosed in this report and in Notes 27 and 35 to the financial statements.

## DIRECTORS' REPORT

FOR THE FINANCIAL YEAR ENDED 31 JANUARY 2013

### Share options

No options to take up unissued shares of the Company or any subsidiaries have been granted during the financial year.

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

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

### Audit committee

The Audit Committee comprises the following members:

Lucas Liew Kim Voon (Chairman)  
Lee Han Yang  
Wey Kim Long

The Audit Committee performs the functions set out in Section 201B(5) of the Companies Act, Cap. 50, the SGX Listing Manual and the Code of Corporate Governance. In performing these functions, the Audit Committee reviewed the following:

- (i) overall scope of both the internal and external audits and the assistance given by the Company's officers to the auditor. 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 2013 as well as the auditor's report thereon; and
- (iv) 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.

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 Grant Thornton LLP, be nominated for re-appointment as auditor at the forthcoming Annual General Meeting of the Company.

**DIRECTORS' REPORT**

FOR THE FINANCIAL YEAR ENDED 31 JANUARY 2013

**Independent auditor**

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

**Other information required by the SGX-ST****Material information**

Apart from the Service Agreements between certain executive directors and the Company, there is no material contract to which the Company or any of its subsidiaries, is a party which involve directors' interests subsisted or have been entered into during the financial year ended 31 January 2013.

**Interested person transactions**

There was no interested person transaction as defined in Chapter 9 of the SGX-ST Listing Manual conducted during the financial year except as disclosed under "Interested Person Transactions For Financial Year Ended 31st January 2013" in the "Corporate Governance" section of the Annual Report.

On behalf of the Directors

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LOW KENG BOON

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DATO' MARCO LOW PENG KIAT

22 April 2013



## STATEMENT BY DIRECTORS

FOR THE FINANCIAL YEAR ENDED 31 JANUARY 2013

In the opinion of the directors, the accompanying statements of financial position, consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows, together with the notes thereon, are drawn up so as to give a true and fair view of the state of affairs of the Group and of the Company as at 31 January 2013 and of the results of the business, changes in equity and cash flows of the Group for the financial year ended on that date; and 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.

On behalf of the Directors

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LOW KENG BOON

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DATO' MARCO LOW PENG KIAT

22 April 2013

## INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF LOW KENG HUAT (SINGAPORE) LIMITED

### Report on the financial statements

We have audited the accompanying financial statements of Low Keng Huat (Singapore) Limited ("the Company") and its subsidiaries ("the Group"), which comprise the statements of financial position of the Group and the Company as at 31 January 2013, the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows of the Group for the financial year then ended, and a summary of significant accounting policies and other explanatory information.

### Management's responsibility 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 Singapore Companies Act (the "Act") and Singapore Financial Reporting Standards, 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 profit and loss account and balance sheets and to maintain accountability of assets.

### Auditor's responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Singapore Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of the financial statements that give a true and fair view 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### Opinion

In our opinion, the 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 Act and Singapore Financial Reporting Standards so as to give a true and fair view of the state of affairs of the Group and of the Company as at 31 January 2013, and the results, changes in equity and cash flows of the Group for the financial year ended on that date.

**INDEPENDENT AUDITOR'S REPORT**  
TO THE MEMBERS OF LOW KENG HUAT (SINGAPORE) LIMITED

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 subsidiaries incorporated in Singapore of which we are the auditor, have been properly kept in accordance with the provisions of the Act.

Foo Kon Tan Grant Thornton LLP  
Public Accountants and  
Certified Public Accountants

Singapore, 22 April 2013

## STATEMENTS OF FINANCIAL POSITION

AS AT 31 JANUARY 2013

	Note	The Group		The Company	
		31 January 2013 \$'000	31 January 2012 \$'000	31 January 2013 \$'000	31 January 2012 \$'000
<b>ASSETS</b>					
<b>Current assets</b>					
Cash and cash equivalents	4	205,517	32,888	64,138	3,192
Investments	5(a)	6,200	4,098	-	-
Trade and other receivables	6	41,881	41,105	30,392	34,732
Work-in-progress	7	-	849	-	3,032
Inventories	8	566	520	-	-
Development properties	9	872,421	791,399	-	-
		<b>1,126,585</b>	<b>870,859</b>	<b>94,530</b>	<b>40,956</b>
<b>Non-current assets</b>					
Investments	5(b)	49,244	45,354	2,032	1,974
Joint ventures	10(a)	152,657	146,271	28,827	145,033
Associated company	11	15,908	18,166	-	-
Subsidiaries	12	-	-	321,383	320,370
Investment properties	13	8,541	9,266	6,416	7,101
Property, plant and equipment	14	65,992	65,812	4,923	5,320
Other receivables	6	62	-	3,705	-
Deferred tax assets	15	3,269	559	-	-
		<b>295,673</b>	<b>285,428</b>	<b>367,286</b>	<b>479,798</b>
<b>Total assets</b>		<b>1,422,258</b>	<b>1,156,287</b>	<b>461,816</b>	<b>520,754</b>
<b>LIABILITIES</b>					
<b>Current liabilities</b>					
Trade and other payables	16	339,461	128,609	87,105	107,722
Amounts owing to subsidiaries					
- trade		-	-	-	255
- non-trade	17	-	-	16,795	9,210
Advances received from a joint venture	18	2	2	2	2
Amount owing to a non-controlling shareholder of a subsidiary (non-trade)	19	511	2,022	-	-
Provision for directors' fee		245	268	245	268
Current tax payable		9,881	18,148	6,321	14,796
Bank borrowings	20	-	23,000	-	23,000
		<b>350,100</b>	<b>172,049</b>	<b>110,468</b>	<b>155,253</b>
<b>LIABILITIES</b>					
<b>Non-current liabilities</b>					
Bank borrowings	20	513,750	533,750	-	-
Amounts owing to non-controlling shareholders of a subsidiary	19	43,435	41,804	-	-
Joint ventures	10(b)	22,618	412	22,573	333
Other payables	16	240	259	-	-
Derivative financial instrument	21	2,705	3,303	2,705	3,303
Deferred tax liabilities	15	14	17	-	-
		<b>582,762</b>	<b>579,545</b>	<b>25,278</b>	<b>3,636</b>
<b>Total liabilities</b>		<b>932,862</b>	<b>751,594</b>	<b>135,746</b>	<b>158,889</b>
<b>NET ASSETS</b>		<b>489,396</b>	<b>404,693</b>	<b>326,070</b>	<b>361,865</b>

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

## STATEMENTS OF FINANCIAL POSITION

AS AT 31 JANUARY 2013

	Note	The Group		The Company	
		31 January 2013 \$'000	31 January 2012 \$'000	31 January 2013 \$'000	31 January 2012 \$'000
<b>EQUITY</b>					
<b>Capital and Reserves</b>					
Share capital	22	161,863	161,863	161,863	161,863
Fair value reserve	23	12,454	4,266	1,133	1,030
Retained profits	24	295,517	215,323	163,074	198,958
Currency translation reserve	25	6,297	9,077	–	14
		<b>476,131</b>	<b>390,529</b>	<b>326,070</b>	<b>361,865</b>
Non-controlling interests		13,265	14,164	–	–
<b>Total equity</b>		<b>489,396</b>	<b>404,693</b>	<b>326,070</b>	<b>361,865</b>

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

## CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE FINANCIAL YEAR ENDED 31 JANUARY 2013

		The Group	
		Year ended 31 January 2013 \$'000	Year ended 31 January 2012 \$'000
	Note		
Revenue	3, 34	<b>126,364</b>	136,398
Cost of sales	27	<b>(70,014)</b>	(29,201)
Gross profit		<b>56,350</b>	107,197
Other operating income	26(a)	<b>7,558</b>	8,524
Distribution costs		<b>(15,982)</b>	(3,363)
Administrative costs	26(b)	<b>(22,085)</b>	(18,319)
Change in fair value of derivative financial instrument	21	<b>598</b>	(2,197)
Other operating expenses	26(c)	<b>(4,400)</b>	(15,508)
Finance costs	26(d)	<b>(1,411)</b>	(437)
Profit from operations		<b>20,628</b>	75,897
Share of results of joint ventures and an associated company		<b>94,813</b>	26,736
Profit before taxation	27	<b>115,441</b>	102,633
Taxation	28	<b>(5,866)</b>	(14,284)
Profit after taxation for the year		<b>109,575</b>	88,349
Other comprehensive income:			
Currency translation (loss)/gain		<b>(3,112)</b>	5,581
Financial assets, available-for-sale			
- fair value gains/(losses) recognised in fair value reserve	5, 23	<b>10,168</b>	(5)
- fair value gains recycled from fair value reserve to consolidated income statement on derecognition	23, 26(a)	<b>(1,896)</b>	(4,524)
Other comprehensive income for the year, net of tax		<b>5,160</b>	1,052
Total comprehensive income for the year		<b>114,735</b>	89,401
Profit attributable to:			
Owners of the parent	29	<b>109,746</b>	85,936
Non-controlling interests		<b>(171)</b>	2,413
		<b>109,575</b>	88,349
Total comprehensive income attributable to:			
Owners of the parent		<b>115,154</b>	86,890
Non-controlling interests		<b>(419)</b>	2,511
		<b>114,735</b>	89,401
Earnings per share (cents)	29		
- basic		<b>14.85</b>	11.63
- diluted		<b>14.85</b>	11.63

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 2013

	Note	Share capital \$'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
Balance at 1 February 2011		161,863	8,795	158,939	3,594	333,191	13,456	346,647
Total comprehensive (loss)/income for the year		-	(4,529)	85,936	5,483	86,890	2,511	89,401
Dividends paid in respect of financial year ended 31 January 2011	32	-	-	(29,552)	-	(29,552)	(1,803)	(31,355)
Balance at 31 January 2012		<b>161,863</b>	<b>4,266</b>	<b>215,323</b>	<b>9,077</b>	<b>390,529</b>	<b>14,164</b>	<b>404,693</b>
Total comprehensive income/(loss) for the year		-	8,188	109,746	(2,780)	115,154	(419)	114,735
Dividends paid in respect of financial year ended 31 January 2012	32	-	-	(29,552)	-	(29,552)	(480)	(30,032)
Balance at 31 January 2013		<b>161,863</b>	<b>12,454</b>	<b>295,517</b>	<b>6,297</b>	<b>476,131</b>	<b>13,265</b>	<b>489,396</b>

**CONSOLIDATED STATEMENT OF CASH FLOWS**

FOR THE FINANCIAL YEAR ENDED 31 JANUARY 2013

	<b>Year ended 31 January 2013 \$'000</b>	Year ended 31 January 2012 \$'000
<b>Cash Flows from Operating Activities</b>		
Profit before taxation	115,441	102,633
Adjustments for:		
Share of results of joint ventures and an associated company	(94,813)	(26,736)
Depreciation of:		
- investment properties	725	725
- property, plant and equipment	4,198	4,960
Loss/(gain) on disposal of:		
- investment properties	-	(504)
- property, plant and equipment	11	26
Gain on liquidation of joint ventures	(49)	-
Property, plant and equipment written off	97	1,168
Impairment loss on available-for-sale financial assets	-	4,453
Fair value gains recycled from fair value reserve to consolidated income statement on derecognition of available-for-sale financial assets	(1,896)	(4,524)
Fair value (gain)/loss on financial assets at fair value through profit or loss	(2,121)	1,535
Goodwill written off	-	39
Change in fair value of derivative financial instrument	(598)	2,197
Interest expense	1,411	437
Interest income	(476)	(526)
Operating profit before working capital changes	<b>21,930</b>	85,883
Inventories and work-in-progress	359	545
Development properties	(81,022)	(791,399)
Receivables	61	49,661
Payables	209,534	(51,112)
Cash generated from/(used in) operations	<b>150,862</b>	(706,422)
Interest paid	(601)	(306)
Income tax paid	(16,819)	(14,039)
Net cash generated from/(used in) operating activities	<b>133,442</b>	(720,767)
<b>Cash Flows from Investing Activities</b>		
Acquisition of property, plant and equipment	(5,969)	(4,902)
Acquisition of quoted equity investments	-	(7,317)
Acquisition of investment properties	-	(6)
Interest received	476	526
Advances and loans from/(to) joint ventures and an associated company	22,028	(7,987)
Capital return from joint ventures in liquidation	57	-
Dividends from joint ventures	15,923	44,700
Proceeds from return of loan of joint ventures	73,142	17,153
Proceeds from disposal of quoted equity investments	6,135	24,124
Proceeds from disposal of property, plant and equipment	527	7
Proceeds from disposal of investment properties	-	1,455
Net cash outflow on acquisition of a subsidiary (Note A)	-	(1,489)
Net cash generated from investing activities	<b>112,319</b>	66,264

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 2013

	<b>Year ended 31 January 2013 \$'000</b>	Year ended 31 January 2012 \$'000
<b>Cash Flows from Financing Activities</b>		
Dividends paid to shareholders of the Company	(29,552)	(29,552)
Dividends paid to non-controlling shareholders of a subsidiary	(480)	(1,803)
Loans from non-controlling shareholders of a subsidiary	120	41,804
Proceeds from bank borrowings	10,000	587,493
Repayment of bank borrowings	(53,000)	(30,743)
Net cash (used in)/generated from financing activities	(72,912)	567,199
Net increase/(decrease) in cash and cash equivalents	172,849	(87,304)
Cash and cash equivalents at beginning of year	32,888	120,323
Exchange differences on translations of cash and cash equivalents at beginning of year	(220)	(131)
Cash and cash equivalents at end of year (Note 4)	205,517	32,888

### Note A. Acquisition of a subsidiary

During the financial year ended 31 January 2012, the Group acquired a subsidiary. The carrying value of assets acquired and liabilities assumed were as follows:

	<b>2013 \$'000</b>	2012 \$'000
<u>Net assets/(liabilities) acquired</u>		
Property, plant and equipment [Note14(ii)]	-	1,432
Current assets	-	161
Bank overdraft	-	(231)
Current liabilities	-	(143)
	-	1,219
Goodwill on acquisition written off	-	39
Purchase consideration	-	1,258
Less:		
Bank overdraft	-	231
Cash outflow on acquisition	-	1,489

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

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 JANUARY 2013

## 1 General information

The financial statements of the Group and of the Company for the financial year ended 31 January 2013 were authorised for issue in accordance with a resolution of the directors on the date of the Statement by Directors.

The Company was incorporated and domiciled in Singapore and is listed on the Singapore Exchange.

The registered office of the Company is located at 80 Marine Parade Road #18-05/09, Parkway Parade, Singapore 449269.

The principal activities of the Company are those of general building contractors and investment holding. The principal activities of the subsidiaries are disclosed in Note 12 to the financial statements.

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

## 2(a) Basis of preparation

The financial statements are prepared in accordance with Singapore Financial Reporting Standards ("FRS") including related Interpretations to FRS ("INT FRS") promulgated by the Accounting Standards Council ("ASC"). The financial statements have been prepared under the historical cost convention, except as disclosed in the accounting policies below.

All financial information is presented in Singapore Dollar ("S\$"), unless otherwise stated.

### Significant accounting estimates and judgements

The preparation of the financial statements in conformity with FRS 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. Although these estimates are based on management's best knowledge of current events and actions, actual results may differ from those estimates.

The critical accounting estimates and assumptions used and areas involving a higher degree of judgement are described below:

### Critical judgements made and assumptions used in applying accounting policies

#### Construction contracts (Note 7)

The Group recognises profits from construction contracts using the percentage of completion method based on the stage of completion. The stage of completion is measured by reference to the architect's certification of value of work done to-date, and the contract costs incurred to-date to the estimated total costs for the contract, as may be applicable.

Significant assumptions are required to estimate the total contract costs and the recoverable variation works that will affect the stage of completion and the contract revenue respectively. In making these estimates, management has relied on past experience and architect's certificate of value of work done to date.

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 JANUARY 2013

### 2(a) Basis of preparation (cont'd)

#### Critical judgements made and assumptions used in applying accounting policies (cont'd)

##### Construction contracts (Note 7) (cont'd)

If the contract costs to be incurred increase/decrease by 10% from management's estimates, the Group's profit will decrease/increase by \$6,449,000.

Significant judgement is also required to assess allowance made for foreseeable losses, if any, where the contract cost incurred for any project exceeds its contract sum. In estimating the total costs for construction contracts, management makes reference to information such as:

- (a) Current offers from contractors and suppliers;
- (b) Recent offers agreed with contractors and suppliers; and
- (c) Professional estimation on construction and material costs.

##### Carrying value of development properties (Note 9)

Significant judgement is required in assessing the recoverability of the carrying value of development properties. Analysis has been carried out based on assumptions regarding the selling price and costs of properties. Significant judgement is required in determining total costs of properties, including construction costs and variation orders. The Group estimates total construction costs based on contracts awarded and the experience of qualified project managers.

##### Impairment in investment in subsidiaries (Note 12)

Determining whether investment in subsidiaries is impaired requires an estimation of the value-in-use of that investment. The value-in-use calculation requires the Group to estimate the future cash flows expected from the cash-generating units and an appropriate discount rate in order to calculate the present value of the future cash flows. Management has evaluated the recoverability of the investment based on such estimates.

##### Depreciation of investment properties (Note 13)

Investment properties of the Group and the Company are depreciated on a straight-line basis over their estimated useful lives. Management estimates the useful lives of the investment properties to be within 10 to 99 years. The carrying amounts of the Group's and the Company's investment properties as at 31 January 2013 are \$8,541,000 and \$6,416,000 respectively.

##### Depreciation of property, plant and equipment (Note 14)

Property, plant and equipment are depreciated on a straight-line basis over their estimated useful lives. Management estimates the useful lives of the property, plant and equipment to be within 3 to 99 years. The carrying amounts of the Group's and the Company's property, plant and equipment as at 31 January 2013 are \$65,992,000 and \$4,923,000 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.

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 JANUARY 2013

### 2(a) Basis of preparation (cont'd)

#### Critical judgements made and assumptions used in applying accounting policies (cont'd)

##### Classification of properties (Notes 9 and 13)

The Group determines whether a property is classified as investment property or development property:

- Investment properties comprise land and buildings (principally offices and commercial warehouse) 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.
- Development properties comprise properties that are held for sale 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.

#### Critical assumptions used and accounting estimates in applying accounting policies

##### Allowance for bad and doubtful debts (Note 6)

The Group makes allowances for bad and doubtful debts based on an assessment of the recoverability of trade and other receivables. Allowances are applied to trade and other receivables where events or changes in circumstances indicate that the balances may not be collectible. The identification of bad and doubtful debts requires the use of judgement and estimates. Where the expected outcome is different from the original estimate, such difference will impact carrying value of trade and other receivables and doubtful debt expenses in the period in which such estimate has been changed.

##### Income tax (Notes 15 and 28)

The Group has exposures to income taxes in several jurisdictions. Significant judgement is involved in determining the capital allowances and deductibility of certain expenses during the estimation of the provision for income tax. 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. When 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(b) Interpretations and amendments to published standards effective in 2013

On 1 February 2012, the Group adopted the amended FRS that are mandatory for application from that date. Changes to the Group's accounting policies have been made as required, in accordance with the transitional provisions in the respective FRS. This includes the following FRS which are relevant to the Group:

Reference	Description
FRS 12	Deferred Tax - Recovery of Underlying Assets
FRS 107	Disclosures - Transfers of Financial Assets

The adoption of these amended FRS did not result in substantial changes to the Group's and Company's accounting policies and had no material effect on the amounts reported for the current or prior financial years

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 JANUARY 2013

**2(c) FRS issued but not yet effective**

At the date of authorisation of these financial statements, the following new or amended FRS issued in 2012/2013 that are not yet effective but may be early adopted for the current financial year:

<b>Reference</b>	<b>Description</b>	<b>Effective date (Annual periods beginning on or after)</b>
Amendments to FRS 1	Presentation of items of Other Comprehensive Income	1 July 2012
Revised FRS 19	Employee Benefits	1 January 2013
FRS 113	Fair Value Measurement	1 January 2013
Amendments to FRS 107	Disclosures - Offsetting Financial Assets and Financial Liabilities	1 January 2013
Improvements to FRSs 2012		
- Amendments to FRS 1	Presentation of Financial Statements	1 January 2013
- Amendments to FRS 16	Property, Plant and Equipment	1 January 2013
- Amendments to FRS 32	Financial Instruments: Presentation	1 January 2013
Revised FRS 27	Separate Financial Statements	1 January 2014
Revised FRS 28	Investments in Associates and Joint Ventures	1 January 2014
FRS 110	Consolidated Financial Statements	1 January 2014
FRS 111	Joint Arrangements	1 January 2014
FRS 112	Disclosure of Interests in Other Entities	1 January 2014
Amendments to FRS 32	Offsetting Financial Assets and Financial Liabilities	1 January 2014

Except for the amendments to FRS 1, the directors do not anticipate that the adoption of the above FRS in future periods will have a material impact on the financial statements of the Group and the Company in the period of their initial adoption.

The nature of the impending changes in accounting policy on adoption of the amendments to FRS 1 is described below.

Amendments to FRS 1 *Presentation of Items of Other Comprehensive Income*

The amendments to FRS 1 Presentation of Items of Other Comprehensive Income (OCI) are effective for financial periods beginning on or after 1 July 2012.

The amendments to FRS 1 changes the grouping of items presented in OCI. Items that could be classified to profit or loss at a future point in time would be presented separately from items which will never be reclassified. As the amendments only affect the presentations of items that are already recognised in OCI, the Group does not expect any impact on its financial position or performance upon adoption of this standard.

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 JANUARY 2013

### 2(d) Summary of significant accounting policies

#### Consolidation

The financial statements of the Group include the financial statements of the Company and its subsidiaries made up to the end of the financial year. Information on its subsidiaries is given in Note 12 to the financial statements.

Subsidiaries are entities over which the Group has power to govern the financial and operating policies so as to obtain benefits from its activities, generally accompanied by a shareholding giving rise to a majority of the voting rights. The existence and effect of potential voting rights, if any, that are currently exercisable or convertible are considered when assessing whether the Group controls another entity. Subsidiaries are consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date on which control ceases.

In preparing the consolidated financial statements, transactions, balances and unrealised gains on transactions between group entities are eliminated. Unrealised losses are also eliminated but are considered an impairment indicator of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

Non-controlling interests are that part of the net results of operations and of net assets of a subsidiary attributable to the interests which are not owned directly or indirectly by the equity holders of the Company. They are shown separately in the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statements of financial position. Total comprehensive income is attributed to the non-controlling interests based on their respective interests in a subsidiary, even if this results in the non-controlling interests having a deficit balance.

#### Acquisition of businesses

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

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

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 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 fair value of the net identifiable assets acquired is recorded as goodwill.

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 JANUARY 2013

### 2(d) Summary of significant accounting policies (cont'd)

#### Consolidation (cont'd)

##### Disposals of subsidiaries or businesses

When a change in the Company'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, if any, are derecognised. Amounts previously recognised in other comprehensive income in respect of that entity are also reclassified to consolidated income statement or transferred directly to retained earnings if required by a specific Standard.

Any retained equity interest in the entity is remeasured at fair value. The difference between the carrying amount of the retained investment at the date when control is lost and its fair value is recognised in consolidated income statement.

##### Transactions with non-controlling interests

Changes in the Company's ownership interest in a subsidiary that do not result in a loss of control over the subsidiary are accounted for as transactions with equity owners of the Group. Any difference between the change in the carrying amounts of the non-controlling interests and the fair value of the consideration paid or received is recognised in a separate reserve within equity attributable to the equity holders of the Company.

#### Investment properties

Investment properties include 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.

Investment properties are initially recognised at cost and subsequently carried at cost less accumulated depreciation and impairment losses, if any. Depreciation is computed using the straight-line method over its remaining lease period of between 10 to 99 years. Freehold land held as an investment property is not subject to depreciation.

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 the consolidated income statement. The cost of maintenance, repairs and minor improvement is charged to the consolidated income statement when incurred.

Investment properties are derecognised 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 of an investment property, the difference between the disposal proceeds and the carrying amount is recognised in the consolidated income statement.

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 or ending of construction or development. 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.

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 JANUARY 2013

### 2(d) Summary of significant accounting policies (cont'd)

#### Property, plant and equipment and depreciation

Property, plant and equipment are stated at cost less accumulated depreciation and impairment losses, if any. Depreciation is computed using the straight-line method to write off the cost of the assets over their estimated useful lives as follows:

Freehold property (hotel)	50 years
Plant, machinery and surveying equipment	5 to 20 years
Motor vehicles	4 to 10 years
Furniture, fittings and equipment	3 to 20 years
Renovation	10 years

Leasehold properties are amortised on the straight-line method over the remaining period of the lease (maximum of 99 years).

Leasehold properties, other than those properties where, in the opinion of the directors, the lease period is considered not a long-term (i.e. less than 30 years) for which an annual review of impairment is considered to be more appropriate, are revalued once in every five years by the directors based upon the advice of professional valuers on the open market values on an existing use basis or latest price transacted for a similar property situated at same location.

When an asset is revalued, any increase in the carrying amount is credited directly to revaluation surplus unless it reverses a previous revaluation decrease relating to the same asset which was previously recognised as an expense. In these circumstances, the increase is recognised as income to the extent of the previous write down.

When an asset's carrying amount is decreased as a result of a revaluation, the decrease is recognised as an expense unless it reverses a previous increment relating to that asset, in which case it is charged against any related revaluation surplus, to the extent that the decrease does not exceed the amount held in the revaluation surplus in respect of that same asset. Any balance remaining in the revaluation surplus in respect of an asset, is transferred directly to retained earnings when the asset is de-recognised.

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.

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 a property, plant and equipment that has already been recognised is added to the carrying amount of the asset when it is probable that future economic benefits, in excess of the originally assessed standard of performance of the asset before the expenditure was made, will flow to the Group and the cost can be reliably measured. All other subsequent expenditure is recognised as an expense in the period in which it is incurred.



## NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 JANUARY 2013

### 2(d) Summary of significant accounting policies (cont'd)

#### Property, plant and equipment and depreciation (cont'd)

The residual values, if any, and useful lives of property, plant and equipment are reviewed and adjusted as appropriate at the end of each reporting period. The useful lives and depreciation method are reviewed to ensure that the method and period of depreciation are consistent with previous estimates and the expected pattern of consumption of the future economic benefit embodied in the items of property, plant and equipment.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss on derecognition of the asset is included in the consolidated income statement in the period the asset is derecognised.

#### Subsidiaries

A subsidiary is an entity controlled by the Group. Control exists when the Group has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether there is control.

In the Company's separate financial statements, investments in subsidiaries are stated at cost less accumulated impairment losses on an individual subsidiary basis. On disposal of an investment in subsidiary, the difference between disposal proceeds and the carrying amount of the investment is recognised in the consolidated income statement.

#### Associated companies

An associated company is defined as a company, not being a subsidiary or jointly controlled entity, in which the Group or the Company has significant influence, but not control, over its financial and operating policies. Significant influence is presumed to exist when the Group or the Company holds between 20% and 50% of the voting power of another entity.

Investments in associated companies at company level are stated at cost. Allowance is made for any impairment losses on an individual company basis.

In applying the equity method of accounting, the Group's share of the post-acquisition profit or loss of associated companies, based on the latest available audited financial statements, is included in the consolidated income statement and its shares of post-acquisition other comprehensive income is recognised in other comprehensive income. Unrealised gains on transactions between the Group and its associated companies are eliminated to the extent of the Group's interest in the associated companies. Unrealised losses are eliminated unless the transaction provides evidence of an impairment of the asset transferred.

When the Group's share of losses of an associated company equals or exceeds the carrying amount of an investment, the Group ordinarily discontinues including its share of further losses. The investment is reported at nil value. Additional losses are provided for to the extent that the Group has incurred obligations or made payments on behalf of the associated companies to satisfy obligations of the associated companies that the Group has guaranteed or otherwise committed, for example, in the forms of loans. When the associated companies subsequently report profits, the Group resumes including its share of those profits only after its share of the profits equals the share of net losses recognised.

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 JANUARY 2013

### 2(d) Summary of significant accounting policies (cont'd)

#### Associated companies (cont'd)

The Group's share of the net assets and post-acquisition retained profits and reserves of associated companies is reflected in the book values of the investments in the consolidated statement of financial position.

Where the accounting policies of an associated company do not conform to those of the Company, adjustments are made on consolidation when the amounts involved are considered significant to the Group.

On acquisition of the investment, any difference between the cost of acquisition and the Group's share of the fair values of the net identifiable assets of the associated companies is accounted for in accordance with the accounting policy on "Consolidation".

When financial statements of associated companies with different reporting dates are used (not more than three months apart), if any, adjustments are made for the effects of any significant events or transactions between the investor and the associated companies that occur between the date of the associated companies' financial statements and the end of reporting period.

#### Joint ventures

Investments in joint ventures at company level are stated at deemed cost. Interest in joint ventures, other than subsidiaries, is accounted for similar to an associated company using the equity method. Refer to the accounting policy on "Associated companies".

#### Financial assets

Financial assets, other than hedging instruments, if any, can be divided into the following categories: financial assets at fair value through profit or loss, held-to-maturity investments, loans and receivables and available-for-sale financial assets. Financial assets are assigned to the different categories by management on initial recognition, depending on the purpose for which the assets were acquired. The designation of financial assets is re-evaluated and classification may be changed at the reporting date with the exception that the designation of financial assets at fair value through profit or loss upon initial recognition is not revocable unless in rare circumstances as specified in the amendments to FRS 39 Financial Instruments: Recognition and Measurement and FRS 107 Financial Instruments: Disclosures.

All financial assets are recognised on their trade date - the date on which the Group commits to purchase or sell the asset. Financial assets are initially recognised at fair value, plus directly attributable transaction costs, except for financial assets at fair value through profit or loss, which are recognised at fair value.

Derecognition of financial instruments occurs when the rights to receive cash flows from the investments expire or are transferred and substantially all of the risks and rewards of ownership have been transferred. An assessment for impairment is undertaken at least at the end of each reporting period whether or not there is objective evidence that a financial asset or a group of financial assets is impaired.

Non-compounding interest and other cash flows resulting from holding financial assets are recognised in the consolidated income statement when received, regardless of how the related carrying amount of financial assets is measured.

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 JANUARY 2013

### 2(d) Summary of significant accounting policies (cont'd)

#### Financial assets (cont'd)

##### Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss include financial assets that are either classified as held for trading or are designated by the entity to be carried at fair value through profit or loss upon initial recognition. In addition, derivative financial instruments that do not qualify for hedge accounting are classified as held for trading. Assets in this category are classified as current assets if they are either held for trading or are expected to be realised within 12 months of the end of reporting period.

Subsequent to initial recognition, the financial assets included in this category are measured at fair value with changes in fair value recognised in consolidated income statement.

##### Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They arise when the Group provides money, goods or services directly to a debtor with no intention of trading the receivables. They are included in current assets, except for those with maturities greater than 12 months after the end of reporting period. These are classified as non-current assets.

Loans and receivables include trade and other receivables, related party balances and deposits held in banks. They are subsequently measured at amortised cost using the effective interest method, less provision for impairment. If there is objective evidence that the asset has been impaired, the financial asset is measured at the present value of the estimated future cash flows discounted at the original effective interest rate. Impairment losses are reversed in subsequent periods when an increase in the asset's recoverable amount can be related objectively to an event occurring after the impairment was recognised, subject to a restriction that the carrying amount of the asset at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised. The impairment or writeback is recognised in the consolidated income statement.

##### Available-for-sale financial assets

Available-for-sale financial assets include non-derivative financial assets that do not qualify for inclusion in any of the other categories of financial assets. They are included in non-current assets unless management intends to dispose of the investment within 12 months of the end of reporting period.

Other than unquoted equity investment, at cost, which is impaired, all financial assets within this category are subsequently measured at fair value with changes in value recognised in equity, net of any effects arising from income taxes, until the financial assets is disposed of or is determined to be impaired, at which time the cumulative gains or losses previously recognised in equity is included in the consolidated income statement for the period.

When a decline in the fair value of an available-for-sale financial asset has been recognised directly in equity and there is objective evidence that the asset is impaired, the cumulative loss that had been recognised directly in equity shall be removed from the equity and recognised in the consolidated income statement even though the financial asset has not been derecognised.

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 JANUARY 2013

### 2(d) Summary of significant accounting policies (cont'd)

#### Financial assets (cont'd)

##### Available-for-sale financial assets (cont'd)

The amount of the cumulative loss that is removed from equity and recognised in the consolidated income statement shall be the difference between the acquisition cost (net of any principal repayment and amortisation) and current fair value, less any impairment loss on that financial asset previously recognised in the consolidated income statement.

Impairment losses recognised in the consolidated income statement for equity investments classified as available-for-sale are not subsequently reversed through the consolidated income statement. Impairment losses recognised in the consolidated income statement for debt instruments classified as available-for-sale are subsequently reversed in the consolidated income statement if an increase in the fair value of the instrument can be objectively related to an event occurring after the recognition of the impairment loss.

Impairment losses recognised in a previous interim period in respect of available-for-sale equity investments are not reversed even if the impairment losses would have been reduced or avoided had the impairment assessment been made at a subsequent reporting period or end of reporting period.

##### Determination of fair value

The fair values of quoted financial assets are based on current bid prices. If the market for a financial asset is not active, the Group establishes fair value by using valuation techniques. These include the use of recent arm's length transactions, reference to other instruments that are substantially the same, discounted cash flow analysis, and option pricing and valuation models, making maximum use of market inputs. Where fair value of unquoted instruments cannot be measured reliably, fair value is determined by the transaction price.

#### Derivatives financial instruments

A derivative financial instrument is initially recognised at its fair value on the date the contract is entered into and is subsequently carried at its fair value. The Group enters into an interest rate swap derivative contract to manage exposure arising from fluctuations in interest rates. The derivative financial instrument does not qualify for hedge accounting and accordingly, the change in fair value of the derivative financial instrument is recognised in the consolidated income statement.

#### Development properties

Development property is a property being constructed or developed for future sale. Costs capitalised include cost of land and other directly related development expenditure, including borrowing costs incurred in developing the property.

Capitalisation of borrowing costs ceases on issue of Temporary Occupation Permit. The capitalisation rate is determined by reference to the actual rate payable on borrowings for development property, weighted as applicable.

##### Unsold development properties

Any development property that is unsold is 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.

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 JANUARY 2013

### 2(d) Summary of significant accounting policies (cont'd)

#### Development properties (cont'd)

##### Sold development properties

Revenue and cost on development property that has been sold, if any, is recognised using the completion of construction method. Payments received from purchasers prior to completion are included in trade and other payables as “monies received in advance”.

#### Inventories

Inventories are carried at the lower of cost and net realisable value. Cost is determined on a first-in first-out basis and includes all costs in bringing the inventories to their present location and condition.

Write-down is made, where necessary, for obsolete, slow-moving or 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.

#### Work-in-progress

When the outcome of a construction contract cannot be estimated reliably, contract revenue is recognised to the extent of contract costs incurred where it is probable those costs will be recoverable. Contract costs are recognised when incurred. When the outcome of a construction contract can be estimated reliably, contract revenue and contract costs are recognised by using the percentage of completion method. Contract costs comprise materials, direct labour, sub-contractors' cost and an appropriate proportion of overheads.

The percentage of completion is based on architect's certification of construction work completed.

When it is probable that total contract costs will exceed total contract revenue, the expected loss is recognised as an expense immediately, irrespective of whether or not work has commenced.

#### Cash and cash equivalents

For the purpose of presentation in the consolidated statement of cash flows, cash and cash equivalents include cash on hand and bank deposits net of any bank overdrafts, if any, which are repayable on demand and which form an integral part of cash management. Bank overdrafts, if any, are presented as current borrowings on the statements of financial position.

#### Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issuance of new shares are deducted against the share capital account.

#### Financial liabilities

The Group's financial liabilities include bank borrowings, trade and other payables, and related party balances.

Financial liabilities are recognised when the Group becomes a party to the contractual agreements of the instrument. All interest related charges are recognised as an expense in “finance costs” in the consolidated income statement. Financial liabilities are derecognised if the Group's obligations specified in the contract expire or are discharged or cancelled.

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 JANUARY 2013

### 2(d) Summary of significant accounting policies (cont'd)

#### Financial liabilities (cont'd)

Borrowings are recognised initially at fair value of proceeds received less attributable transaction costs, if any. Borrowings are subsequently stated at amortised cost which is the initial fair value less any principal repayments. Any difference between the proceeds (net of transaction costs) and the redemption value is taken to the consolidated income statement over the period of the borrowings using the effective interest method. The interest expense is chargeable on the amortised cost over the period of the borrowings using the effective interest method.

Gains and losses are recognised in the consolidated income statement when the liabilities are derecognised as well as through the amortisation process.

Borrowings which are due to be settled within 12 months after the end of reporting period are included in current liabilities in the statements of financial position even though the original terms were for a period longer than 12 months and an agreement to refinance, or to reschedule payments, on a long-term basis is completed after the end of reporting period. Borrowings to be settled within the Group's normal operating cycle are considered as current. Other borrowings due to be settled more than 12 months after the end of reporting period are included in non-current liabilities in the statements of financial position.

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

#### Financial guarantees

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

Financial guarantee contracts, are initially recognised at their fair value plus transaction costs in the statements of financial position.

Financial guarantee contracts are subsequently amortised to the consolidated income statement over the period of the respective parties' borrowings, unless the Company has incurred an obligation to reimburse the bank for an amount higher than the unamortised amount. In this case, the financial guarantee contracts shall be carried at the expected amount payable to the bank.

#### Operating leases

Leases where a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases.

#### Where the Group is the lessee

Rentals on operating leases are charged to the consolidated income statement on a straight-line basis over the lease term. 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 of lease, if any, are recognised in the consolidated income statement when incurred.

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 JANUARY 2013

### 2(d) Summary of significant accounting policies (cont'd)

#### Operating leases (cont'd)

##### Where the Group is the lessor

Leases of investment properties where the Group retains substantially all risks and rewards incidental to ownership are classified as operating leases. Rental income from operating leases (net of any incentives given to the lessees) is recognised in the consolidated income statement on a straight-line basis over the lease term.

#### 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.

The management 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 time is recognised as finance costs.

#### Employee benefits

##### Pension obligations

The Group participates in the defined contribution national pension schemes as provided by the laws of the countries in which it has 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. Contributions to CPF or other defined contribution plans are charged to the consolidated income statement in the period to which the contributions relate.

##### 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.

##### Key management personnel

Key management personnel are those persons having the authority and responsibility for planning, directing and controlling the activities of the Group. 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 reporting period.

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 JANUARY 2013

### 2(d) Summary of significant accounting policies (cont'd)

#### Income taxes (cont'd)

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, associated companies 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.

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 date of the financial position; and
- (ii) based on the tax consequence that will follow from the manner in which the Group expects, at the date of the financial position, to recover or settle the carrying amounts of its assets and liabilities.

Current and deferred income taxes are recognised as income or expense in the 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.

#### Impairment of non-financial assets

The carrying amounts of the 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.

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 to sell and value-in-use, based on an internal discounted cash flow evaluation. All assets are subsequently reassessed for indications that an impairment loss previously recognised may no longer exist.



## NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 JANUARY 2013

### 2(d) Summary of significant accounting policies (cont'd)

#### **Impairment of non-financial assets (cont'd)**

Any impairment loss is charged to the consolidated income statement unless it reverses a previous revaluation in which case it is charged to equity.

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.

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.

A reversal of an impairment loss on a revalued asset is credited directly to equity under the heading revaluation surplus. However, to the extent that an impairment loss on the same revalued asset was previously recognised as an expense in the consolidated income statement, a reversal of that impairment loss is recognised as income in the consolidated income statement.

#### **Revenue recognition**

Revenue is recognised when the significant risks and rewards of ownership have been transferred or services rendered to the buyer. Revenue excludes goods and services taxes or value-added taxes and is arrived at after deduction of trade discounts. No revenue is recognised if there are significant uncertainties regarding recovery of the consideration due, associated costs or the possible return of goods.

##### Construction contracts

Revenue from construction contracts is recognised using the percentage of completion method based on architect's certification of construction work completed.

##### Hotel management services

Fees from hotel management services are recognised when services are rendered.

##### Rental income

Revenue from rental is recognised on a monthly basis upon acceptance of tenancy. Rental incentives, if any, are considered an integral part of total rental cost.

##### Development properties for sale

Revenue from sales of development properties is recognised when the Group has delivered the relevant properties to the purchaser and collectability of related receivable is reasonably assured. Deposits and instalments received on properties sold prior to the date of revenue recognition are included in the statements of financial position under current liabilities - trade and other payables.

During the financial year ended 31 January 2013, no revenue from sales of development properties have been recognised.

##### Hotel and restaurant operations

Revenue from hotel and restaurant operations is recognised when services are rendered.

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 JANUARY 2013

### 2(d) Summary of significant accounting policies (cont'd)

#### Revenue recognition (cont'd)

##### Interest income

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

##### Dividend income

Dividend income from investments is recognised when the right to receive the dividend has been established.

#### Functional and presentation currency

Items included in the financial statements of each entity in the Group are measured using the currency of the primary economic environment in which the entity operates ("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 also the functional currency of the Company.

#### Conversion of foreign currencies

##### Transactions and balances

Transactions in a currency other than the functional currency ("foreign currency") are translated into the functional currency using the exchange rates at the dates of the transactions. Currency translation differences from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at the closing rates at the end of reporting period are recognised in the consolidated income statement, unless they arise from borrowings in foreign currencies, other currency instruments designated and qualifying as net investment hedges and net investment in foreign operations. Those currency translation differences are recognised in the currency translation reserve in the consolidated financial statements and transferred to the consolidated income statement as part of the gain or loss on disposal of the foreign operation.

Non-monetary items that are measured at fair values in foreign currencies are translated using the exchange rates at the date when the fair values are determined.

Non-monetary items that are measured at historical cost in foreign currencies are translated using the exchange rates at the date of the transactions.

##### Group entities

The results and financial positions of all the entities within the Group that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- (i) Assets and liabilities are translated at the closing exchange rates at the end of reporting period;
- (ii) Income and expenses are translated at average exchange rates (unless the average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated using the exchange rates at the dates of the transactions); and
- (iii) All resulting currency translation differences are recognised in the currency translation reserve in equity.

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 JANUARY 2013

### 2(d) Summary of significant accounting policies (cont'd)

#### 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 of 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

Parties are considered to be related if one party has the ability, directly or indirectly, to control the other party or exercise significant influence over the other party in making financial and operating decisions. Parties are also considered related if they are subject to common control or common significant influence. Related parties may be individuals or corporate entities.

#### 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 managing director who regularly reviews the segment results in order to allocate resources to the segments and to assess segment performance.

#### 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 36 to the financial statements.

### 3 Revenue

Revenue of the Company represents mainly revenue from construction and development projects.

Revenue of the Group includes revenue from hotel management services and operations, rental income and excludes inter-company transactions, and applicable goods and services taxes or value-added taxes. The segment analysis of the Group is disclosed in Note 34 to the financial statements.

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 JANUARY 2013

## 4 Cash and cash equivalents

	The Group		The Company	
	2013	2012	2013	2012
	\$'000	\$'000	\$'000	\$'000
Fixed deposits	<b>56,206</b>	5,427	<b>44,000</b>	–
Cash and bank balances	<b>149,311</b>	27,461	<b>20,138</b>	3,192
	<b>205,517</b>	32,888	<b>64,138</b>	3,192

Cash and cash equivalents are denominated in the following currencies:

Singapore dollar	<b>187,244</b>	21,419	<b>56,884</b>	2,995
United States dollar	<b>958</b>	213	<b>886</b>	19
Australian dollar	<b>5,351</b>	4,199	<b>15</b>	90
Malaysian Ringgit	<b>6,943</b>	2,063	<b>6,353</b>	88
Chinese Renminbi	<b>4,951</b>	4,994	–	–
Vietnamese Dong	<b>70</b>	–	–	–
	<b>205,517</b>	32,888	<b>64,138</b>	3,192

The fixed deposits earn an effective interest rate of 0.62% (2012 - 1.91%) per annum which mature on varying dates between 5 February 2013 and 28 June 2013 (2012 - 1 February 2012 and 21 June 2012).

Included in cash and bank balances of the Group of \$149,311,000 (2012 - \$27,461,000) is a sum of \$117,174,000 (2012 - \$5,741,000) maintained in project accounts with a financial institution. Included in the project accounts is a sum of \$62,875,000 (2012 - \$65,000) which can only be applied in accordance with Housing Developers (Project Account) Rules 1997.

## 5 Investments

	The Group		The Company	
	2013	2012	2013	2012
	\$'000	\$'000	\$'000	\$'000
(a) Current				
Financial assets at fair value through profit or loss				
- quoted equity investments				
Balance at beginning of year	<b>4,098</b>	1,976	–	–
Additions	–	7,196	–	–
Disposals	<b>(19)</b>	(3,539)	–	–
Fair value gain/(loss) recognised in consolidated income statement	<b>2,121</b>	(1,535)	–	–
Balance at end of year, at fair value	<b>6,200</b>	4,098	–	–
Market value of quoted equity investments	<b>6,200</b>	4,098	–	–

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 JANUARY 2013

## 5 Investments (cont'd)

	The Group		The Company	
	2013 \$'000	2012 \$'000	2013 \$'000	2012 \$'000
(b) Non-current				
Available-for-sale financial assets				
- quoted equity investments				
Balance at beginning of year	<b>45,354</b>	70,276	<b>1,974</b>	1,589
Additions	-	121	-	-
Disposals	<b>(6,116)</b>	(20,585)	-	-
Exchange translation difference	<b>(162)</b>	-	<b>(94)</b>	-
Fair value gains/(losses) recognised in other comprehensive income (Note 23)	<b>10,168</b>	(5)	<b>152</b>	385
Impairment losses [Note 26(c)]	-	(4,453)	-	-
Balance at end of year, at fair value	<b>49,244</b>	45,354	<b>2,032</b>	1,974
Accumulated impairment	-	4,453	-	-
Market value of quoted equity investments	(i) <b>49,244</b>	45,354	<b>2,032</b>	1,974
Available-for-sale financial assets				
- unquoted equity investment, at cost	<b>1,734</b>	1,734	-	-
Less:				
Allowance for impairment loss				
Balance at beginning and at end of year	<b>(1,734)</b>	(1,734)	-	-
	(ii) -	-	-	-
Total	(i) + (ii) <b>49,244</b>	45,354	<b>2,032</b>	1,974

The fair value of quoted equity investments is determined by reference to stock exchange quoted closing prices.

The unquoted equity investment carried at cost relates to an investment in an unquoted company, Global Dial Pty Ltd, which is incorporated in Australia, held by a subsidiary. As the directors of the Company are of the opinion that the cost of the investment cannot be recovered, an impairment loss for the full amount was made.

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 JANUARY 2013

## 6 Trade and other receivables

	The Group		The Company	
	2013 \$'000	2012 \$'000	2013 \$'000	2012 \$'000
Due within one year				
Trade receivables				
- third parties	39,062	37,624	19,101	32,934
- joint ventures	-	1,582	-	1,582
- subsidiaries	-	-	10,381	-
	<b>39,062</b>	39,206	<b>29,482</b>	34,516
Allowance for impairment loss of trade receivables				
Balance at beginning of year	(4)	(6)	-	-
Allowance written off	4	2	-	-
Exchange translation difference	-	*	-	-
Balance at end of year	-	(4)	-	-
Net trade receivables	(i) <b>39,062</b>	39,202	<b>29,482</b>	34,516
Advances	347	41	-	-
Staff loans	6	3	6	3
Interest receivable	16	3	6	-
Deposits	1,020	515	832	193
Prepayments	1,000	722	34	20
Recoverable expenses	32	-	32	-
Tax recoverable	*	11	-	-
Sundry debtors	398	608	-	-
	<b>2,819</b>	1,903	<b>910</b>	216
Impairment loss on other receivables				
Balance at beginning of year	-	(52)	-	(52)
Allowance written off	-	51	-	51
Allowance no longer required (Note 27)	-	1	-	1
Balance at end of year	-	-	-	-
Net other receivables	(ii) <b>2,819</b>	1,903	<b>910</b>	216
	(i) + (ii) <b>41,881</b>	41,105	<b>30,392</b>	34,732
Due after one year				
Other receivables	(iii) <b>62</b>	-	<b>3,705</b>	-
Total	(i) + (ii) + (iii) <b>41,943</b>	41,105	<b>34,097</b>	34,732

Trade and other receivables are denominated in the following currencies:

Singapore dollar	37,709	35,137	34,097	34,732
Vietnamese Dong	1,343	-	-	-
United States dollar	62	1,024	-	-
Australian dollar	2,567	4,416	-	-
Chinese Renminbi	259	260	-	-
Malaysian Ringgit	3	268	-	-
	<b>41,943</b>	41,105	<b>34,097</b>	34,732

\* represents amount less than \$500

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 JANUARY 2013

**6 Trade and other receivables (cont'd)**

All trade and other receivables are subject to credit risk exposure where the credit terms are generally between 30 days and 90 days (2012 - 30 days and 90 days). However, 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, including joint ventures, include retention money of \$11,553,000 (2012 - \$16,844,000) owing from construction work.

The trade receivables ageing are generally between 30 days and 90 days (2012 - 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 ageing analysis of trade receivables past due but not impaired, excluding retention money, is as follows:

## (i) Financial assets that are neither past due nor impaired

Trade receivables that are neither past due nor impaired are substantially customers with a good track collection record with the Group and the Company.

	The Group		The Company	
	2013	2012	2013	2012
	\$'000	\$'000	\$'000	\$'000
Current	<b>13,746</b>	22,007	<b>11,512</b>	17,672

## (ii) Financial assets that are past due but not impaired

The ageing analysis of trade receivables past due but not impaired is as follows:

	The Group		The Company	
	2013	2012	2013	2012
	\$'000	\$'000	\$'000	\$'000
Past due 0 to 3 months	<b>13,430</b>	313	-	-
Past due 3 to 6 months	<b>87</b>	38	-	-
Past due over 6 months	<b>246</b>	-	-	-
	<b>13,763</b>	351	-	-

## (iii) Financial assets that are past due and impaired

The ageing analysis of trade receivables past due and impaired is as follows:

	The Group		The Company	
	2013	2012	2013	2012
	\$'000	\$'000	\$'000	\$'000
Past due over 6 months	-	4	-	-

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 JANUARY 2013

### 6 Trade and other receivables (cont'd)

The directors of the Company is of the opinion that no impairment is necessary in respect of trade receivables not past due or past due over 6 months as these receivables are mainly arising from customers that have a good credit record in the Group and the Company.

Impairment on trade receivables is made on specific debts for which the directors of the Company are of the opinion that these debts are long outstanding and are not recoverable.

The staff loans are unsecured and interest-free and are repayable within 12 months from the end of the reporting period.

Other receivables of the Company relate to deposits paid to a subsidiary for the purchase of office units at Paya Lebar Square.

### 7 Work-in-progress

	The Group		The Company	
	2013 \$'000	2012 \$'000	2013 \$'000	2012 \$'000
Construction costs	<b>654,741</b>	635,623	<b>717,611</b>	624,837
Attributable profits	<b>190,273</b>	159,732	<b>191,556</b>	155,772
	<b>845,014</b>	795,355	<b>909,167</b>	780,609
Progress billings received and receivable	<b>(845,014)</b>	(794,506)	<b>(909,167)</b>	(777,577)
	-	849	-	3,032
Contract revenue recognised during the year	<b>67,437</b>	82,505	<b>131,590</b>	82,505
Contracts-in-progress at end of reporting period:				
Due from customers on construction contracts	-	849	-	3,032
Due to customers on construction contracts	-	-	-	-
	-	849	-	3,032
Included in construction costs are the following:				
Depreciation of property, plant and equipment (Note 14)	<b>124</b>	110	<b>124</b>	110
Directors' remuneration	<b>632</b>	662	<b>632</b>	662



## NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 JANUARY 2013

## 8 Inventories

	2013	2012
	\$'000	\$'000
The Group		
At cost,		
Hotel supplies	138	113
Restaurant supplies	428	407
	<b>566</b>	<b>520</b>

The inventories charged to cost of sales relate only to hotel operations and restaurants for food and beverage sales for which the cost of goods is approximately \$6,136,000 (2012 - \$4,381,000).

## 9 Development properties

	2013	2012
	\$'000	\$'000
The Group		
Land and other related costs	808,636	788,367
Development costs	63,785	3,032
	<b>872,421</b>	<b>791,399</b>

Interest costs of \$17,606,000 (2012 - \$10,926,000) have been capitalised during the financial year ended 31 January 2013 at average rates ranging from 1.52% to 4.00% (2012 - 1.49% to 4.00%) per annum based on actual borrowing costs.

Details of development properties are as follows:

Name/Location	Description of development	Tenure/ Group's interest in property	Site area (sq. metres)	Estimated gross floor area (sq. metres)	* Expected date of completion
(1) Parkland Residences Upper Serangoon Crescent, Singapore	4 tower blocks of 18-storey with a total of 680 residential units	103-year leasehold land/100%	20,001	60,201	December 2014
(2) Paya Lebar Square 60 Paya Lebar Road, Singapore	10-storey office tower above a 3-storey retail podium	99-year leasehold land/80%	14,852	62,378	December 2014

\* no construction costs and attributable profits recognised yet as at the end of reporting period

As at the end of reporting period, all development properties of the Group have been pledged to financial institutions to secure bank borrowings (Note 20).

**NOTES TO THE FINANCIAL STATEMENTS**

FOR THE FINANCIAL YEAR ENDED 31 JANUARY 2013

**10 Joint ventures**

## (a) Non-current assets

	The Group		The Company	
	2013 \$'000	2012 \$'000	2013 \$'000	2012 \$'000
Contributions made towards joint ventures:				
- Joint ventures	<b>16,955</b>	17,555	<b>11,987</b>	12,587
- Exchange fluctuation difference	<b>(1,054)</b>	(108)	-	-
	<b>15,901</b>	17,447	<b>11,987</b>	12,587
Share of retained profits in joint ventures	<b>125,552</b>	48,588	<b>32,683</b>	48,544
Reclassified from retained profits (Note 24)	-	-	-	3,666
Exchange fluctuation difference	<b>(40)</b>	-	-	-
Impairment loss on joint ventures	-	-	<b>(27,087)</b>	-
At deemed cost	(i) <b>141,413</b>	66,035	<b>17,583</b>	64,797
Amount owing by joint ventures (non-trade):				
- advances	-	64,442	-	64,442
- interest-free loans	<b>11,244</b>	15,794	<b>11,244</b>	15,794
	(ii) <b>11,244</b>	80,236	<b>11,244</b>	80,236
Total	(i) + (ii) <b>152,657</b>	146,271	<b>28,827</b>	145,033
Share of results in joint ventures, net of tax	<b>93,319</b>	25,849	-	-

## (b) Non-current liabilities

Share of retained losses in joint venture	<b>879</b>	900	<b>1,062</b>	879
Reclassified to retained profits (Note 24)	-	-	-	183
Exchange fluctuation difference	<b>(14)</b>	(21)	-	-
	<b>865</b>	879	<b>1,062</b>	1,062
Provision for foreseeable losses				
Balance at beginning of year	<b>1,261</b>	1,291	<b>999</b>	1,291
Reclassified to retained profits (Note 24)	-	-	-	(262)
Exchange fluctuation difference	<b>(20)</b>	(30)	-	(30)
Balance at end of year	<b>1,241</b>	1,261	<b>999</b>	999
At deemed cost	(i) <b>2,106</b>	2,140	<b>2,061</b>	2,061
Amount owing to a joint venture (non-trade):				
- advances (denominated in SGD)	(ii) <b>22,212</b>	-	<b>22,212</b>	-
Amount owing by a joint venture (non-trade):				
- advances	(iii) <b>(1,700)</b>	(1,728)	<b>(1,700)</b>	(1,728)
Total	(i) + (ii) + (iii) <b>22,618</b>	412	<b>22,573</b>	333
Share of results of joint venture, net of tax	-	-	-	-

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 JANUARY 2013

**10 Joint ventures (cont'd)**

The summarised information of joint ventures, not adjusted for the percentage ownership held by the Group, are as follows:

	<b>2013</b>	2012
	<b>\$'000</b>	\$'000
The Group		
- Assets	<b>636,090</b>	585,024
- Liabilities	<b>260,567</b>	374,796
- Revenue	<b>691,111</b>	446,042
- Net profit after taxation	<b>237,023</b>	217,865
Share of joint ventures' commitments	<b>2,480</b>	4,203

The non-trade advances and loans owing by/(to) joint ventures have no fixed terms of repayments. They are unsecured and are neither planned nor likely to be settled in the foreseeable future. Because they represent advances and loans with indeterminable repayments, it is not practicable to determine the fair value of these amounts owing.

During the financial year ended 31 January 2013, the dividends received by the Group from joint ventures amounted to \$15,923,000 (2012 - \$44,700,000).

The non-trade amount owing by joint ventures is denominated in the following currencies:

	The Group		The Company	
	<b>2013</b>	2012	<b>2013</b>	2012
	<b>\$'000</b>	\$'000	<b>\$'000</b>	\$'000
Singapore dollar	*	70,164	*	70,164
Malaysian Ringgit	<b>11,244</b>	10,072	<b>11,244</b>	10,072
United States dollar	<b>1,700</b>	1,728	<b>1,700</b>	1,728
	<b>12,944</b>	81,964	<b>12,944</b>	81,964

\* represents amount less than \$500

**NOTES TO THE FINANCIAL STATEMENTS**

FOR THE FINANCIAL YEAR ENDED 31 JANUARY 2013

**10 Joint ventures (cont'd)**

Details of the joint ventures are as follows:

Name	Country of incorporation/ principal place of business	Effective percentage of equity held		Principal activities
		2013 %	2012 %	
LKH - C.A.T. Joint Venture	Singapore	<b>*51</b>	*51	In liquidation
# Kings & Queens Development Pte. Ltd.	Singapore	<b>30</b>	30	Developed Twin Regency on three adjoining parcels of land at Kim Tian Road and redeveloped South Bank on the former Eng Cheong Tower along North Bridge Road
# Regency One Development Pte. Ltd.	Singapore	<b>20</b>	20	Developed Regency Suite on a parcel of land at Kim Tian Road
# Duchess Walk Pte. Ltd.	Singapore	<b>30</b>	30	Developed Duchess Residences on a parcel of land at Duchess Avenue
^ Valley Development Pte Ltd	Singapore	–	40	Liquidated
^ Vista Development Pte Ltd	Singapore	–	20	Liquidated
^ Peak Garden Pte. Ltd.	Singapore	<b>40</b>	40	Developed the Minton on a parcel of land at Hougang Street 11
^^ Bina Meganmas Sdn. Bhd.	Malaysia	<b>49</b>	49	Build bungalow lots at Bandar Seri Alam, Johor
## Promatik Emas Sdn. Bhd.	Malaysia	<b>25</b>	25	Developed Panaroma, a parcel of land at Persiaran Hampshire, Kuala Lumpur ("KL")
## Suasana Simfoni Sdn. Bhd.	Malaysia	<b>20</b>	20	To develop condominium on a parcel of land at Jalan Conlay in KL
+ OSC - Duxton (Vietnam) Joint Venture Company Limited	Socialist Republic of Vietnam	<b>75</b>	75	To develop residential apartments, office building and a five-star hotel at Front Beach, Vung Tau City, Socialist Republic of Vietnam

\* This joint venture is a jointly-controlled operation.

^ Audited by KPMG LLP, Singapore

^^ Audited by Yee Choon Kong &amp; Co., Malaysia

# Audited by PricewaterhouseCoopers LLP, Singapore

## Audited by PricewaterhouseCoopers, Malaysia

+ Interest held through a subsidiary and audited by Ernst &amp; Young LLP, Socialist Republic of Vietnam

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 JANUARY 2013

**11 Associated company**

		<b>2013</b>	2012
		<b>\$'000</b>	\$'000
The Group			
Unquoted equity investment, at cost	(i)	<b>5,310</b>	5,310
Share of post-acquisition profits		<b>3,101</b>	1,687
Exchange fluctuation difference		<b>(591)</b>	(270)
	(ii)	<b>2,510</b>	1,417
Amount owing by associated company (non-trade)			
- interest-free loans	(iii)	<b>8,088</b>	11,439
	(i) + (ii) + (iii)	<b>15,908</b>	18,166
Share of associated company's results, net of tax		<b>1,494</b>	887

The summarised information of the associated company, not adjusted for the percentage ownership held by the Group, is as follows:

	<b>2013</b>	2012
	<b>\$'000</b>	\$'000
- Assets	<b>33,991</b>	39,381
- Liabilities	<b>17,864</b>	25,651
- Revenue	<b>19,274</b>	6,983
- Net profit after taxation	<b>3,042</b>	2,190

The non-trade loans owing by associated company have no fixed terms of repayment. They are unsecured, interest-free and are neither planned nor likely to be settled in the foreseeable future. Because they represent loans with indeterminable repayments, it is not practicable to determine the fair value of these amounts owing.

The non-trade amount owing by an associated company is denominated in Malaysian Ringgit.

Details of the associated company are as follows:

Name	Country of incorporation/ principal place of business	Effective percentage of equity held		Principal activities
		<b>2013</b>	2012	
		%	%	
^ Binakawa Sdn. Bhd.	Malaysia	49	49	Property development and investment holding

^ Audited by Yee Choon Kong & Co., Malaysia

**NOTES TO THE FINANCIAL STATEMENTS**

FOR THE FINANCIAL YEAR ENDED 31 JANUARY 2013

**12 Subsidiaries**

	<b>2013</b>	2012
	<b>\$'000</b>	\$'000
The Company		
Unquoted equity investments, at cost	<b>6,762</b>	6,762
Impairment loss on investments in subsidiaries		
Balance at beginning of year	<b>(3,751)</b>	(3,751)
Allowance no longer required	<b>3,230</b>	–
Balance at end of year	<b>(521)</b>	(3,751)
	<b>(i) 6,241</b>	3,011
Amounts owing by subsidiaries (non-trade):		
- interest-free	<b>139,943</b>	148,589
- interest-bearing	<b>175,729</b>	169,516
	<b>315,672</b>	318,105
Impairment loss on receivables		
Balance at beginning of year	<b>(746)</b>	(4,611)
Allowance no longer required	<b>216</b>	3,865
Balance at end of year	<b>(530)</b>	(746)
	<b>(ii) 315,142</b>	317,359
Total	<b>(i) + (ii) 321,383</b>	320,370

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

Singapore dollar	<b>302,685</b>	318,096
Malaysian Ringgit	<b>12,755</b>	9
Australian dollar	<b>232</b>	–
	<b>315,672</b>	318,105

The non-trade amounts owing by subsidiaries have no fixed terms of repayment. They represent advances which are unsecured and interest-free. They are neither planned nor likely to be settled in the foreseeable future. Because they represent advances with indeterminable repayments, it is not practicable to determine the fair value of these amounts owing.

In respect of the interest-bearing amounts made to subsidiaries, interest is charged at rates ranging from 2.5% to 4.0% (2012 - 2.5% to 4.0%) per annum to two (2012 - three) of the subsidiaries.

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 JANUARY 2013

**12 Subsidiaries (cont'd)**

Details of the subsidiaries are as follows:

Name	Country of incorporation/ principal place of business	Cost of investments		Effective percentage of equity held		Principal activities
		2013 \$'000	2012 \$'000	2013 %	2012 %	
<u>Subsidiaries held by the Company</u>						
Kwan Hwee Investment Pte Ltd	Singapore	<b>3,230</b>	3,230	<b>100</b>	100	Property development and investment holding
Low Keng Huat International Pte Ltd	Singapore	<b>3,000</b>	3,000	<b>100</b>	100	Investment holding
Quality Investments Pte Ltd	Singapore	<b>500</b>	500	<b>100</b>	100	Investment holding
Prodev Pte Ltd	Singapore	<b>10</b>	10	<b>100</b>	100	Investment holding
LKH (Saigon) Pte. Ltd.	Singapore	<b>10</b>	10	<b>100</b>	100	Investment holding
Bali Investment Pte. Ltd.	Singapore	*	*	<b>100</b>	100	Investment holding
Dalton Investment Pte. Ltd.	Singapore	*	*	<b>100</b>	100	Investment holding
Duxton Hotel (Pte.) Ltd.	Singapore	*	*	<b>100</b>	100	Hotel management services
Domitian Investment Pte. Ltd.	Singapore	*	*	<b>100</b>	100	Investment holding
Thyme Saigon Pte Ltd	Singapore	*	*	<b>100</b>	100	Investment holding
Vigor Investments Pte Ltd	Singapore	*	*	<b>100</b>	100	Investment holding
LKH (Construction) Pte. Ltd.	Singapore	*	*	<b>100</b>	100	Investment holding
Starworth Pte. Ltd.	Singapore	*	*	<b>100</b>	100	Investment holding
Kendall Pte Ltd	Singapore	<b>1</b>	1	<b>75</b>	75	Investment holding
LKH (Cambodia) Ltd	Kingdom of Cambodia	<b>11</b>	11	<b>++100</b>	++100	Dormant
Siong Feng Development Pte. Ltd.	Singapore	*	*	<b>100</b>	100	Investment holding
Huatland Development Pte. Ltd.	Singapore	*	*	<b>100</b>	100	Not commenced operations yet
East Peak Development Pte. Ltd.	Singapore	*	*	<b>100</b>	100	Not commenced operations yet
Balance carried forward		<b>6,762</b>	6,762			

**NOTES TO THE FINANCIAL STATEMENTS**

FOR THE FINANCIAL YEAR ENDED 31 JANUARY 2013

**12 Subsidiaries (cont'd)**

Name	Country of incorporation/ principal place of business	Cost of investments		Effective percentage of equity held		Principal activities
		2013 \$'000	2012 \$'000	2013 %	2012 %	
Balance brought forward		6,762	6,762			
<u>Subsidiary held by Bali Investment Pte. Ltd.</u>						
# Vista Mutiara Sdn Bhd	Malaysia	+	+	100	100	Investment holding
<u>Subsidiaries held by Starworth Pte. Ltd.</u>						
Carnivore Brazilian Churrascaria Pte. Ltd.	Singapore	+	+	100	100	Restaurant
Upper Club Pte. Ltd.	Singapore	+	+	100	100	To be liquidated
22 Dempsey Pte. Ltd.	Singapore	+	+	100	100	Restaurant
<u>Subsidiary held by Dalton Investment Pte. Ltd.</u>						
** Vinametric Limited	Socialist Republic of Vietnam	+	+	100	100	Hotel owner and operator
<u>Subsidiaries held by Duxton Hotel (Pte.) Ltd.</u>						
^ Duxton Hotels International Pty Ltd	Australia	+	+	100	100	Owner of trademark
L'Aigle d'Or Investment Pte. Ltd.	Singapore	+	+	100	100	To be liquidated
<u>Subsidiary held by Kendall Pte Ltd</u>						
^ Amuret Pty Ltd	Australia	+	+	75	75	Investment holding
<u>Subsidiaries held by Low Keng Huat International Pte Ltd</u>						
^ Narymal Pty Ltd	Australia	+	+	75	75	Hotel management
^^ Shanghai Nova Realty Development Co., Ltd	People's Republic of China	+	+	63	63	Investment holding
^^ Shanghai Xinfeng Realty Development Co., Ltd	People's Republic of China	+	+	60	60	Property development
Pylone Pte Ltd	Singapore	+	+	75	75	Dormant
Balance carried forward		<b>6,762</b>	6,762			



## NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 JANUARY 2013

## 12 Subsidiaries (cont'd)

Name	Country of incorporation/ principal place of business	Cost of investments		Effective percentage of equity held		Principal activities
		2013 \$'000	2012 \$'000	2013 %	2012 %	
Balance brought forward		6,762	6,762			
<u>Subsidiary held by Quality Investments Pte Ltd</u>						
Herman Investments Pte Ltd	Singapore	+	+	100	100	Investment holding
<u>Subsidiary held by Siong Feng Development Pte. Ltd.</u>						
Paya Lebar Development Pte. Ltd.	Singapore	+	+	80	80	Property development
		6,762	6,762			

\* Represents amount less than \$500

# Audited by Yee Choon Kong &amp; Co., Malaysia

\*\* Audited by Ernst &amp; Young LLP, Socialist Republic of Vietnam

^ Audited by PricewaterhouseCoopers LLP, Australia

^^ Audited by Shanghai Credental Certified Public Accountants Co., Ltd

+ Interest held through subsidiaries

++ Includes deemed interest

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 JANUARY 2013

**13 Investment properties**

	The Group		The Company	
	2013 \$'000	2012 \$'000	2013 \$'000	2012 \$'000
<b>Cost</b>				
Balance at beginning of year	<b>20,057</b>	21,058	<b>16,883</b>	16,877
Additions	-	6	-	6
Disposals	-	(1,007)	-	-
Balance at end of year	<b>20,057</b>	20,057	<b>16,883</b>	16,883
<b>Accumulated depreciation</b>				
Balance at beginning of year	<b>10,791</b>	10,122	<b>9,782</b>	9,097
Depreciation for the year	<b>725</b>	725	<b>685</b>	685
Disposals	-	(56)	-	-
Balance at end of year	<b>11,516</b>	10,791	<b>10,467</b>	9,782
Net book value	<b>8,541</b>	9,266	<b>6,416</b>	7,101
Fair value	<b>22,709</b>	17,319	<b>14,820</b>	11,345

- (a) Investment properties are leased to related and non-related parties under operating leases [Note 33.1(b)].
- (b) The following amounts are recognised in the consolidated income statement:

The Group	Note	2013 \$'000	2012 \$'000
<b>Income</b>			
Rental income included in:			
- revenue		<b>1,399</b>	2,234
- other operating income	26(a)	<b>162</b>	90
<b>Expenses</b>			
Depreciation	27	<b>725</b>	725
Maintenance fee		<b>280</b>	54
Property tax		<b>243</b>	199
Licence fee		<b>152</b>	136

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 JANUARY 2013

**13 Investment properties (cont'd)**

(c) The investment properties held by the Group, comprise:

Location	Description	Area (sq. metres)	Tenure	Net book value (\$'000)
Section 49, Town and District of Kuala Lumpur, Malaysia <sup>(1)</sup>	Land at Lot 13 to Lot 19 and Lot 117	1,310	Freehold	3,440
80 Marine Parade Road 18th Floor of Parkway Parade, Singapore <sup>(2)</sup>	4 office units	468	99 years lease commencing 17 August 1979	2,126
1790 PT Plot A14609, Sungei Kadut Loop, Singapore <sup>(3)</sup>	Warehouse	4,620	30 years lease commencing 1 March 1995	2,975
				8,541

Notes:

- (1) As at 28 July 2010, this vacant land was valued by a firm of independent professional valuers, Knight Frank, to be RM11,800,000 (\$4,720,000) on the basis of open market value.
- (2) As at 7 September 2012, the market value is estimated by the directors of the Company to be \$7,889,000 (2012 - \$5,974,000 on the basis of open market value by Knight Frank) for these 4 office units located at 80 Marine Parade Road based on the current market trend and with reference to indicative prices for similar office units in the area.
- (3) As at 1 September 2010, this warehouse was valued by a firm of independent professional valuers, Knight Frank, on the basis of open market to be \$6,306,000. Subsequent to the end of reporting period, the Group has entered into a conditional sale & purchase agreement to sell the said warehouse, together with that held as leasehold properties [Note 14(ii)(a)] to a third party, for a consideration of \$10,100,000 (Note 39). The sale is subject to the approval of JTC Corporation of Singapore.

The directors of the Company are of the view that there is no significant change in the market values of the above properties from the respective valuation dates to 31 January 2013.

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 JANUARY 2013

## 14 Property, plant and equipment

## (i) Properties

The Group	Freehold property \$'000	Leasehold properties \$'000	Sub-total \$'000
Cost			
At 1 February 2011	29,211	33,975	63,186
Additions	–	26	26
Exchange translation difference	1,068	(724)	344
At 31 January 2012	<b>30,279</b>	<b>33,277</b>	<b>63,556</b>
Additions	<b>2,311</b>	–	<b>2,311</b>
Transfer from work-in-progress	–	<b>704</b>	<b>704</b>
Disposals	–	<b>(546)</b>	<b>(546)</b>
Exchange translation difference	<b>(855)</b>	<b>(501)</b>	<b>(1,356)</b>
<b>At 31 January 2013</b>	<b>31,735</b>	<b>32,934</b>	<b>64,669</b>
Accumulated depreciation			
At 1 February 2011	2,604	14,345	16,949
Depreciation for the year	261	903	1,164
Exchange translation difference	112	(312)	(200)
At 31 January 2012	<b>2,977</b>	<b>14,936</b>	<b>17,913</b>
Depreciation for the year	<b>257</b>	<b>812</b>	<b>1,069</b>
Disposals	–	<b>(545)</b>	<b>(545)</b>
Exchange translation difference	<b>(94)</b>	<b>(227)</b>	<b>(321)</b>
<b>At 31 January 2013</b>	<b>3,140</b>	<b>14,976</b>	<b>18,116</b>
Net book value			
<b>At 31 January 2013</b>	<b>28,595</b>	<b>17,958</b>	<b>46,553</b>
At 31 January 2012	27,302	18,341	45,643

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 JANUARY 2013

## 14 Property, plant and equipment (cont'd)

## (ii) Other property, plant and equipment

The Group	Plant, machinery and surveying equipment \$'000	Motor vehicles \$'000	Furniture, fittings and equipment \$'000	Renovation \$'000	Sub-total \$'000	Total \$'000
<b>Cost</b>						
At 1 February 2011	42,006	2,314	8,000	992	53,312	116,498
On acquisition of a subsidiary	109	–	52	1,271	1,432	1,432
Additions	2,684	45	494	1,653	4,876	4,902
Disposals	(1,489)	–	(136)	(1,271)	(2,896)	(2,896)
Exchange translation difference	1,557	(6)	(35)	–	1,516	1,860
<b>At 31 January 2012</b>	<b>44,867</b>	<b>2,353</b>	<b>8,375</b>	<b>2,645</b>	<b>58,240</b>	<b>121,796</b>
Additions	1,878	468	396	916	3,658	5,969
Transfer from work-in-progress	–	–	–	–	–	704
Disposals	(1,729)	(977)	(4,896)	(158)	(7,760)	(8,306)
Reclassifications	94	–	86	(180)	–	–
Exchange translation difference	(1,280)	(5)	(130)	–	(1,415)	(2,771)
<b>At 31 January 2013</b>	<b>43,830</b>	<b>1,839</b>	<b>3,831</b>	<b>3,223</b>	<b>52,723</b>	<b>117,392</b>
<b>Accumulated depreciation</b>						
At 1 February 2011	26,945	870	6,284	775	34,874	51,823
Depreciation for the year	2,338	256	998	314	3,906	5,070
Disposals	(1,429)	–	(127)	(139)	(1,695)	(1,695)
Exchange translation difference	1,008	(3)	(19)	–	986	786
<b>At 31 January 2012</b>	<b>28,862</b>	<b>1,123</b>	<b>7,136</b>	<b>950</b>	<b>38,071</b>	<b>55,984</b>
Depreciation for the year	2,220	220	385	428	3,253	4,322
Disposals	(1,715)	(588)	(4,743)	(80)	(7,126)	(7,671)
Exchange translation difference	(804)	(3)	(107)	–	(914)	(1,235)
<b>At 31 January 2013</b>	<b>28,563</b>	<b>752</b>	<b>2,671</b>	<b>1,298</b>	<b>33,284</b>	<b>51,400</b>
<b>Net book value</b>						
<b>At 31 January 2013</b>	<b>15,267</b>	<b>1,087</b>	<b>1,160</b>	<b>1,925</b>	<b>19,439</b>	<b>65,992</b>
At 31 January 2012	16,005	1,230	1,239	1,695	20,169	65,812

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 JANUARY 2013

## 14 Property, plant and equipment (cont'd)

The Company	Leasehold properties \$'000	Plant, machinery and surveying equipment \$'000	Motor vehicles \$'000	Furniture, fittings and equipment \$'000	Renovation \$'000	Total \$'000																																								
Cost																																														
At 1 February 2011	8,207	1,833	2,059	1,978	60	14,137																																								
Additions	-	4	-	11	-	15																																								
At 31 January 2012	<b>8,207</b>	<b>1,837</b>	<b>2,059</b>	<b>1,989</b>	<b>60</b>	<b>14,152</b>																																								
Additions	-	4	468	91	-	563																																								
Disposals	-	(1,710)	(857)	(1,665)	(60)	(4,292)																																								
<b>At 31 January 2013</b>	<b>8,207</b>	<b>131</b>	<b>1,670</b>	<b>415</b>	<b>-</b>	<b>10,423</b>																																								
Accumulated depreciation																																														
At 1 February 2011	3,880	1,772	726	1,793	60	8,231																																								
Depreciation for the year	324	12	201	64	-	601																																								
At 31 January 2012	<b>4,204</b>	<b>1,784</b>	<b>927</b>	<b>1,857</b>	<b>60</b>	<b>8,832</b>																																								
Depreciation for the year	323	10	187	73	-	593																																								
Disposals	-	(1,710)	(490)	(1,665)	(60)	(3,925)																																								
<b>At 31 January 2013</b>	<b>4,527</b>	<b>84</b>	<b>624</b>	<b>265</b>	<b>-</b>	<b>5,500</b>																																								
Net book value																																														
<b>At 31 January 2013</b>	<b>3,680</b>	<b>47</b>	<b>1,046</b>	<b>150</b>	<b>-</b>	<b>4,923</b>																																								
At 31 January 2012	4,003	53	1,132	132	-	5,320																																								
<table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th></th> <th colspan="2">The Group</th> <th colspan="2">The Company</th> </tr> <tr> <th></th> <th>2013</th> <th>2012</th> <th>2013</th> <th>2012</th> </tr> <tr> <th></th> <th>\$'000</th> <th>\$'000</th> <th>\$'000</th> <th>\$'000</th> </tr> </thead> <tbody> <tr> <td colspan="5">Depreciation expense charged to:</td> </tr> <tr> <td>Work-in-progress (Note 7)</td> <td></td> <td></td> <td></td> <td></td> </tr> <tr> <td>- current year</td> <td>124</td> <td>110</td> <td>124</td> <td>110</td> </tr> <tr> <td>Consolidated income statement (Note 27)</td> <td>4,198</td> <td>4,960</td> <td>469</td> <td>491</td> </tr> <tr> <td></td> <td><b>4,322</b></td> <td><b>5,070</b></td> <td><b>593</b></td> <td><b>601</b></td> </tr> </tbody> </table>								The Group		The Company			2013	2012	2013	2012		\$'000	\$'000	\$'000	\$'000	Depreciation expense charged to:					Work-in-progress (Note 7)					- current year	124	110	124	110	Consolidated income statement (Note 27)	4,198	4,960	469	491		<b>4,322</b>	<b>5,070</b>	<b>593</b>	<b>601</b>
	The Group		The Company																																											
	2013	2012	2013	2012																																										
	\$'000	\$'000	\$'000	\$'000																																										
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## NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 JANUARY 2013

**14 Property, plant and equipment (cont'd)**

- (i) The freehold property comprises:

Location	Description	Land area (sq. metres)	Tenure
No.1 St. George's Terrace Perth Western Australia Australia	306-room Duxton Hotel, Perth	3,410	Freehold

The freehold property and hotel's plant and machinery at No. 1 St. George's Terrace, Perth, were valued by the directors of the Company based on a valuation on open market value on walk-in walk-out basis by Colliers International Consultancy and Valuation Pty Limited, Australia to be A\$104,000,000 (\$134,160,000) on 7 July 2010. This valuation was not incorporated in the financial statements.

- (ii) (a) The leasehold properties comprise:

Location	Description	Area (sq. metres)	Tenure	Net book value (\$'000)
63 Nguyen Hue, Ho Chi Minh City Socialist Republic of Vietnam <sup>(1)</sup>	198-room hotel	2,002	50 years lease commencing 25 September 1992	13,470
1790 PT Plot A14609, Sungei Kadut Loop, Singapore <sup>(2)</sup>	Warehouse	3,439	30 years lease commencing 1 March 1995	809
Long Hua Garden 26 Block B, No. 585 Long Wu Road Shanghai 201301, People's Republic of China <sup>(3)</sup>	Office	194	50 years commencing 1995	809
80 Marine Parade Road 18th Floor of Parkway Parade Singapore <sup>(4)</sup>	5 office units	570	99 years lease commencing 17 August 1979	2,870
				17,958

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 JANUARY 2013

### 14 Property, plant and equipment (cont'd)

Notes:

- (1) On 12 July 2010, the leasehold property, Duxton Hotel Saigon located at 63 Nguyen Hue was valued by a firm of independent professional valuers, CB Richard Ellis, to be US\$39,400,000 (\$48,462,000) on the basis of open market value.
- (2) As at 1 September 2010, the warehouse was valued by a firm of independent professional valuers, Knight Frank, to be \$4,694,000 on the basis of open market value.

Subsequent to the end of reporting period, the Group has entered into a conditional sale & purchase agreement to sell the said warehouse, together with that held as investment properties [Note 13(c)] to a third party, for a consideration of \$10,100,000 (Note 39). The sale is subject to the approval of JTC Corporation of Singapore.

- (3) No valuation has been carried out on the office leasehold property in the People's Republic of China with net book value of \$809,000 (2012 - \$123,000) of which \$704,000 was transferred from work-in-progress in the current financial year as the amount is regarded as insignificant in relation to the leasehold properties taken as a whole.
- (4) As at 7 September 2012, the market value is estimated by the directors of the Company to be \$9,608,000 (2012 - \$7,276,000 on the basis of open market value by Knight Frank) for these 5 office units located at 80 Marine Parade Road based on the current market trend and with reference to indicative prices for similar office units in the area.

The directors of the Company are of the view that there is no significant change in the market values of the above properties from the respective valuation dates to 31 January 2013.



## NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 JANUARY 2013

## 15 Deferred taxation

	2013	2012
The Group	\$'000	\$'000
<b>Deferred tax assets</b>		
Balance at beginning of year	559	497
Transfer to income statement (Note 28)	2,724	58
Exchange fluctuation difference	(14)	4
Balance at end of year	<u>3,269</u>	<u>559</u>
To be recovered		
- within one year	-	-
- after one year	3,269	559
	<u>3,269</u>	<u>559</u>
<b>Deferred tax liabilities</b>		
Balance at beginning of year	17	28
Transfer to income statement (Note 28)	(3)	(11)
Balance at end of year	<u>14</u>	<u>17</u>
To be settled		
- within one year	-	-
- after one year	14	17
	<u>14</u>	<u>17</u>

The 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	Dividends and interest income not remitted \$'000	Excess of tax written down value over net book value of property, plant and equipment \$'000	Recognition of costs on uncompleted projects \$'000	Total \$'000
At 1 February 2011	14	14	(497)	-	(469)
Credited to income statement (Note 28)	(11)	-	(58)	-	(69)
Exchange fluctuation difference	-	-	(4)	-	(4)
At 31 January 2012	<b>3</b>	<b>14</b>	<b>(559)</b>	<b>-</b>	<b>(542)</b>
(Credited)/charged to income statement (Note 28)	<b>(3)</b>	<b>-</b>	<b>270</b>	<b>(2,994)</b>	<b>(2,727)</b>
Exchange fluctuation difference	-	-	14	-	14
At 31 January 2013	<u>-</u>	<u>14</u>	<u>(275)</u>	<u>(2,994)</u>	<u>(3,255)</u>

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 JANUARY 2013

**16 Trade and other payables**

	The Group		The Company	
	2013 \$'000	2012 \$'000	2013 \$'000	2012 \$'000
Due within one year				
Trade payables	<b>84,398</b>	103,135	<b>82,187</b>	107,559
Liabilities owing to tax authorities for business tax	<b>4,948</b>	7,410	-	-
Advances from third parties	<b>38</b>	4	-	-
Deposits received from third parties	<b>1,966</b>	417	<b>589</b>	22
Rental received in advance	<b>9</b>	224	-	-
Interest payable	<b>1,010</b>	10,955	<b>205</b>	17
Monies received in advance				
- third parties	<b>246,850</b>	6,271	-	-
- a subsidiary	-	-	<b>4,000</b>	-
Sundry payables	<b>242</b>	193	<b>124</b>	124
(i)	<b>339,461</b>	128,609	<b>87,105</b>	107,722
Due after one year				
Other payables	(ii) <b>240</b>	259	-	-
Total	(i) + (ii) <b>339,701</b>	128,868	<b>87,105</b>	107,722

Trade and other payables are denominated in the following currencies:

Singapore dollar	<b>331,018</b>	117,357	<b>87,105</b>	107,722
United States dollar	-	8,667	-	-
Australian dollar	<b>2,672</b>	2,583	-	-
Malaysian Ringgit	<b>6</b>	8	-	-
Chinese Renminbi	<b>83</b>	253	-	-
Vietnamese Dong	<b>5,922</b>	-	-	-
	<b>339,701</b>	128,868	<b>87,105</b>	107,722

Due to their short duration, management considers the carrying amounts recognised in the statements of financial position to be reasonable approximation of their fair values.

The liabilities owing to tax authorities relate to business tax liability of \$4,948,000 (US\$4,026,000) (2012 - \$7,410,000 [US\$5,928,000]) payable to Vietnamese tax authorities for operating gaming centre which ceased operations since 2010.

Other payables of \$240,000 (2012 - \$259,000) relate to provision for severance pay to employees of a subsidiary, Vinametric Limited, upon termination of their labour contract following Article 42 of the Labour Code in Socialist Republic of Vietnam.

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 JANUARY 2013

**17 Amounts owing to subsidiaries (non-trade)**

The Company

The non-trade amounts of \$16,795,000 (2012 - \$9,210,000) owing to subsidiaries represent advances, which are unsecured and interest-free. They have no fixed terms of repayment and are repayable only when the cash flows of the borrowers permit.

**18 Advances received from a joint venture**

The Group and the Company

The advances received from a joint venture of \$2,000 (2012 - \$2,000) is unsecured and interest-free. The settlement of debt is by way of capital return upon dissolution of the joint venture. Accordingly, it is not practicable to determine the fair values of these amounts owing.

**19 Amounts owing to non-controlling shareholders of subsidiaries (non-trade)**

	<b>2013</b>	2012
	<b>\$'000</b>	\$'000
The Group		
Non-trade amounts owing to non-controlling shareholders of subsidiaries		
- interest-free	<b>511</b>	2,022
- interest-bearing	<b>43,435</b>	41,804
	<b>43,946</b>	43,826
Amount repayable:		
Not later than one year	<b>511</b>	2,022
Later than one year and not later than five years	<b>43,435</b>	41,804
Later than five years	-	-
	<b>43,946</b>	43,826

The non-trade amount of \$511,000 (2012 - \$2,022,000) owing to a non-controlling shareholder of a subsidiary, represents advances which are unsecured and interest-free. They have no fixed terms of repayment and are repayable only when the cash flows of the Group permits.

In respect of the interest-bearing loans of \$43,435,000 (2012 - \$41,804,000) owing to non-controlling shareholders of another subsidiary, interest is charged at a rate of 4.0% (2012 - 4.0%) per annum. In the opinion of the directors of the Company, the interest rates are carried at commercial terms.

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 JANUARY 2013

**20 Bank borrowings**

	The Group		The Company	
	2013 \$'000	2012 \$'000	2013 \$'000	2012 \$'000
Variable				
Revolving loan - unsecured	-	23,000	-	23,000
Term loans - secured	<b>513,750</b>	533,750	-	-
	<b>513,750</b>	556,750	-	23,000
Amount repayable:				
Not later than one year	-	23,000	-	23,000
Later than one year and not later than five years	<b>513,750</b>	533,750	-	-
	<b>513,750</b>	556,750	-	23,000

All bank borrowings are denominated in Singapore dollar.

Terms loans totalling \$513,750,000 (2012 - \$533,750,000) are secured by mortgages over the development properties of certain subsidiaries (Note 9) and charges on all new assignments of tenancy, sales agreements and construction contracts.

The maturity dates of bank borrowings are as follows:

<u>Loan amount</u> \$'000	<u>Repayable in full on</u>
400,000	30 June 2015
113,750	30 June 2015
<b>513,750</b>	

The Group has unutilised bank facilities of \$270,896,000 (2012 - \$200,719,000) as at the end of reporting period.

The Group and the Company have financial covenants attached to certain bank loan facilities which relates to restriction of limits imposed on the maintenance of the Group tangible net-worth, the limits on leverage ratio and the extent of interest cover. As at the end of reporting period, the Group has observed these financial covenants accordingly.

The effective interest rate per annum for the Group's and the Company's borrowings is 1.80% and Nil (2012 - 1.44% and 2.13%) respectively.

The interest rates are repriced monthly.

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 JANUARY 2013

**20 Bank borrowings (cont'd)**

The table below analyses the maturity profile of the Group's and the Company's borrowings based on contractual undiscounted cash flows:

	2013		2012	
	Carrying amount \$'000	Contractual cash flows \$'000	Carrying amount \$'000	Contractual cash flows \$'000
The Group				
Less than one year	-	-	23,000	23,101
Between one to five years	<b>513,750</b>	<b>528,965</b>	533,750	546,339
	<b>513,750</b>	<b>528,965</b>	556,750	569,440
The Company				
Less than one year	-	-	23,000	23,101
Between one to five years	-	-	-	-
	-	-	23,000	23,101

**21 Derivative financial instrument**

	2013		2012	
	Contract notional amount \$'000	Net liabilities at fair value \$'000	Contract notional amount \$'000	Net liabilities at fair value \$'000
The Group and The Company				
<u>Financial liability through profit or loss</u>				
Interest rate swap contract	<b>50,000</b>	<b>2,705</b>	50,000	3,303

The Group has entered into an interest rate swap to manage its exposure to interest rate risk by swapping from fixed rates to floating rates. Contracts with aggregated nominal values of \$50,000,000 (2012 - \$50,000,000) have fixed interest payments at 2.85% (2012 - 2.85%) per annum from 1 March 2012 to 2 March 2015 and have floating interest receipts pegged to Swap Offer Rate. The net position of the interest rate swap is settled on a quarterly basis.

The fair value of the interest rate swap is determined by the bank using a valuation model and assumptions that are based on market conditions existing at end of reporting period. The Group does not designate its interest rate swap contract as hedging instrument and the fair value gain of \$598,000 (2012 fair value loss - \$2,197,000) has been recognised in the consolidated income statement.

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 JANUARY 2013

**22 Share capital**

	Number of ordinary shares		Amount	
	2013	2012	2013	2012
			\$'000	\$'000
The Company				
Issued and fully paid ordinary shares, with no par value				
Balance at beginning and at end of year	<b>738,816,000</b>	738,816,000	<b>161,863</b>	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.

**23 Fair value reserve**

	The Group		The Company	
	2013	2012	2013	2012
	\$'000	\$'000	\$'000	\$'000
Fair value reserve (non-distributable) - available-for-sale financial assets				
Balance at beginning of year	<b>4,266</b>	8,795	<b>1,030</b>	645
Fair value gains recycled to income statement on derecognition [Note 26(a)]	<b>(1,896)</b>	(4,524)	-	-
Net fair value gains/(losses) recognised in other comprehensive income (Note 5)	<b>10,168</b>	(5)	<b>152</b>	385
Exchange translation differences	<b>(84)</b>	-	<b>(49)</b>	-
	<b>8,188</b>	(4,529)	<b>103</b>	385
Balance at end of year	<b>12,454</b>	4,266	<b>1,133</b>	1,030

**24 Retained profits**

	The Group		The Company	
	2013	2012	2013	2012
	\$'000	\$'000	\$'000	\$'000
The Company	<b>192,626</b>	224,765	<b>192,626</b>	224,765
Adjustment for dividend from a subsidiary	<b>(1,442)</b>	(6,857)	-	-
Reclassified from joint ventures (Note 10)	-	-	-	3,745
	<b>191,184</b>	217,908	<b>192,626</b>	228,510
Subsidiaries	<b>10,868</b>	25,280	-	-
Joint ventures and an associated company	<b>123,017</b>	1,687	-	-
	<b>325,069</b>	244,875	<b>192,626</b>	228,510
Dividends (Note 32)	<b>(29,552)</b>	(29,552)	<b>(29,552)</b>	(29,552)
	<b>295,517</b>	215,323	<b>163,074</b>	198,958

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 JANUARY 2013

**25 Currency translation reserve**

	The Group		The Company	
	2013 \$'000	2012 \$'000	2013 \$'000	2012 \$'000
Balance at beginning of year	<b>9,077</b>	3,594	<b>14</b>	14
Exchange fluctuation difference during the year	<b>(2,780)</b>	5,483	<b>(14)</b>	–
Balance at end of year	<b>6,297</b>	9,077	<b>–</b>	14

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, associated company and joint ventures.

**26(a) Other operating income**

The Group	Note	2013 \$'000	2012 \$'000
Dividend income from quoted equity investments		<b>2,100</b>	2,519
Gain on liquidation of joint ventures		<b>49</b>	–
Fair value gain on financial assets at fair value through profit or loss	5, 27	<b>2,121</b>	–
Fair value gains recycled from fair value reserve to income statement on derecognition of available-for-sale financial assets	23, 27	<b>1,896</b>	4,524
Gain on disposal of investment properties	27	<b>–</b>	504
Interest income			
- banks		<b>283</b>	301
- fixed deposits		<b>193</b>	219
- joint ventures		<b>–</b>	6
		<b>476</b>	526
Rental income from investment properties	13(b)	<b>162</b>	90
Management fee		<b>150</b>	–
Government grant		<b>12</b>	–
Sundry income		<b>592</b>	361
		<b>7,558</b>	8,524

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 JANUARY 2013

### 26(b) Administrative costs

The Group	2013 \$'000	2012 \$'000
Employee benefit costs	14,537	12,284
Depreciation of property, plant and equipment	653	681
Directors' fee	245	268
Travelling and transportation expenses	169	230
Operating lease rentals	65	51
Others	6,416	4,805
	<b>22,085</b>	<b>18,319</b>

### 26(c) Other operating expenses

The Group	Note	2013 \$'000	2012 \$'000
Exchange loss	27	1,307	3,879
Impairment loss on available-for-sale financial assets	5, 27	–	4,453
Hotel maintenance and utilities		2,362	3,340
Concessionary loss from gaming centre		623	1,064
Fair value loss on financial assets at fair value through profit and loss	5, 27	–	1,535
Loss on disposal of property, plant and equipment	27	11	26
Property, plant and equipment written off	27	97	1,168
Others		–	43
		<b>4,400</b>	<b>15,508</b>

### 26(d) Finance costs

Finance costs relate to interest expense on bank loans (see Note 20).



## NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 JANUARY 2013

## 27 Profit before taxation

The Group	Note	2013 \$'000	2012 \$'000
Profit before taxation has been arrived at after charging/(crediting):			
Audit fee:			
- auditors of the Company			
- current year		123	115
- other auditors			
- current year		138	122
- over provision in respect of prior years		-	(2)
Non-audit fees:			
- auditors of the Company			
- current year		-	29
- under provision in respect of prior years		-	5
- other auditors			
- current year		121	54
- under provision in respect of prior years		22	5
Depreciation of:			
- investment properties	13(b)	725	725
- property, plant and equipment	14	4,198	4,960
Directors' fee		245	268
Exchange loss	26(c)	1,307	3,879
Fair value gains recycled from fair value reserve to consolidated income statement on derecognition of available-for-sale financial assets	26(a)	(1,896)	(4,524)
Fair value (gain)/loss on financial assets at fair value through profit and loss	26(a), 26(c)	(2,121)	1,535
Loss/(gain) on disposal of:			
- investment properties	26(a)	-	(504)
- property, plant and equipment	26(c)	11	26
Property, plant and equipment written off	26(c)	97	1,168
Goodwill written off		-	39
Impairment loss on other receivables no longer required	6	-	(1)
Impairment loss on available-for-sale financial assets	26(c)	-	4,453
Operating lease rentals	33.1(a)	2,270	1,640
Employee benefit costs:			
Directors			
- directors of the Company		10,610	9,343
- CPF contributions and other equivalent contributions		25	23
Key management personnel (other than directors)			
- salaries, wages and other related costs		1,724	1,966
- CPF contributions and other equivalent contributions		36	70
Other than directors and key management personnel			
- salaries, wages and other related costs		19,241	17,659
- CPF contributions and other equivalent contributions		1,678	1,530
		33,314	30,591
Cost of sales:			
- current		(100,014)	(105,539)
- project costs written back		30,000	76,338
		(70,014)	(29,201)

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 JANUARY 2013

### 28 Taxation

The Group	2013 \$'000	2012 \$'000
Current taxation		
- Singapore	4,948	13,676
- Foreign	3,872	3,962
	8,820	17,638
Deferred taxation (Note 15)		
- credited to income statement	(2,727)	(69)
Tax expense	6,093	17,569
Over provision in respect of prior years		
- current taxation	(227)	(3,285)
	5,866	14,284

The tax expense on the results of the financial year varies from the amount of income tax determined by applying the Singapore statutory rate of income tax on the Group's profit as a result of the following:

Profit before taxation	115,441	102,633
Share of results of joint ventures and an associated company	(94,813)	(26,736)
	20,628	75,897
Tax at statutory rate of 17%	3,507	12,902
Tax effect on non-deductible expenses	2,899	6,409
Tax effect on non-taxable income	(5,603)	(7,665)
Tax effect on deferred tax assets not recognised	-	574
Utilisation of deferred tax assets on temporary differences not recognised in previous years	(147)	2
Singapore statutory stepped income exemption	(125)	(97)
Foreign tax	3,955	3,902
Differences in foreign tax rates	1,607	1,542
	6,093	17,569

As at the end of reporting period, the Group had unabsorbed capital allowances and tax losses amounting to \$3,240,000 (2012 - \$3,184,000) and \$1,909,000 (2012 - \$940,000) respectively, which are subject to agreement with the tax authorities. These 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, Cap. 134 are complied with.

On 29 June 2011, the interest of a subsidiary, 22 Dempsey Pte. Ltd. was acquired by Starworth Pte Ltd. In accordance with Sections 23 and 37 of the Singapore Income Tax Act, the Group may lose its ability to carry forward these unabsorbed capital allowances and unutilised tax losses as a result of this change in ownership of the subsidiary. The Group intends to apply to the Inland Revenue Authority of Singapore for waiver to carry forward such capital allowances and tax losses on grounds that such ownership change is not executed for the purpose of deriving any tax benefit or to obtain any tax advantage. As at the reporting date, it is uncertain whether the Group will be successful in applying for the unabsorbed capital allowances and tax losses to be carried forward.

Unutilised tax benefits totalling \$875,000 (2012 - \$701,000) 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.

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 JANUARY 2013

**29 Earnings per share**

The basic and diluted earnings per share are calculated by dividing the net profit attributable to equity holders of the Group 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:

	<b>2013</b>	2012
	<b>\$'000</b>	\$'000
Net profit attributable to equity holders of the Group	<b>109,746</b>	85,936
Weighted average number of ordinary shares for purpose of calculating basic and diluted earnings per share	<b>738,816,000</b>	738,816,000
Basic and diluted earnings per share (cents)	<b>14.85</b>	11.63

**30 Contingent liabilities (unsecured)**

The following are unsecured contingent liabilities not provided for in the financial statements:

The Company

- (a) The Company has given letters of undertaking to provide financial support for the following subsidiaries which had aggregate net deficits at 31 January 2013 of \$17.3 million (2012 - \$9.4 million) to enable them to continue to operate as going concern and to meet their respective obligations as and when they fall due:

Bali Investment Pte. Ltd.  
 Dalton Investment Pte. Ltd.  
 Duxton Hotel (Pte.) Ltd.  
 East Peak Development Pte. Ltd.  
 Herman Investments Pte Ltd  
 Huatland Development Pte. Ltd.  
 Kwan Hwee Investment Pte Ltd  
 LKH (Saigon) Pte. Ltd.  
 Paya Lebar Development Pte. Ltd.  
 Prodev Pte Ltd  
 Pyline Pte Ltd  
 Quality Investments Pte Ltd  
 Siong Feng Development Pte. Ltd.  
 Starworth Pte Ltd  
 Thyme Saigon Pte Ltd  
 Vinametric Limited  
 22 Dempsey Pte. Ltd.

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 JANUARY 2013

### 30 Contingent liabilities (unsecured) (cont'd)

- (b) A guarantee provided to a bank for loan facility of US\$2,250,000 (S\$2,768,000) [2012 - US\$2,250,000 (S\$2,813,000)] granted to a subsidiary.

Subsequent to the end of reporting period, the said guarantee provided by the Company has been discharged.

- (c) A guarantee provided to a bank for loan facility of \$560,800,000 (2012 - \$560,800,000) granted to a subsidiary, with 80% equity interest.

With reference to (b) and (c), there are no effect on the financial guarantees as to the interest cost since the variable interest rate debt obligation is at prevailing market interest rate.

### 31 Related party transactions

Other than the related party information disclosed elsewhere in the financial statements, the following are significant transactions entered with related parties at mutually agreed amounts:

The Group	2013 \$'000	2012 \$'000
Sales to joint ventures	–	327
Interest income from joint ventures	–	6
Interest expense charged by non-controlling shareholders of a subsidiary	1,632	1,122
Acquisition of plant and equipment from a non-controlling shareholder	–	15
Consultancy services charged by a related party of a non-controlling shareholder of a subsidiary	981	416
Commission expenses charged by a related party of a non-controlling shareholder of a subsidiary	6,857	–
Dividend paid to a non-controlling shareholder of a subsidiary	480	1,803

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 JANUARY 2013

**32 Dividends**

	<b>2013</b>	2012
The Group and the Company	<b>\$'000</b>	\$'000
<u>Dividends proposed</u>		
- Ordinary dividends:		
First and final dividend of 3.0 (2012 - 3.0) cents per share, tax exempt	<b>22,164</b>	22,164
- Special dividends:		
First and final dividend of 1.5 (2012 - 1.0) cents per share, tax exempt	<b>11,083</b>	7,388
	<b>33,247</b>	29,552
<u>Dividends paid</u>		
- Ordinary dividends:		
First and final dividend of 3.0 cents (2012 - 3.0) cents per share, tax exempt paid in respect of the previous financial year	<b>22,164</b>	22,164
- Special dividends:		
First and final dividend of 1.0 (2012 - 1.0) cents per share, tax exempt paid in respect of the previous financial year	<b>7,388</b>	7,388
	<b>29,552</b>	29,552

**33 Commitments****33.1 Operating lease commitments (non-cancellable)**

- (a) Rental expense of the Group and the Company for the financial year ended 31 January 2013 amounted to \$2,270,000 (2012 - \$1,640,000) and \$152,000 (2012 - \$136,000) respectively. Certain leases have varying terms, escalation clauses and renewal rights. At the end of reporting period, the Group and the Company were committed to making payments in respect of rental of premises and office equipment with remaining contractual terms ranging from 1 year to 23 years as follows:

	The Group		The Company	
	<b>2013</b>	2012	<b>2013</b>	2012
	<b>\$'000</b>	\$'000	<b>\$'000</b>	\$'000
Not later than one year	<b>1,643</b>	1,483	-	11
Later than one year and not later than five years	<b>1,125</b>	2,907	-	-
Later than five years	<b>725</b>	1,306	-	-
	<b>3,493</b>	5,696	-	11

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 JANUARY 2013

### 33 Commitments (cont'd)

#### 33.1 Operating lease commitments (non-cancellable) (cont'd)

- (b) The Group and the Company lease out a portion of their warehouse and office units to third parties under non-cancellable operating lease. Rental income of the Group and the Company for the financial year ended 31 January 2013 amounted to \$1,561,000 (2012 - \$2,324,000) and \$794,000 (2012 - \$1,450,000) respectively.

The future minimum lease receivable under non-cancellable operating leases contracted for at the end of reporting period but not recognised as receivable, is as follows:

	The Group		The Company	
	2013 \$'000	2012 \$'000	2013 \$'000	2012 \$'000
Not later than one year	936	571	401	121
Later than one year and not later than five years	640	-	308	-
Later than five years	-	-	-	-
	<b>1,576</b>	571	<b>709</b>	121

#### 33.2 Capital commitment

	2013 \$'000	2012 \$'000
The Group		
Capital expenditure contracted but not provided for in the financial statements	<b>3,933</b>	4,203

The capital commitment principally relates to

- consultancy services on the construction of the residential apartments, office building and a five-star hotel at Front Beach, Vung Tau City, Socialist Republic of Vietnam by OSC-Duxton (Vietnam) Joint Venture Company Limited; and
- Renovation projects in Duxton Hotel Saigon by Vinametric Limited.

#### 33.3 Other commitment

	2013 \$'000	2012 \$'000
The Group		
Uncalled capital contribution in respect of joint venture with OSC - Duxton (Vietnam) Joint Venture Company Limited (US\$5,350,000)	<b>6,581</b>	6,688

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 JANUARY 2013

### 34 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) Construction  
Activities in this segment comprise building and engineering work.
- (ii) Development  
Activities in this segment comprise the development of properties.
- (iii) Hotels  
Activities in this segment comprise owning and operating hotels and restaurants.
- (iv) Investments  
Activities in this segment relate mainly to investment in properties and shares in quoted and unquoted equities.

There are no operating segments that have been aggregated to form the above reportable operating segments.

The joint managing directors 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.

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 JANUARY 2013

## 34 Operating segments (cont'd)

The Group

## (a) Business Segments

	Construction		Development		Hotels		Investments		Consolidated	
	2013	2012	2013	2012	2013	2012	2013	2012	2013	2012
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
<b>REVENUE</b>										
Total sales	131,590	82,505	580	-	63,219	58,019	2,032	3,626	197,421	144,150
Inter-segment sales	(64,153)	-	-	-	(6,271)	(6,392)	(633)	(1,360)	(71,057)	(7,752)
External sales	67,437	82,505	580	-	56,948	51,627	1,399	2,266	126,364	136,398
<b>RESULTS</b>										
Segment results	17,241	70,315	(14,861)	(2,590)	12,922	6,755	6,737	1,854	22,039	76,334
Finance costs	(1,411)	(437)	-	-	-	-	-	-	(1,411)	(437)
	15,830	69,878	(14,861)	(2,590)	12,922	6,755	6,737	1,854	20,628	75,897
Share of results of joint ventures and an associated company	-	-	94,813	26,736	-	-	-	-	94,813	26,736
	15,830	69,878	79,952	24,146	12,922	6,755	6,737	1,854	115,441	102,633
Taxation									(5,866)	(14,284)
Non-controlling interests									171	(2,413)
Net profit									109,746	85,936



## NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 JANUARY 2013

## 34 Operating segments (cont'd)

## (a) Business Segments (cont'd)

	Construction		Development		Hotels		Investments		Consolidated	
	2013	2012	2013	2012	2013	2012	2013	2012	2013	2012
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
<b>OTHER INFORMATION</b>										
Segment assets	97,530	55,385	1,025,485	811,571	71,114	72,412	56,295	51,912	1,250,424	991,280
Investment in associated company and joint ventures under equity method	4,755	4,903	147,902	141,368	-	-	15,908	18,166	168,565	164,437
Consolidated total assets (excluding taxation)	102,285	60,288	1,173,387	952,939	71,114	72,412	72,203	70,078	1,418,989	1,155,717
Segment liabilities	82,360	134,299	807,828	583,601	4,979	6,994	235	713	895,401	725,607
Investment in joint ventures under equity method	22,618	412	-	-	-	-	-	-	22,618	412
Consolidated total liabilities (excluding taxation)	104,978	134,711	807,828	583,601	4,979	6,994	235	713	918,019	726,019
Capital expenditure										
- property, plant and equipment	563	15	-	24	5,406	6,295	-	-	5,969	6,334
- investment properties	-	6	-	-	-	-	-	-	-	6
Depreciation										
- property, plant and equipment	596	601	18	13	3,708	4,456	-	-	4,322	5,070
- investment properties	-	-	-	-	-	-	725	725	725	725
Property, plant and equipment written off	-	-	-	-	97	1,162	-	6	97	1,168
Impairment loss on available-for-sale financial assets	-	-	-	-	-	-	-	4,453	-	4,453
Fair value gains recycled from fair value reserve to profit or loss on derecognition of available-for-sale financial assets	-	-	-	-	-	-	1,896	4,524	1,896	4,524
Goodwill written off	-	-	-	-	-	39	-	-	-	39

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 JANUARY 2013

**34 Operating segments (cont'd)**

## (b) Geographical Segment

The following table shows the distribution of the Group's consolidated sales by geographical source, regardless of where the services are rendered:

## Sales Revenue by Geographical Market

	<b>2013</b>	2012
	<b>\$'000</b>	\$'000
The Group		
Singapore	<b>78,091</b>	90,586
Australia	<b>38,969</b>	36,672
Vietnam	<b>8,724</b>	9,108
Malaysia	-	32
China	<b>580</b>	-
	<b>126,364</b>	136,398

Information about major customers

Revenue from two (2012 - three) major customers arising from sales attributable to the Singapore construction segment amounted to:

- \$17,797,000 (2012 - \$27,742,000); and
- \$49,416,000 (2012 - \$18,559,000).

## (c) Assets and additions to property, plant and equipment by geographical areas

The following table shows the carrying amount of the segment assets and additions to property, plant and equipment and investment properties by geographical areas in which the assets are located:

	Carrying amount of segment assets		Additions to property, plant and equipment and investment properties	
	<b>2013</b>	2012	<b>2013</b>	2012
	<b>\$'000</b>	\$'000	<b>\$'000</b>	\$'000
The Group				
Singapore	<b>1,176,514</b>	914,727	<b>1,708</b>	3,288
Australia	<b>50,305</b>	50,565	<b>4,025</b>	2,838
Vietnam	<b>15,515</b>	16,137	<b>236</b>	214
Malaysia	<b>2,063</b>	3,660	-	-
China	<b>6,027</b>	6,191	-	-
	<b>1,250,424</b>	991,280	<b>5,969</b>	6,340

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 JANUARY 2013

**34 Operating segments (cont'd)**

(d) Reconciliation of segments total assets and total liabilities

	<b>2013</b>	2012
The Group	<b>\$'000</b>	\$'000
Reportable segments' assets are reconciled to total assets as follows:		
Segment assets	<b>1,250,424</b>	991,280
Investment in associated company and joint ventures	<b>168,565</b>	164,437
Tax recoverable	*	11
Deferred tax assets	<b>3,269</b>	559
Total assets	<b>1,422,258</b>	1,156,287
Reportable segments' liabilities are reconciled to total liabilities as follows:		
Segment liabilities	<b>895,401</b>	725,607
Joint ventures	<b>22,618</b>	412
Liabilities owing to tax authorities for business tax	<b>4,948</b>	7,410
Deferred tax liabilities	<b>14</b>	17
Current tax payable	<b>9,881</b>	18,148
Total liabilities	<b>932,862</b>	751,594

\* represents amount less than \$500

**35 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	
	<b>2013</b>	2012
Above \$2,000,000	<b>3</b>	3
\$1,750,000 to \$1,999,999	-	-
\$1,000,000 to \$1,249,999	-	-
\$250,000 to \$499,999	<b>1</b>	1
Below \$250,000	<b>5</b>	5
Total	<b>9</b>	9

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 JANUARY 2013

### 36 Financial risk management objectives and policies

The Group's financial instruments carried on the statements of financial position include cash and cash equivalents, financial assets and financial liabilities.

The Group's activities expose it to a variety of financial risks: currency risk, interest rate risk, liquidity risk, market price risk and credit risk. The Group's overall risk management strategy seeks to minimise potential adverse effects from the unpredictability of financial markets on the Group's financial performance through a system of internal controls set by the management.

The Board of Directors, through the Audit Committee, oversees on how management monitors the compliance of the Group's system of internal controls. In its oversight role, the Audit Committee is aided by the Internal Audit function, which undertakes regular audits of the Group's system of internal controls, the result of which are reported directly to the Audit Committee.

The Group uses interest rate swap to mitigate the risk of rising interest rates. Except for the interest rate swap, the Group does not hold or issue derivative financial instruments for speculative purposes.

#### 36.1 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 and liabilities are denominated in foreign currencies which give rise to foreign exchange risk, particularly among the hotels which are located overseas. The currencies giving rise to this risk are primarily Australian dollar, United States dollar, Chinese Renminbi, Malaysian Ringgit and Vietnamese Dong.

In terms of operations, the sales and purchases are denominated in the same currency as much as 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 entities. The exposure is monitored on an ongoing basis and the Group endeavours to keep the net exposure at an acceptable level.

#### 36.2 Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

The Group's exposure to interest rate risk arises primarily from bank borrowings and cash placed with financial institutions. The Group manages its exposure to interest rate movements on its bank borrowings using floating-to-fixed interest rate swaps.

The interest rates of cash placed with financial institutions, amounts owing to non-controlling shareholders of subsidiaries and bank borrowings are disclosed in Notes 4, 19 and 20 to the financial statements, respectively.

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 JANUARY 2013

**36 Financial risk management objectives and policies (cont'd)****36.2 Interest rate risk (cont'd)**Sensitivity analysis for interest rate risk

The sensitivity analyses below have 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) →			
	2013		2012	
	Profit/(loss) after taxation \$'000	Equity \$'000	Profit after taxation \$'000	Equity \$'000
The Group				
Interest rate				
- decreased by 1% per annum	3,798	3,798	4,576	4,576
- increased by 1% per annum	(3,798)	(3,798)	(4,576)	(4,576)
The Company				
Interest rate				
- decreased by 1% per annum	(365)	(365)	191	191
- increased by 1% per annum	365	365	(191)	(191)

**36.3 Liquidity risk**

Liquidity risk is the risk that the Group will encounter difficulty in raising funds to meet commitments associated with financial instruments that are settled by delivering cash or other financial asset. Liquidity risk may result from an inability to sell a financial asset quickly at close to its fair value.

The Group ensures that there are adequate funds to meet all its obligations in a timely and cost-effective manner. The Group aims at maintaining flexibility in funding by keeping committed credit facilities available as disclosed in Note 20 to the financial statements.

The table below analyses 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 the contractual undiscounted cash flows. Balance due within 12 months equal their carrying balances as the impact of discounting is not significant.

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 JANUARY 2013

**36 Financial risk management objectives and policies (cont'd)****36.3 Liquidity risk (cont'd)**

	Less than 1 year \$'000	Between 1 and 5 years \$'000	Total \$'000
<b>The Group</b>			
<b>At 31 January 2013</b>			
Trade and other payables	339,461	240	339,701
Amounts owing to joint ventures	2	22,212	22,214
Amounts owing to non-controlling shareholders of subsidiaries (non-trade)	511	44,791	45,302
Provision for directors' fee	245	–	245
Bank borrowings	–	528,965	528,965
Derivative financial instrument	902	1,803	2,705
	<b>341,121</b>	<b>598,011</b>	<b>939,132</b>
<b>At 31 January 2012</b>			
Trade and other payables	128,609	259	128,868
Amount owing to a joint venture	2	–	2
Amounts owing to non-controlling shareholders of subsidiaries (non-trade)	2,022	44,787	46,809
Provision for directors' fee	268	–	268
Bank borrowings	23,101	546,339	569,440
Derivative financial instrument	1,017	2,286	3,303
	155,019	593,671	748,690
<b>The Company</b>			
<b>At 31 January 2013</b>			
Trade and other payables	87,105	–	87,105
Amounts owing to subsidiaries	16,795	–	16,795
Amounts owing to joint ventures	2	22,212	22,214
Provision for directors' fee	245	–	245
Derivative financial instrument	902	1,803	2,705
	<b>105,049</b>	<b>24,015</b>	<b>129,064</b>
<b>At 31 January 2012</b>			
Trade and other payables	107,722	–	107,722
Amounts owing to subsidiaries	9,465	–	9,465
Amount owing to a joint venture	2	–	2
Provision for directors' fee	268	–	268
Bank borrowings	23,101	–	23,101
Derivative financial instrument	1,017	2,286	3,303
	141,575	2,286	143,861

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 JANUARY 2013

**36 Financial risk management objectives and policies (cont'd)****36.4 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 available-for-sale financial assets and financial assets held at fair value through profit or loss. These securities are listed in Singapore and Malaysia. The Group is not exposed to price risk which is commodity sensitive.

The sensitivity analyses below have 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% (2012 - 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.

**Investments**

	← Increase/(decrease) →			
	2013		2012	
	Profit after taxation \$'000	Equity \$'000	Profit after taxation \$'000	Equity \$'000
The Group				
Prices for quoted equity investments				
- increased by 2% per annum	103	1,088	68	975
- decreased by 2% per annum	(103)	(1,088)	(68)	(975)
The Company				
Prices for quoted equity investments				
- increased by 2% per annum	-	41	-	39
- decreased by 2% per annum	-	(41)	-	(39)

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 JANUARY 2013

### 36 Financial risk management objectives and policies (cont'd)

#### 36.5 Credit risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss.

The Group's exposure to credit risk arises primarily from trade and other receivables, related party balances and cash placed with financial institutions. For trade receivables, the Group adopts the policy of dealing only with customers of appropriate credit history. For other financial assets, the Group adopts the policy of dealing only with high credit quality counterparties.

There are no significant concentrations of credit other than advances to joint ventures, an associated company, and inter-company balances which are eliminated upon consolidation.

At the end of reporting period, approximately 49% (2012 - 86%) of the Group's trade receivables are due from customers in the construction industry. The Group's single customer reported 39% of the Group's revenue.

The Group carries out construction work mainly for private sectors. Credit risks are taken into consideration in the decision to participate in tenders for construction contracts.

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. An allowance for impairment on the receivables is made where there is an identified loss event which, based on previous experience, is evidence of a reduction in the recoverability of the cash flows.

As the Group does not hold any collateral, the maximum exposure to credit risk for each class of financial instruments is the carrying amount of that class of financial instruments presented in the statements of financial position.

#### Fair values

The carrying amount of the financial assets and financial liabilities with a maturity of less than 1 year is assumed to approximate their fair values.

The Group and the Company do not anticipate that the carrying amounts recorded at end of reporting period would be significantly different from the values that would eventually be received or settled.

Information on fair values of investment in financial assets at fair value through profit or loss, available-for-sale financial assets and interest rate swap contract are included in Note 5 and Note 21 respectively.



## NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 JANUARY 2013

**37 Financial instruments****(a) Fair value hierarchy**

The table below analyses financial instruments carried at fair value, by valuation method. 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).

	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	Total \$'000
The Group				
<b>As at 31 January 2013</b>				
<u>Assets/(liabilities)</u>				
Financial assets, available-for-sale	<b>49,244</b>	-	-	<b>49,244</b>
Financial assets, at fair value through profit or loss	<b>6,200</b>	-	-	<b>6,200</b>
Interest rate swap	-	<b>(2,705)</b>	-	<b>(2,705)</b>
<b>As at 31 January 2012</b>				
<u>Assets/(liabilities)</u>				
Financial assets, available-for-sale	45,354	-	-	45,354
Financial assets, at fair value through profit or loss	4,098	-	-	4,098
Interest rate swap	-	(3,303)	-	(3,303)
The Company				
<b>As at 31 January 2013</b>				
<u>Assets/(liabilities)</u>				
Financial assets, available-for-sale	<b>2,032</b>	-	-	<b>2,032</b>
Interest rate swap	-	<b>(2,705)</b>	-	<b>(2,705)</b>
<b>As at 31 January 2012</b>				
<u>Assets/(liabilities)</u>				
Financial assets, available-for-sale	1,974	-	-	1,974
Interest rate swap	-	(3,303)	-	(3,303)

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 held by the Group and the Company is the current bid price. These instruments are included in Level 1.

The fair value of financial instrument included in Level 2 is determined by the bank using a valuation model and assumptions that are based on market conditions existing at the end of reporting period.

**NOTES TO THE FINANCIAL STATEMENTS**

FOR THE FINANCIAL YEAR ENDED 31 JANUARY 2013

**37 Financial instruments (cont'd)****(b) Financial instruments by category**

The carrying amount of the different categories of financial instrument is as disclosed on the face of the statements of financial position and in Notes 5 and 21 to the financial statements, except for the following:

	The Group		The Company	
	2013 \$'000	2012 \$'000	2013 \$'000	2012 \$'000
Loans and receivables	<b>267,492</b>	166,663	<b>426,287</b>	437,227
Financial liabilities at amortised cost	<b>914,663</b>	722,036	<b>126,114</b>	140,189

**38 Capital risk management objectives and policies**

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 shareholder's 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.

There were no changes in the Group's and Company's approach to capital management during the financial year ended 31 January 2013.

The Group and the Company are not subject to externally imposed capital requirements.

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 bank borrowings, trade and other payables, derivative financial instrument and amounts owing to related parties less cash and cash equivalents.

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 JANUARY 2013

**38 Capital risk management objectives and policies (cont'd)**

Total capital is calculated as total equity plus net debt.

	<b>2013</b>	2012
The Group	<b>\$'000</b>	\$'000
Trade and other payables (Note 16)	<b>339,701</b>	128,868
Joint ventures (Notes 10 and 18)	<b>22,214</b>	2
Amounts owing to non-controlling shareholders of subsidiaries (Note 19)	<b>43,946</b>	43,826
Bank borrowings (Note 20)	<b>513,750</b>	556,750
Derivative financial instrument (Note 21)	<b>2,705</b>	3,303
	<b>922,316</b>	732,749
Less:		
Cash and cash equivalents (Note 4)	<b>(205,517)</b>	(32,888)
Net debt	<b>716,799</b>	699,861
Total equity	<b>489,396</b>	404,693
Total capital	<b>1,206,195</b>	1,104,554
Gearing ratio	<b>59%</b>	63%

**39 Event after end of reporting date**

The Company and The Group

- (i) Subsequent to the end of reporting period, the Company has entered into a conditional sale & purchase agreement to sell its warehouses classified under investment properties and property, plant and equipment with net book values of \$2,975,000 and \$809,000 respectively to a third party at a consideration of \$10,100,000 [Note 13(c) and Note 14(ii)(a)]. The sale is subject to the approval of JTC Corporation of Singapore.
- (ii) Subsequent to the end of reporting period, East Peak Development Pte. Ltd. ("East Peak"), a wholly-owned subsidiary of the Company, has subscribed for 700,000 ordinary shares in the share capital of Newfort Alliance (Kismis) Pte. Ltd. ("Kismis"), a company incorporated in Singapore for a purchase consideration of \$700,000. East Peak has 70% equity interest in Kismis.

**NOTES TO THE FINANCIAL STATEMENTS**

FOR THE FINANCIAL YEAR ENDED 31 JANUARY 2013

**40 Comparative figures**

Certain comparative figures have been reclassified to conform with current year's presentation:

The Group	← 2012 →		
	As previously reported \$'000	Reclassification \$'000	After reclassification \$'000
<b>Statements of financial position</b>			
<u>Current assets</u>			
Development properties	785,128	6,271	791,399
<u>Current liabilities</u>			
Trade and other payables	(122,338)	(6,271)	(128,609)
	662,790	-	662,790

There is no impact on other notes to the financial statements as the reclassification relates to monies received in advance made thereon to the financial statements.

## STATISTICS OF SHAREHOLDINGS

AS AT 17 APRIL 2013

## SHARE CAPITAL INFORMATION

Issued Share Capital	:	738,816,000
Class of shares	:	Ordinary share
Voting rights	:	One vote per share

## DISTRIBUTION OF SHAREHOLDINGS AND NUMBER OF HOLDERS

Size of Shareholdings	No. of Shareholders	%	No. of Shares	%
1 - 999	17	0.61	3,600	0.00
1,000 - 10,000	1,179	42.37	7,212,331	0.97
10,001 - 1,000,000	1,558	55.98	105,856,172	14.33
1,000,001 and above	29	1.04	625,743,897	84.70
<b>Total</b>	<b>2,783</b>	<b>100.00</b>	<b>738,816,000</b>	<b>100.00</b>

## TOP 20 LARGEST SHAREHOLDERS

No	Name	No of Shares	%
1	UNITED OVERSEAS BANK NOMINEES	398,819,193	53.98
2	LOW KENG BOON @ LAU BOON SEN	61,841,450	8.37
3	LOW KENG HOO	52,889,946	7.16
4	LAU CHOY LAY	21,000,000	2.84
5	HSBC (SINGAPORE) NOMS PTE LTD	12,383,000	1.68
6	DBS VICKERS SECS (S) PTE LTD	8,762,000	1.19
7	CITIBANK NOMS S'PORE PTE LTD	7,688,839	1.04
8	UOB KAY HIAN PTE LTD	7,645,000	1.03
9	LOW CHIN HAN	6,000,000	0.81
10	PHILLIP SECURITIES PTE LTD	5,806,000	0.79
11	DBS NOMINEES PTE LTD	4,927,983	0.67
12	OCBC SECURITIES PRIVATE LTD	4,927,000	0.67
13	LOW SEOK LING MONICA	4,579,356	0.62
14	MAYBANK KIM ENG SECS PTE LTD	4,429,000	0.60
15	CITIBANK CONSUMER NOMS PTE LTD	2,439,000	0.33
16	OW-YONG SIM HIAN MABEL	2,310,000	0.31
17	TAY CHANG MONG	2,268,000	0.31
18	LOW POH KUAN	1,998,000	0.27
19	TAY CHIU GEE	1,706,000	0.23
20	GOH LAY HWA	1,647,000	0.22
	<b>TOTAL</b>	<b>614,066,767</b>	<b>83.11</b>

**STATISTICS OF SHAREHOLDINGS**

AS AT 17 APRIL 2013

**SUBSTANTIAL SHAREHOLDERS**

Name of Substantial Shareholder	No. of shares fully paid		
	Direct Interest	Deemed interest	Total
Consistent Record Sdn Bhd	–	395,194,345	395,194,345
Tan Sri Dato' Low Keng Huat	1,200,000	395,194,345	396,394,345
Dato' Marco Low Peng Kiat	300,000	396,745,345	397,045,345
Low Keng Boon @ Lau Boon Sen	61,841,450	27,452,000	89,293,450
Low Keng Hoo @ Lau Keeng Foo	52,889,946	–	52,889,946

Tan Sri Dato' Low Keng Huat is deemed to be interested in the 395,194,345 shares held by United Overseas Bank Nominees (Private) Limited ("UOBN") for account of Consistent Record Sdn Bhd ("CRSB").

Dato' Marco Low Peng Kiat is deemed to be interested in the 395,194,345 shares held by UOBN for account of CRSB and 1,551,000 shares held by UOB Kay Hian Pte. Ltd. on account of Dato' Marco Low.

Low Keng Boon @ Lau Boon Sen is deemed to be interested in 21,000,000 shares held by his spouse, 152,000 shares held by AML Holdings Pte Ltd and 6,300,000 shares held by UOB Kay Hian Pte. Ltd. for account of Low Keng Boon.

**PERCENTAGE OF SHAREHOLDINGS IN PUBLIC HANDS**

Based on information available to the Company as at 17 April 2013, approximately 25.02% of the issued ordinary shares of the Company are held in the hands of the public. This in compliance with Rule 723 of the Listing Manual issued by the Singapore Exchange Securities Trading Limited.

## NOTICE OF FORTY-FOURTH ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Forty-Fourth Annual General Meeting of the Company will be held at 22 Dempsey Road, Singapore 249679 on Friday, 31 May 2013, 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 2013 together with the reports of the Directors and the Auditors thereon. **(Resolution 1)**
2. To declare a first and final tax exempt (one tier) dividend of 3.0 cents and a special tax exempt (one tier) dividend of 1.5 cents per ordinary share for the financial year ended 31 January 2013. **(Resolution 2)**
3. To re-elect Mr Low Poh Kuan, a Director retiring under Article 88 of the Articles of Association of the Company. **(Resolution 3)**
4. To consider, and if thought fit, to pass the following resolution:-  
  
That pursuant to Section 153(6) of the Companies Act, Cap. 50, Tan Sri Dato' Low Keng Huat be and is hereby re-appointed a Director of the Company to hold office until the next Annual General Meeting. **(Resolution 4)**
5. To consider, and if thought fit, to pass the following resolution:-  
  
That pursuant to Section 153(6) of the Companies Act, Cap. 50, Low Keng Hoo @ Lau Keeng Foo be and is hereby re-appointed a Director of the Company to hold office until the next Annual General Meeting. **(Resolution 5)**
6. To consider, and if thought fit, to pass the following resolution:-  
  
That pursuant to Section 153(6) of the Companies Act, Cap. 50, Mr Lee Han Yang be and is hereby re-appointed a Director of the Company to hold office until the next Annual General Meeting. **(Resolution 6)**

#### Note:

Mr Lee Han Yang will, upon re-appointment as Director of the Company, remain as a member of the Audit Committee and is considered independent pursuant to Rule 704(8) of the Listing Manual of the Singapore Exchange Securities Trading Limited. He will also remain as the Chairman of the Remuneration Committee and a member of the Nominating Committee.

7. To consider, and if thought fit, to pass the following resolution:-  
  
That pursuant to Section 153(6) of the Companies Act, Cap. 50, Mr Lucas Liew Kim Voon be and is hereby re-appointed a Director of the Company to hold office until the next Annual General Meeting. **(Resolution 7)**

#### Note:

Mr Lucas Liew Kim Voon will, upon re-appointment as Director of the Company, remain as the Chairman of the Audit Committee and is considered independent pursuant to Rule 704(8) of the Listing Manual of the Singapore Exchange Securities Trading Limited. He will also remain as the Chairman of the Nominating Committee and a member of the Remuneration Committee.

## NOTICE OF FORTY-FOURTH ANNUAL GENERAL MEETING

8. To consider, and if thought fit, to pass the following resolution:-

That pursuant to Section 153(6) of the Companies Act, Cap. 50, Mr Low Keng Boon @ Lau Boon Sen, be and is hereby re-appointed a Director of the Company to hold office until the next Annual General Meeting. **(Resolution 8)**

9. To consider, and if thought fit, to pass the following resolution:-

That pursuant to Section 153(6) of the Companies Act, Cap. 50, Mr Wey Kim Long, be and is hereby re-appointed a Director of the Company to hold office until the next Annual General Meeting. **(Resolution 9)**

**Note:**

Mr Wey Kim Long will, upon re-appointment as Director of the Company, remain as a member of the Audit Committee and is considered independent pursuant to Rule 704(8) of the Listing Manual of the Singapore Exchange Securities Trading Limited. He will also remain as a member of the Remuneration Committee.

10. To approve the Directors' fee of \$245,000 for the financial year ended 31 January 2013 (2012: \$267,500) **(Resolution 10)**
11. To re-appoint Foo Kon Tan Grant Thornton LLP, as Auditors of the Company and to authorise the Directors to fix their remuneration. **(Resolution 11)**

### AS SPECIAL BUSINESS

To consider and, if thought fit, to pass the following as Ordinary Resolutions:-

12. Authority to allot and issue shares

“(a) That pursuant to Section 161 of the Companies Act, Cap. 50 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 to such persons and upon such terms and for such purposes 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,



## NOTICE OF FORTY-FOURTH ANNUAL GENERAL MEETING

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, 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 of the Company, and for the purpose of this resolution, the total number of issued shares excluding treasury shares shall be the Company's total number of issued shares excluding treasury shares at the time this resolution is passed, after adjusting for;
  - (a) new shares arising from the conversion or exercise of convertible securities, or
  - (b) new shares arising from exercising share options or vesting of share awards outstanding or subsisting at the time this resolution is passed 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
- (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 12)**  
**(See Explanatory Note 1)**

### ANY OTHER BUSINESS

13. To transact any other business that may be transacted at an Annual General Meeting.

## NOTICE OF FORTY-FOURTH ANNUAL GENERAL MEETING

### NOTICE OF BOOKS CLOSURE

**NOTICE IS HEREBY GIVEN** that the Share Transfer Books and the Register of Members of the Company will be closed from 10 June 2013 after 5.00 p.m. to 11 June 2013 for the preparation of dividend warrants.

Duly completed registrable transfers received by the Company's Share Registrar, KCK CorpServe Pte. Ltd., 333 North Bridge Road #08-00, KH KEA Building, Singapore 188721 up to 5.00 p.m. on 10 June 2013 will be registered to determine shareholders' entitlements to the said proposed first and final dividend and special dividend (collectively, "Dividends"). Members whose Securities Accounts with The Central Depository (Pte) Limited are credited with shares at 5.00 p.m. on 10 June 2013 will be entitled to the abovementioned proposed Dividends.

Payment of the Dividends, if approved by the shareholders at the Annual General Meeting to be held on 31 May 2013 will be made on 18 June 2013.

By Order of the Board

Chin Yeok Yuen  
Company Secretary  
Singapore, 9 May 2013

#### Notes:

1. A Depositor's name must appear on the Depository Register not less than 48 hours before the time of the Meeting.
2. A member entitled to attend and vote at the Meeting is entitled to appoint not more than two proxies to attend and vote in his stead and any such proxy need not be a member of the Company.
3. The instrument appointing a proxy must be lodged at the registered office of the Company not less than 48 hours before the time appointed for the Meeting.

#### Explanatory Note on Special Business to be transacted:

The Ordinary Resolution 12 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 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 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 of the Company for this purpose shall be the total number of issued shares excluding treasury shares 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.

# LOW KENG HUAT (SINGAPORE) LIMITED

(Incorporated in the Republic of Singapore)  
Registration No. 196900209G

## PROXY FORM FOR FORTY-FOURTH ANNUAL GENERAL MEETING

### IMPORTANT:

1. This Annual Report is also forwarded to investors who have used their CPF monies to buy shares in the Company at the request of their CPF Approved Nominees, and is sent solely for their information only.
2. The Proxy Form is, therefore, not valid for use by CPF investors and shall be ineffective for all intents and purposes if used or purported to be used by them.

I/We \_\_\_\_\_ (Name)

of \_\_\_\_\_ (Address)

being a member/members of LOW KENG HUAT (SINGAPORE) LIMITED hereby appoint:

Name	Address	NRIC/Passport Number	Proportion of Shareholdings (%)

and/or (delete as appropriate)

Name	Address	NRIC/Passport Number	Proportion of Shareholdings (%)

as my/our proxy/proxies to attend and to vote for me/us and on my/our behalf at the Forty-Fourth Annual General Meeting of the Company to be held at 22 Dempsey Road, Singapore 249679 on Friday, 31 May 2013, at 11.00 a.m., and at any adjournment thereof. I/We direct my/our proxy/proxies to vote for or against the resolutions to be proposed at the Meeting as indicated hereunder. If no specific direction as to voting is given, the proxy/proxies will vote or abstain from voting at his/their discretion, as he/they will on any other matter arising at the Meeting.

No.	Ordinary Resolutions	To be used on a show of hands		To be used in the event of a poll	
		For*	Against*	For**	Against**
1.	To receive and adopt the Audited Financial Statements for the financial year ended 31 January 2013 together with the reports of the Directors and the Auditors thereon.				
2.	To declare a first and final tax exempt (one tier) dividend of 3.0 cents and a special tax exempt (one tier) dividend of 1.5 cents per ordinary share for the financial year ended 31 January 2013.				
3.	To re-elect Mr Low Poh Kuan, a Director retiring under Article 88 of the Articles of Association of the Company.				
4.	To re-appoint Tan Sri Dato' Low Keng Huat, a Director pursuant to Section 153(6) of the Companies Act, Cap. 50.				
5.	To re-appoint Mr Low Keng Hoo @ Lau Keeng Foo, a Director pursuant to Section 153(6) of the Companies Act, Cap. 50.				
6.	To re-appoint Mr Lee Han Yang, a Director pursuant to Section 153(6) of the Companies Act, Cap. 50.				
7.	To re-appoint Mr Lucas Liew Kim Voon, a Director pursuant to Section 153(6) of the Companies Act, Cap. 50.				
8.	To re-appoint Mr Low Keng Boon, a Director pursuant to Section 153(6) of the Companies Act, Cap. 50.				
9.	To re-appoint Mr Wey Kim Long, a Director pursuant to Section 153(6) of the Companies Act, Cap. 50.				
10.	To approve the Directors' fees of \$245,000 for the financial year ended 31 January 2013.				
11.	To re-appoint Foo Kon Tan Grant Thornton LLP, as Auditors of the Company and to authorise Directors to fix their remuneration.				
12.	To authorise Directors to issue shares pursuant to Section 161 of the Companies Act, Cap. 50.				

\* Please indicate your vote "For" or "Against" with a tick (✓) within the box provided.

\*\* If you wish to exercise all your votes "For" or "Against", please tick (✓) within the box provided. Alternatively, please indicate the number of votes as appropriate.

Dated this \_\_\_\_\_ day of \_\_\_\_\_ 2013.

Total Number of Shares in	Number of Shares
(a) CDP Register	
(b) Register of Members	

\_\_\_\_\_  
Signature(s) of Member(s)/Common Seal



## **IMPORTANT: PLEASE READ NOTES FOR PROXY FORM**

### **NOTES FOR PROXY FORM**

1. Please insert the total number of shares held by you. If you have shares entered against your name in the Depository Register (as defined in Section 130A of the Companies Act, Cap. 50 of Singapore), you should insert that number of shares. If you have shares registered in your name in the Register of Members, you should insert that number of shares. If you have shares entered against your name in the Depository Register and share registered in your name in the Register of Members, you should insert the aggregate number of shares entered against your name in the Depository Register and registered in your name in the Register of Members. If the number of shares is not inserted, this proxy form will be deemed to relate to the entire number of ordinary shares in the Company registered in your name(s).
2. A member entitled to attend and vote at a meeting of the Company is entitled to appoint one or two proxies to attend and vote instead of him.
3. Where a member appoints more than one proxy, he shall specify the proportion of his shareholding or the number of shares to be represented by each proxy. If no such proportion or number is specified, the first-named proxy may be treated as representing 100 per cent of the shareholding and any second-named proxy as alternate to the first-named.
4. The instrument appointing a proxy, together with the power of attorney (if any) under which it is signed or a notarially certified or office copy thereof, shall be deposited at the Registered Office, 80 Marine Parade Road #18-05/09, Parkway Parade, Singapore 449269, not later than 11.00 a.m., on Wednesday, 29 May 2013.
5. (A) An instrument appointing a proxy for any member shall be in writing in any usual or common form or in any other form which the Directors may approve and:-
  - (a) in the case of an individual member shall be signed by the member or his attorney; and
  - (b) in the case of a member which is a corporation shall be either given under its common seal or signed on its behalf by an attorney or a duly authorised officer of the corporation.(B) The signatures on an instrument of proxy need not be witnessed. Where an instrument appointing a proxy is signed on behalf of a member by an attorney, the power of attorney or other authority or a duly certified copy thereof shall (failing previous registration with the Company) be lodged with the instrument of proxy pursuant to the next following Article, failing which the instrument of proxy may be treated as invalid.  
(C) In the event that forms of proxy are sent to the members together with any notice of a General Meeting, the accidental omission to include the form of proxy to, or the non-receipt of such form of proxy by, any person entitled to receive such notice shall not invalidate any resolution passed or any proceeding at any such meeting.
6. A corporation which is a member may authorise by resolution of its directors or other governing body such person as it thinks fit to act as its representative at the meeting, in accordance with Section 179 of the Companies Act, Cap. 50.
7. Please indicate with a tick (✓) in the appropriate space how you wish your proxy to vote. If this proxy form is returned without any indication as to how your proxy shall vote, he will vote or abstain from voting as he thinks fit.

### **GENERAL:**

The Company shall be entitled to reject the instrument appointing a proxy or proxies if it is incomplete, improperly completed or illegible or when 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 shares entered in the Depository Register, the Company may reject any instrument appointing a proxy or proxies lodged if the member, being the appointor, is not shown to have shares entered against his name in the Depository Register as at 48 hours before the time appointed for holding the Annual General Meeting, as certified by The Central Depository (Pte) Limited to the Company.



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