



Paya Lebar Square



Parkland Residences



Westgate Tower



Genting Hotel



**LOW KENG HUAT  
(SINGAPORE) LIMITED**





Westgate Tower

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# CHAIRMAN'S STATEMENT

The Group recorded a net profit attributable to shareholders of \$48.1 million, a decrease of 56% compared to the previous financial year.

**TAN SRI DATO' LOW KENG HUAT**



## REVIEW OF FINANCIAL PERFORMANCE

For the financial year ended 31 January 2014, the Group recorded a net profit attributable to shareholders of \$48.1 million, a decrease of 56% compared to the previous financial year. The decrease was mainly due to lower profits from development and construction segments.

The Group's shareholders' funds increased by \$2.7 million to \$478.8 million as at 31 January 2014 from \$476.1 million as at 31 January 2013. The net tangible asset per ordinary share of the Group remained at \$0.65 as at 31 January 2014 when compared to 31 January 2013. Cash and cash equivalents decreased by \$9.7 million to \$195.8 million as at 31 January 2014 from \$205.5 million as at 31 January 2013. At the same time the Group's bank borrowings decreased by \$16.5 million to \$497.3 million as at 31 January 2014 from \$513.8 million as at 31 January 2013. Gearing remained unchanged at 0.63 as at 31 January 2014 when compared to 31 January 2013.

## CORPORATE DEVELOPMENT & PROSPECTS

The Group has continued its transformation from its main business of construction to property development. The Company has been awarded a \$114.3 million construction contract in June 2013 for the design and build of one block of hotel development with landscape deck, basement carpark, swimming pool and other ancillary facilities at Jurong Town Hall Road. The project is awarded by Tamerton Pte Ltd, a wholly-owned subsidiary of Genting Singapore PLC, and it is expected to be completed in the first half of 2015.

The 1,145 units at the Minton was completely sold and it obtained TOP in November 2013 and profits had been recognised in accordance with the percentage of completion method. Parkland Residences, our DBSS project at Upper Serangoon Road, was launched in January 2012 and only four units remained unsold as of April 2014. 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 2014, we sold approximately 96% of the office units. The Group has decided to retain the retail mall at Paya Lebar Square for investment holding purpose for generation of consistent cash income stream. During the year, our 55% owned subsidiary, Paya Lebar Square Pte Ltd, purchased the retail mall at Paya Lebar Square for \$300 million. The retail mall is about 82% leased to tenants as of April 2014. 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 by end of 2014.

During the year, the Group completed the collective purchase of the freehold Kismis Lodge for \$84.2 million via a 70% owned subsidiary, Newfort Alliance (Kismis) Pte Ltd. Kismis Lodge will be redeveloped into a 3-storey with a basement mixed landed residential development. In addition Newfort Alliance (Moulmein) Pte Ltd, our 99% owned subsidiary, completed the purchases of 15 commercial units and 1 penthouse residential unit at Balestier Tower for \$77.4 million for development purpose.

In November 2013, Suasana Simfoni Sdn. Bhd. ("Suasana"), our 20% associated company has accepted a conditional offer to sell our land at Jalan Conlay, Seksyen 63, Kuala Lumpur, Malaysia to an unrelated third party for a total cash consideration of RM568 million (S\$221 million). The transaction is targeted to complete by Q2 FY2015. The land, which is located in Jalan Conlay, Kuala Lumpur near the Bukit Bintang shopping area and has a site area of approximately 172,149 square feet, shall be sold on an "as-is-where-is" basis, subject to all existing title particulars, approvals, licences and/or permits subsisting as at completion. The consideration was arrived at based on negotiations on a



willing-buyer, willing-seller basis. Suasana will recognise a pre-tax gain of approximately RM247 million (S\$96 million) and the net proceeds will be applied towards reducing bank borrowings and for working capital purposes.

In January 2014, Westgate Commercial Pte Ltd ("WGC") and Westgate Tower Pte Ltd ("WGT"), two associated companies of LKHS have entered into sale and purchase agreements with JG2 Trustee Pte. Ltd. (in its capacity as trustee of Infinity Office Trust) and JG Trustee Pte Ltd. (in its capacity as trustee of Infinity Mall Trust) to purchase 295 strata-titled office units on levels 6 to 25 of Westgate Tower at 1 Gateway Drive, on lot 8360V Mukim 5, Singapore. The purchase price is \$579.4 million and it is purchased for long term investment purpose. LKHS owns 40% of the shares in WGC and WGT, while Sun Venture Homes Pte. Ltd. ("SVH") owns the other 60% shares. SVH is a Singapore incorporated company and it is part of the Sun Venture Group of companies which currently own and manage prime commercial real estate in Singapore.

During the year our associated company, Binakawa Sdn Bhd, has signed an option to purchase 616,461 square feet of land at Banda Seri Alam, Johor for RM74.0 million (S\$29.0 million) for development purpose. The purchase is expected to be completed in financial year ending 31 January 2015.

Duxton Hotel Perth and Duxton Hotel Saigon did not performed as well during current year when compared to last year due to the slow down in both Perth and Vietnam economies. During the year, the F&B business faced major operational challenges and management is currently working on streamlining its activities with a view to improving profitability.

Our outlook is cautiously positive in view of the expected slower growth 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 have reduced buying volume while stabilising prices. 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. The dividend is tax exempt (one-tier) and total dividend payment will amount to \$22.2 million. Although this proposed dividend is 33% lower than last year, it represents 46.2% of our earnings per share of 6.5 cents. This dividend recommendation is subject to the approval of shareholders at the Annual General Meeting to be held on 30 May 2014. The proposed dividend, if approved by shareholders will be paid on 18 June 2014.

### **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.

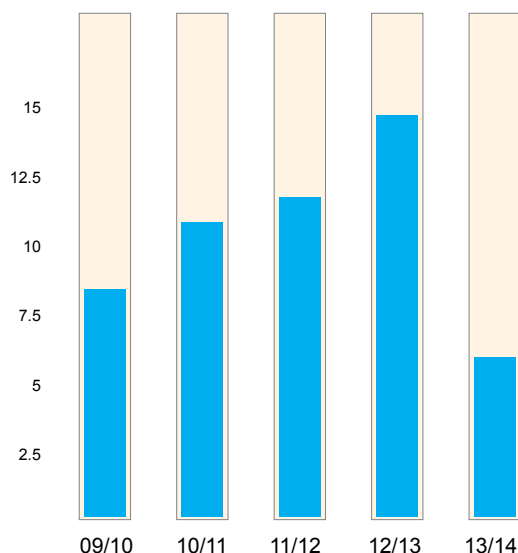
**TAN SRI DATO' LOW KENG HUAT**

Non-Executive Chairman  
April 2014

# 5 YEARS FINANCIAL HIGHLIGHTS

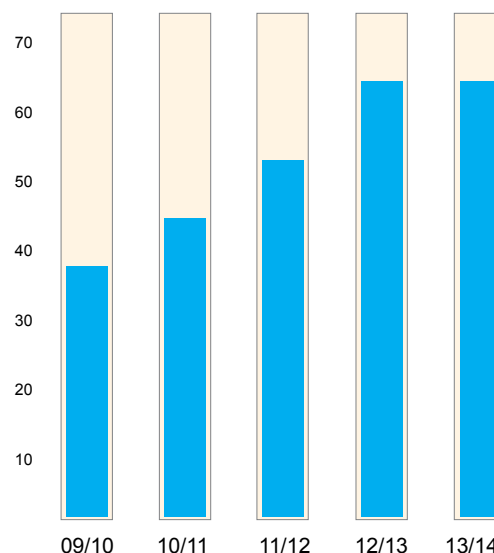
## EARNINGS PER SHARE

cents



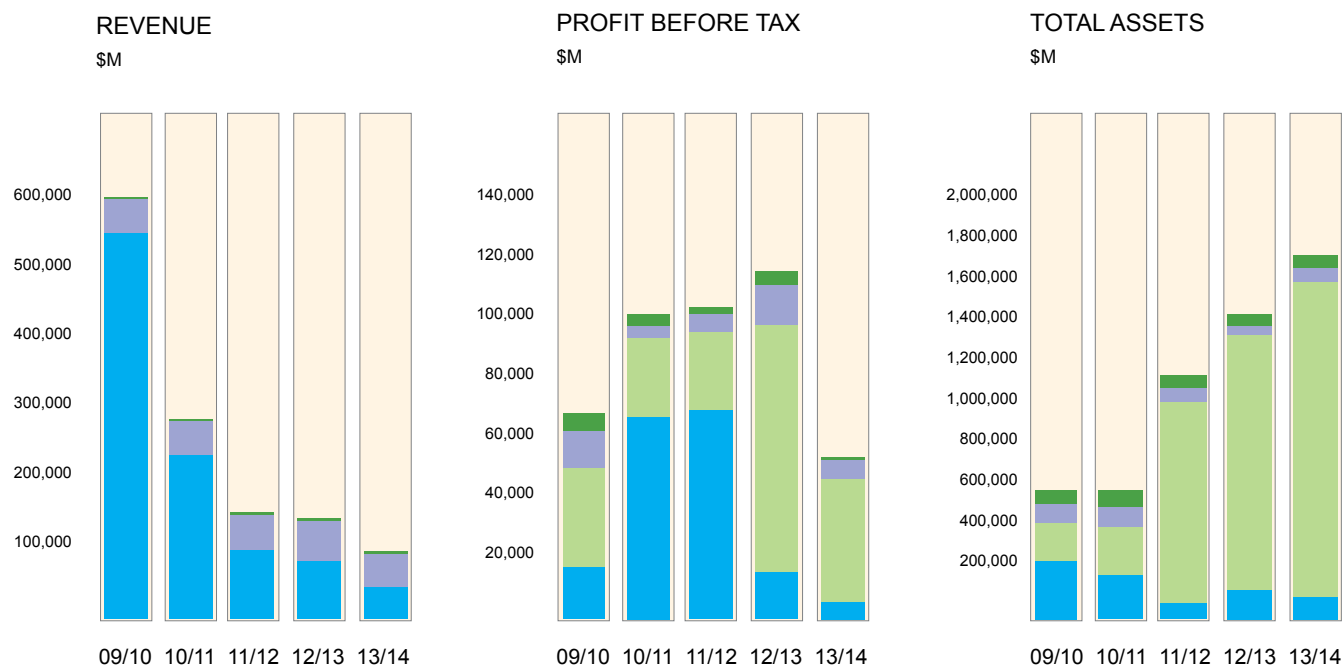
## NET TANGIBLE ASSETS PER SHARE

cents



	2009/10	2010/11	2011/12	2012/13	2013/14
<b>OPERATING RESULTS</b>					
Revenue (\$'000)	595,451	272,164	136,398	126,364	79,700
EBITDA (\$'000)	74,134	105,978	108,756	121,776	61,890
Pretax profit (\$'000)	67,926	100,453	102,633	115,441	53,863
Net profit (\$'000)	64,276	83,687	88,349	109,575	49,378
EBITDA margin (%)	12.5	38.9	79.7	96.4	77.7
Pretax margin (%)	11.4	36.9	75.2	91.4	67.6
Net margin (%)	10.8	30.7	64.8	86.7	62.0
<b>FINANCIAL POSITION</b>					
Total assets (\$'000)	547,227	549,751	1,155,717	1,422,258	1,724,846
Total borrowings (\$'000)	6,001	-	556,750	513,750	497,289
Shareholders' equity (\$'000)	268,716	333,191	390,529	476,131	478,786
Net debt : equity (times)	-	-	1.34	0.65	0.63
<b>PER SHARE DATA</b>					
Earnings (cents)	8.5	11.1	11.6	14.9	6.5
Dividend (cents)	3.0	4.0	4.0	4.5	3.0
Net tangible assets (cents)	36.0	45.0	53.0	65.0	65.0
Year end share price (cents)	46.0	46.0	34.5	68.0	68.5
<b>SHAREHOLDERS' RETURN</b>					
Return on equity (%)	23.9	25.1	22.6	23.0	10.3
Return on assets (%)	11.7	15.2	7.7	7.7	2.9
Dividend yield (%)	6.5	8.8	11.6	6.6	4.4
Dividend payout ratio (%)	35.0	36.0	34.4	30.2	46.2

# 5 YEARS FINANCIAL HIGHLIGHTS



	2009/10	2010/11	2011/12	2012/13	2013/14
	(\$'000)	(\$'000)	(\$'000)	(\$'000)	(\$'000)
<b>REVENUE</b>					
Construction	545,645	221,202	82,505	67,437	29,648
Development	148	234	-	580	-
Hotels	48,356	48,791	51,627	56,948	49,546
Investments	1,302	1,937	2,266	1,399	506
	<b>595,451</b>	<b>272,164</b>	<b>136,398</b>	<b>126,364</b>	<b>79,700</b>
<b>PROFIT BEFORE TAX</b>					
Construction	16,923	66,951	69,878	15,830	5,698
Development	31,756	23,918	24,146	79,952	39,309
Hotels	12,659	5,851	6,755	12,922	6,402
Investments	6,588	3,733	1,854	6,737	2,454
	<b>67,926</b>	<b>100,453</b>	<b>102,633</b>	<b>115,441</b>	<b>53,863</b>
<b>TOTAL ASSETS *</b>					
Construction	225,250	164,328	60,288	102,285	77,522
Development	182,846	226,196	952,939	1,173,387	1,512,674
Hotels	73,606	70,847	72,412	71,114	71,388
Investments	64,993	87,876	70,078	72,203	59,893
	<b>546,695</b>	<b>549,247</b>	<b>1,155,717</b>	<b>1,418,989</b>	<b>1,721,477</b>

\* Excluding tax

■ Construction    
 ■ Development    
 ■ Hotels    
 ■ Investments

# OPERATING & FINANCIAL REVIEW

Shareholders' funds increased by \$2.7 million to \$478.80 million as at 31 January 2014 from \$476.1 million as at 31 January 2013.

## OVERALL

The Group's four business segments are construction, property development, hotel and investments. In recent years, the Group has shifted its core business to property development and investment from construction. Net profit attributable to shareholders decreased by \$61.6 million to \$48.1 million during current year from \$109.7 million during previous year. It decreased by \$35.5 million to \$6.7 million in Q4 current year from \$42.2 million in Q4 previous year. The decrease was mainly due to lower profits from development and construction segments.

Group revenue decreased by \$46.7 million to \$79.7 million during current year from \$126.4 million during previous year. It decreased by \$3.3 million to \$22.0 million in Q4 current year from \$25.3 million in Q4 previous year. The decrease in revenue was mainly due to decrease in construction activity and hotel revenue. 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 by end 2014.

Cost of sales decreased by \$18.7 million to \$51.3 million during current year from \$70.0 million during previous year. It increased by \$6.2 million to \$14.5 million in Q4 current year from \$8.3 million in Q4 previous year. Gross profit decreased by \$28.0 million to \$28.4 million during current year from \$56.4 million during previous year. It decreased by \$9.3 million to \$7.6 million in Q4 current year from \$16.9 million in Q4 previous year. The decrease in cost of sales and gross profit was mainly due to lower construction activity.

Other income increased by \$3.6 million to \$11.2 million during current year from \$7.6 million during previous year. It decreased by \$4.1 million to loss of \$0.2 million in Q4 current year from \$4.3 million in Q4 previous year. The increase was mainly due to higher gain on disposal of quoted equity investment and gain on disposal of investment property in current year.

During current year there is no loss of concessionary income derived from the gaming centre operations in Duxton Hotel Saigon. The gaming centre has ceased operation since April 2010 due to the withdrawal of its operating licence by the Vietnamese government.



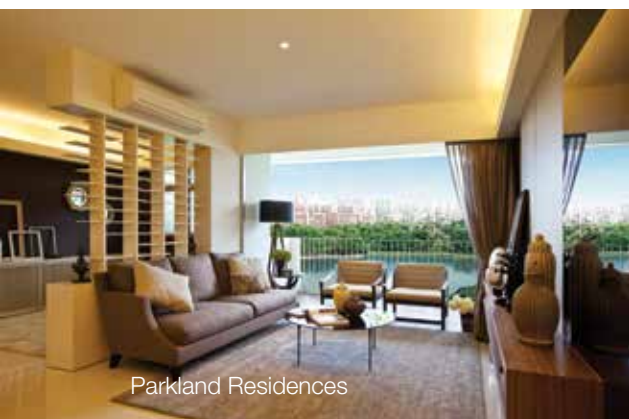
Duxton Saigon



Duxton Perth



## OPERATING & FINANCIAL REVIEW



Parkland Residences



Paya Lebar Square

DEVELOPMENT PROJECT ON HAND	LOCATION	LKH'S SHARE (100%)		NO. OF UNITS	STATUS
		TYPE			
1 the Minton	Hougang Street 11	40	Condominium/ Stop	1,145	Launched in May 2010 100% sold obtained TOP in November 2013
2 Parkland Residences	Upper Serangoon Road	100	DBSS flats	680	Launched in January 2012 99% sold Expected TOP Q4 2014/15
3 Paya Lebar Square	60 Paya Lebar Road	80	Office units	556	Office units launched in December 2011 97% sold 100% sold 80% of sold units leased Expected TOP Q4 2014/15
			Retail	159	
4 Kismis Lodge	Eng Kong Terrace	70	Landed terraces	31	Planning Stage
	Lorong Kismis		Strata landed terraces	7	
5 Balestier Tower	207 Balestier Road Singapore 329683	99	Retail Residential	15 1	Planning Stage Planning Stage
6 Bina Park	Bandar Seri Alam, Johor	49	3 Storey Twin/ Link Villas	124	Launched in January 2012 100% sold 58% sold
			3 Storey Shops	31	
7 Unamed	Jalan Conlay, Kuala Lumpur	20	Condominium Service Apartments	740 178	100% sold 100% sold
LAND BANK	LOCATION	LKH'S SHARE (100%)	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 Taman Rinting	Taman Rinting	49	195,283	Landed Residential	
11 Unamed	Kuala Lumpur	100	14,041	100% sold	
12 Unamed	Bandar Seri Alam, Johor	49	616,461	Mixed Development	

## OPERATING & FINANCIAL REVIEW

Distribution costs decreased by \$13.7 million to \$2.3 million during current year from \$16.0 million during previous year. It decreased by \$1.8 million to \$0.5 million in Q4 current year from \$2.3 million in Q4 previous year. The decrease was mainly due to lower marketing expenses incurred for the two development projects, Paya Lebar Square and Parkland Residences in current year.

Administrative costs decreased by \$6.2 million to \$15.9 million during current year from \$22.1 million during previous year. It decreased by \$3.6 million to \$4.2 million in Q4 current year from \$7.8 million in Q4 previous year. The decrease in administrative costs was mainly due to lower 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 2014 is 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 \$1.1 million in current year has been recognised in the income statement.

Other operating expenses increased by \$1.6 million to \$6.0 million during current year from \$4.4 million during previous year. It increased by \$1.1 million to \$3.3 million in Q4 current year from \$2.2 million in Q4 previous year. The increase was mainly due to decrease in fair value of short-term quoted investments in current year.

Finance costs increased by \$0.7 million to \$2.1 million during current year from \$1.4 million during previous year. It increased by \$0.8 million to \$1.1 million in Q4 current year from \$0.3 million in Q4 previous year. The increase was mainly due to increase in interest expense on bank loan.

Share of results of associated companies and joint ventures decreased by \$55.3 million to \$39.5 million during current year from \$94.8 million during previous year. It decreased by \$26.1 million to \$7.9 million in Q4 current year from \$34.0 million in Q4 previous year. The decrease was mainly due to lower contribution from the Minton. The Minton, launched in May 2010, is completely sold and received its TOP in Q4 current year.

Income tax decreased by \$1.4 million to \$4.5 million during current year from \$5.9 million during previous year. The decrease was mainly due to lower activities in construction segment.

### Construction

Construction revenue decreased by 56.0% to \$29.6 million during current year from \$67.4 million during previous year. It decreased by 12.7% to \$10.3 million in Q4 current year from \$11.8 million in Q4 previous year. The decrease was due to the completion of Hard Rock Hotel at Sentosa and nex at Serangoon Central Mall last year. Net profit before tax & non-controlling interests for construction segment decreased by \$10.1 million to \$5.7 million during current year from \$15.8 million during previous year. It decreased by \$8.3 million to negative \$2.1 million in Q4 current year from \$6.2 million in Q4 previous year. The decreased profit performance was due to decrease in construction activities for third party construction projects. The Company has been awarded a \$114.3 million construction contract in June 2013 for the design and build of one block of hotel development with landscape deck, basement carpark, swimming pool and other ancillary facilities at Jurong Town Hall Road. The project is awarded by Tamerton Pte Ltd, a wholly-owned subsidiary of Genting Singapore PLC, and it is expected to be completed in the first half of year 2015.

### Hotel & F&B business

Revenue for hotel & F&B businesses decreased by 13.0% to \$49.5 million during current year from \$56.9 million during previous year. It decreased by 10.8% to \$11.6 million in Q4 current year from \$13.0 million in Q4 previous year. The lower revenue in the hotels was mainly due to lower occupancy rates. Net profit before tax and non-controlling interests for hotel segment decreased by \$6.5 million to \$6.4 million during current year from \$12.9 million during previous year. It decreased by \$0.4 million to \$1.0 million in Q4 current year from \$1.4 million in Q4 previous year.

The decrease in profits performance was mainly due to lower revenue during current year.

### Development

Contributions from associated companies and joint ventures decreased by \$40.7 million to \$39.3 million during current year from \$80.0 million during previous year. It decreased by \$24.0 million to \$8.1 million in Q4 current year from \$32.1 million in Q4 previous year. The decrease was mainly due to lower profit contributions from the Minton offset by lower marketing expenses incurred for Paya Lebar Square and Parkland Residences. The Minton is 100% sold and it obtained TOP in Q4 current year. As of 18 March 2014, 96% of the office units at Paya Lebar Square were sold and 4 units at Parkland Residences were unsold.

## OPERATING & FINANCIAL REVIEW

The Group has decided to retain the retail mall at Paya Lebar Square for investment holding purpose for generation of consistent cash income stream. A new subsidiary, Paya Lebar Square Pte Ltd (PLSPL), has been incorporated to purchase the retail mall from Paya Lebar Development Pte. Ltd (PLDPL) for \$300.0 million. LKHS has 55% equity interest and Sun Venture Realty Pte Ltd (part of the Sun Venture Group) has 45% equity interest in PLSPL. LKHS (through its subsidiary, Siong Feng Development Pte Ltd) owned 80% of PLDPL while Guthrie (PLC) Pte. Ltd. and Sun Venture Commercial Pte. Ltd. each owned 10% of PLDPL. The mall is about 80% leased out as of 18 March 2014.

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 by end 2014.

During Q2 current year, the Group completed the collective purchase of Kismis Lodge for \$84.2 million via a 70% owned subsidiary, Newfort Alliance (Kismis) Pte Ltd ("Kismis"). Our joint venture partner, Newfort Land Pte Ltd, owns 30% of Kismis. Kismis Lodge will be redeveloped into 3 storey mixed landed residential units. In addition, the Group has completed the purchase of 15 commercial units and 1 residential unit at Balestier Towers for \$77.4 million for investment holding purposes. The purchase was made by Newfort Alliance (Moulmein) Pte Ltd which is 99% owned by LKHS.

In November 2013, Suasana Simfoni Sdn. Bhd. ("Suasana"), our 20% associated company has accepted a conditional offer to sell our land at Jalan Conlay, Seksyen 63, Kuala Lumpur, Malaysia to an unrelated third party for a total cash consideration of RM568 million. The offer is subject to the execution of a Sale and Purchase Agreement and completion of the transaction is expected in Q2 of 2014. The purchaser has paid to Suasana a sum equivalent to 2% of the consideration. The land, which is located in Jalan Conlay, Kuala Lumpur near the Bukit Bintang shopping area and has a site area of approximately 172,149 square feet, shall be sold on an "as-is-where-is" basis, subject to all existing title particulars, approvals, licences and/or permits subsisting as at completion. The consideration was arrived at based on negotiations on a willing-buyer, willing-seller basis. If the sale is completed, Suasana will recognise a pre-tax gain of approximately RM247 million (S\$96 million) and the net proceeds are expected to be applied towards reducing bank borrowings and for working capital purposes.

In January 2014, Westgate Commercial Pte Ltd ("WGC") and Westgate Tower Pte Ltd ("WGT"), two associated companies of LKHS have entered into sale and purchase agreements with JG2 Trustee Pte. Ltd. (in its capacity as trustee of Infinity Office Trust) and JG Trustee Pte Ltd. (in its capacity as trustee of Infinity Mall Trust) to purchase 295 Strata-titled office units on levels 6 to 25 of Westgate Tower at 1 Gateway Drive, on lot 8360V Mukim 5, Singapore. The purchase price is \$579.4 million and it is purchased for long term investment purpose. LKHS owns 40% of the shares in WGC and WGT, while Sun Venture Homes Pte. Ltd. ("SVH") owns the other 60% shares. SVH is a Singapore incorporated company and it is part of the Sun Venture Group of companies which currently own and manage prime commercial real estate in Singapore.

### 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 interests in investment segment decreased by \$4.2 million to \$2.5 million during current year from \$6.7 million during previous year mainly due to lower fair value on quoted equity investment during current year.

### Balance Sheet

Group shareholders' funds increased by 0.6% to \$478.8 million as at 31 January 2014 from \$476.1 million as at 31 January 2013. Cash and cash equivalents decreased by \$9.7 million to \$195.8 million as at 31 January 2014 from \$205.5 million as at 31 January 2013. Gearing was 0.63 as at 31 January 2014 compared to 0.65 as at 31 January 2013.



# 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

DBS Bank Limited

Oversea-Chinese Banking  
Corporation Limited

The Bank of East Asia, Limited

Standard Chartered Bank

Malayan Banking Berhad

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)

**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.

## BOARD OF DIRECTORS

### **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 2013. 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 2013. 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 of 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 2013. 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.



### **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 2013. 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 2013. 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 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 2013. 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.

## BOARD OF DIRECTORS

### **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 an Independent Director on 12 September 2006. He was last re-elected on 31 May 2013. 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 has been Independent Director of the Company since 1 March 2009. Mr Yim is the Managing Director of the Dispute Resolution Department of Drew & Napier LLC, a leading all-service legal practice in Singapore established since 1889. He was admitted to the Singapore Bar in 1983 and is part of the 2nd batch of Senior Counsel appointed, by the Supreme Court, in January 1998. His practice covers an extensive range of civil, commercial law and corporate law dispute and International commercial arbitrations. Amongst his several appointments include Fellow of the Singapore Institute of Arbitrators and Regional Arbitrator with the Singapore International Arbitration Centre (SIAC). Apart from the Company's board, Mr Yim also sits on the boards of some other public listed companies. He is recommended by name in leading and professional ranking agencies and publications such as Asia Pacific Legal 500, Asia Law Profiles and Chambers Global for his professional work.

### **LEE YOON MOI**

#### Chief Operating Officer

Mr Lee Yoon Moi is responsible for all construction and development activities undertaken by the Group. He is also appointed as the Management Representative overseeing the development, implementation and maintenance of the Company's ISO Quality Assurance Programme. Prior to joining LKHS in 1990, Mr Lee was the General Manager of Construction Technology Pte Ltd (Contech), a wholly government owned construction company set up to spearhead 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 the Company's Property Development Manager and is involved in all overseas property development projects. 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.



## KEY MANAGEMENT

### **LOW CHIN HAN**

Director - Hospitality

Mr Low Chin Han graduated with a Bachelor of Business Management majoring in finance in 2003 from Singapore Management University. Mr Low has worked as a consultant for Duxton Hotels since 2009 and was promoted to General Director of Duxton Hotels in July 2011. Prior to working for Duxton Hotels, Mr Low 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.

# CORPORATE GOVERNANCE

The Board of Directors of Low Keng Huat (Singapore) Limited (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 2012 Code of Corporate Governance (“Code”).

## BOARD MATTERS

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

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

- Establishes a framework of prudent and effective controls which enable risks to be assessed and managed, including safeguarding of shareholders’ interests and the Company’s assets
- 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 of the Group and considers sustainability issues of policies and procedures.

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 provided the requisite quorum of majority of the directors is present.

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

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:

No. of Meetings Attended in FY2013/2014

<b>Directors</b>	<b>Board</b>	<b>Audit Committee</b>	<b>Nominating Committee</b>	<b>Remuneration Committee</b>
Tan Sri Dato' Low Keng Huat	2	1	-	-
Low Keng Boon @ Lau Boon Sen	3	3	1	1
Dato' Marco Low Peng Kiat	4	4	1	-
Low Keng Hoo @ Lau Keeng Foo	4	4	1	1
Low Poh Kuan	4	4	1	1
Lee Han Yang	4	4	1	1
Lucas Liew Kim Voon	4	4	1	1
Wey Kim Long	4	4	1	1
Jimmy Yim Wing Kuen	4	-	1	1
<b>No. of meetings held in 2013/2014</b>	<b>4</b>	<b>4</b>	<b>1</b>	<b>1</b>

## **Matters reserved for Board's Approval**

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

- (a) matters involving a conflict of interest for a substantial shareholder or a director;
- (b) material acquisitions and disposal of assets;
- (c) corporate or financial restructuring;
- (d) share issuances, interim dividends and other returns to shareholders; and
- (e) any material investments or expenditures not in the ordinary course of the Group's businesses.

## **Orientation, briefings, updates and trainings for Directors**

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

During the financial year reported on, the Directors had received updates on regulatory changes to the Listing Rules and the accounting standards and the 2012 Code. The Chairman updates the Board at each Board meeting on business and strategic developments. The management highlights the salient issues as well as the risk management considerations for the industries the Group is in.



# CORPORATE GOVERNANCE

## **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 Code has defined an “independent” director as one who has no relationship with the Company, its related corporations, its 10% shareholders or its officers that could interfere, or be reasonably perceived to interfere, with the exercise of the director’s independent business judgment with a view to the best interests of the company.

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 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.

The profiles of the Directors are set out on (Page 11 and page 13 of Annual Report).

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.

## **Annual Review of Directors’ Independence in 2014**

Mr Lucas Liew Kim Voon, Mr Lee Han Yang and Mr Wey Kim Loong have served on the Board of Directors for more than nine years. All three Directors will retire pursuant to Section 153(6) of the Companies Act at the forthcoming annual general meeting (“AGM”) and be eligible for re-appointment. All three Directors have confirmed their independence and they do not have any relationship with the Company, its related corporation, its 10% shareholders or its officers that could interfere, or be reasonably perceived to interfere, with the exercise of their independent judgement. The Board was of the view that they have engaged the Board in constructive discussion; their contributions are relevant and reasoned, and they have exercised independent judgement. The Board recognises that the Independent Directors have over time developed significant insights in the Group’s business and operations, and can continue to provide significant and valuable contribution objectively to the Board as a whole. Presently, the Board considers Mr Lucas Liew Kim Voon, Mr Lee Han Yang and Mr Wey Kim Loong independent even though each of the Independent Directors has served on the Board for more than nine years from the respective dates of their first appointment.

## **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.

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.

# CORPORATE GOVERNANCE

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 and appointed as Joint Managing Director on 1 November 2011. Under the Code, which recommends that where the Chairman and CEO are immediate family members, 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 board committees meetings; and
- promoting high standards of corporate governance

Under Guideline 2.2 of the Code, the independent Directors should make up half the Board. Pursuant to the statement by the Monetary Authority of Singapore ("MAS") on 2 May 2013, a longer transition period will be provided for board composition changes needed to comply with such requirement. These changes should be made at the annual general meetings following the end of financial years commencing on or after 1 May 2016.

## **Principle 4 Board Membership**

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

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

The NC's principal functions are: -

- review board succession plans for directors;
- develop the process for evaluation of the performance of the Board, its board committees and directors and conduct a formal assessment of the effectiveness of the Board, Board Committees and contribution by each director;
- review training and professional development programs for the Board;
- determine the criteria for identifying candidates for directorship;
- review nominations and make recommendations to the Board on all Board appointments;
- make recommendations to the Board on the re-nomination of retiring Directors standing for re-election at the Company's Annual General Meeting;

# CORPORATE GOVERNANCE

- 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;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 NC has recommended to the Board, the re-election of Mr Jimmy Yim Wing Kuen who retire by rotation, and the re-appointment of Tan Sri Dato' Low Keng Huat, Mr Low Keng Hoo @ Lau Keeng Foo, Mr Lee Han Yang, Mr Lucas Liew Kim Voon, Mr Low Keng Boon @ Lau Boon Sen and Mr Wey Kim Long who retire pursuant to Section 153(6) of the Companies Act, Cap. 50, at the forthcoming annual general meeting.

In making recommendation for the purpose of re-nomination of these Directors, the NC has taken into consideration these Directors' contribution and performance. The Board has accepted the NC's recommendation. Each of them has abstained from making any recommendation and/or participating in any deliberation of the NC and the Board in respect of the assessment of his own performance or re-election/ re-appointment as a director.

## **Multiple Board Representations**

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

## **Selection, Appointment and Re-appointment of Directors**

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

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

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

# CORPORATE GOVERNANCE

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

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

## **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.



## 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	Independent Director and Chairman of Remuneration 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 Joint 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. The Company will submit the quantum of directors' fee of each year to the shareholders for approval at each Annual General Meeting ("AGM") and they are paid upon the conclusion of the AGM.

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.

# CORPORATE GOVERNANCE

## 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 2014 are set out below. A significant portion of key executives' remuneration is linked to corporate and individual performance.

	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>\$2,000,000 to \$2,250,000</b>						
Low Keng Boon @ Lau Boon Sen	–	720,000	1,417,431	5,525	57,956	2,200,912
<b>\$1,000,000 to \$1,250,000</b>						
Low Keng Hoo @ Lau Keeng Foo	–	360,000	708,715	5,525	28,520	1,102,760
Dato' Marco Low Peng Kiat	–	360,000	708,715	–	16,381	1,085,096
<b>\$250,000 to \$499,999</b>						
Low Poh Kuan	–	240,000	80,000	13,600	20,617	354,217
<b>Below \$250,000</b>						
Tan Sri Dato' Low Keng Huat	55,000	–	–	–	–	55,000
Lee Han Yang	50,000	–	–	–	–	50,000
Lucas Liew	50,000	–	–	–	–	50,000
Wey Kim Long	45,000	–	–	–	–	45,000
Jimmy Yim Wing Kuen	45,000	–	–	–	–	45,000

<b>Key Executives</b>						
<b>\$250,000 to \$499,999</b>						
Lee Yoon Moi	–	72%	24%	1%	3%	100%
Low Chin Han	–	60%	20%	–	20%	100%
Chin Yeok Yuen	–	70%	24%	3%	3%	100%
Low Poh Kok	–	71%	24%	–	5%	100%
<b>Below \$250,000</b>						
Bruce Doig	–	82%	10%	8%	–	100%

<sup>(1)</sup> Directors' fee proposed for 2013/2014

<sup>(2)</sup> Profit Share for 2013/2014 for Messrs Low Keng Boon, Low Keng Hoo, Dato' Marco Low Peng Kiat, amounts are in accordance with service agreements

# CORPORATE GOVERNANCE

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 \$1,683,305.00.

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.

## Remuneration of Immediate Family Members of Directors or Substantial Shareholders

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

	Relationship to Directors/CEO	Designation in the Company
<b>S\$250,000 to S\$499,999</b>		
Low Poh Kok	Son of Mr Low Keng Hoo	Property Development Manager
Low Chin Han	Son of Mr Low Keng Boon	Director - Hospitality
<b>S\$150,0001 to S\$200,000</b>		
Steven Low Chee Leong	Son of Mr Low Keng Boon	Head, Safety Department
<b>S\$100,001 to S\$150,000</b>		
Chong Chee Kui	Nephew of Tan Sri Dato' Low Keng Huat, Mr Low Keng Boon, Mr Low Keng Hoo and cousin of Dato' Marco Low Peng Kiat and Mr Low Poh Kuan	Senior Site Supervisor
<b>S\$50,001 to S\$100,000</b>		
Carol Low Seok Peng	Daughter of Mr Low Keng Boon	Site Secretary
Low Poh Hon	Son of Mr Low Keng Hoo	Office Administrator
Paullyn Tay Chiu Gee	Daughter-in-law of Mr Low Keng Hoo	Project Co-ordinator

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.

# CORPORATE GOVERNANCE

## **Principle 11 Risk Management and Internal Controls**

### **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.

Pursuant to Rule 1207(10) of the Listing Manual, 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.

For the financial year ended 31 January 2014, the Board has received assurance from the Joint Managing Directors and the Chief Financial Officer that the financial records have been properly maintained and the financial statements give a true and fair view of the Group's operations and finances, and regarding the effectiveness of the Company's risk management and internal controls system.

## **Principle 12 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.

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;

## CORPORATE GOVERNANCE

- 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.

The Audit Committee noted that the aggregate amount of audit fees paid and payable by the Group to the external auditors for FY2013/2014 was approximately S\$216,400, of which audit fees amounted to approximately S\$189,800 and non-audit fees amounted to approximately S\$26,600.

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:

Name of interested person	Aggregate value of all interested person transactions during the financial year under review (excluding transactions less than \$100,000 and transactions conducted under shareholders' mandate pursuant to Rule 920)	Aggregate value of all interested person transactions conducted under shareholders' mandate pursuant to Rule 920 (excluding transactions less than \$100,000)
Consistent Record Sdn Bhd	Bina Meganmas Sdn Bhd: Loan \$766,360	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 13 Internal Audit**

The Company has appointed internal auditors to carry out internal audits. The internal auditors report directly to the Audit Committee.

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 Shareholder Rights**

### **Principle 15 Communication with Shareholders**

### **Principle 16 Conduct of Shareholder Meetings**

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;
- 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.

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, nominating and remuneration committees 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 raised by shareholders.

# CORPORATE GOVERNANCE

## **SECURITIES TRANSACTIONS**

The Company has adopted and implemented a policy on dealings in the securities that is in accordance with Rule 1207(19) of the Listing Manual. Under this policy, Directors, Management and accounting staff are prohibited from dealing in the Company's Shares during the period commencing two weeks before the announcement of the financial statements for each of the first three quarters of its financial year and one month before the announcement of the company's full year financial statements and at any time while in possession of any unpublished material price-sensitive information.

Directors and officers are required to comply with and observe the laws on insider trading even if they trade in the Company's Securities outside the prohibited periods. They are discouraged from dealing in the Company's Securities on short-term considerations and should be mindful of the laws on insider trading.

## **Material Contracts**

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

# DIRECTORS' REPORT

FOR THE FINANCIAL YEAR ENDED 31 JANUARY 2014

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 2014 and the statement of financial position of the Company as at 31 January 2014.

## 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 2013	As at 31 January 2014 & 21 February 2014	As at 1 February 2013	As at 31 January 2014 & 21 February 2014
	<u>Number of shares</u>			
<u>Low Keng Huat (Singapore) Limited</u>				
Tan Sri Dato' Low Keng Huat	1,200,000	–	395,194,345	<b>395,194,345</b>
Low Keng Boon	61,841,450	<b>54,341,450</b>	27,086,000	<b>27,452,000</b>
Dato' Marco Low Peng Kiat	300,000	<b>1,500,000</b>	396,745,345	<b>396,745,345</b>
Low Keng Hoo	52,889,946	<b>52,889,946</b>	–	–
Low Poh Kuan	1,998,000	<b>1,998,000</b>	–	–
Lee Han Yang	–	<b>480,000</b>	480,000	–
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>	100,000	<b>100,000</b>

# DIRECTORS' REPORT

FOR THE FINANCIAL YEAR ENDED 31 JANUARY 2014

## 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 2013	As at 31 January 2014 & 21 February 2014	As at 1 February 2013	As at 31 January 2014 & 21 February 2014
	<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	1	-	-
Dato' Marco Low Peng Kiat	1	1	-	-

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 and all the joint ventures in which the Company has 20% or more equity interest.

## 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.

## 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.

# DIRECTORS' REPORT

FOR THE FINANCIAL YEAR ENDED 31 JANUARY 2014

## **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 2014 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.

## **Independent auditor**

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



# DIRECTORS' REPORT

FOR THE FINANCIAL YEAR ENDED 31 JANUARY 2014

## **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 2014.

### **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 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

Dated: 28 April 2014

# STATEMENT BY DIRECTORS

FOR THE FINANCIAL YEAR ENDED 31 JANUARY 2014

In the opinion of the directors, the accompanying statements of financial position, consolidated statement of profit or loss and other 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 2014 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

Dated: 28 April 2014

# 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 2014, the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows of the Group for the financial year then ended, and 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 accounts 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 2014 and of 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  
Chartered Accountants

Singapore, 28 April 2014

# STATEMENTS OF FINANCIAL POSITION

AS AT 31 JANUARY 2014

	Note	The Group		The Company	
		31 January 2014 \$'000	31 January 2013 \$'000	31 January 2014 \$'000	31 January 2013 \$'000
<b>ASSETS</b>					
<b>Current assets</b>					
Cash and cash equivalents	4	195,782	205,517	53,187	64,138
Investments	5(a)	4,342	6,200	-	-
Trade and other receivables	6	43,842	41,881	30,731	30,392
Work-in-progress	7	-	-	-	-
Inventories	8	545	566	-	-
Development properties	9	1,191,528	872,421	-	-
		<b>1,436,039</b>	<b>1,126,585</b>	<b>83,918</b>	<b>94,530</b>
<b>Non-current assets</b>					
Investments	5(b)	41,438	49,244	2,103	2,032
Joint ventures	10(a)	144,147	152,657	25,286	28,827
Associated companies	11	25,609	15,908	12,400	-
Subsidiaries	12	-	-	375,287	321,383
Investment properties	13	14,366	8,541	2,320	6,416
Property, plant and equipment	14	59,814	65,992	13,349	4,923
Other receivables	6	64	62	-	3,705
Deferred tax assets	15	3,369	3,269	-	-
		<b>288,807</b>	<b>295,673</b>	<b>430,745</b>	<b>367,286</b>
<b>Total assets</b>		<b>1,724,846</b>	<b>1,422,258</b>	<b>514,663</b>	<b>461,816</b>
<b>LIABILITIES</b>					
<b>Current liabilities</b>					
Trade and other payables	16	600,483	339,461	96,764	87,105
Amounts owing to subsidiaries (non-trade)	17	-	-	15,989	16,795
Advances received from a joint venture	18	2	2	2	2
Amount owing to a non-controlling shareholder of a subsidiary (non-trade)	19	473	511	-	-
Provision for directors' fee		245	245	245	245
Current tax payable		6,560	9,881	4,738	6,321
Bank borrowings	20	59,154	-	5,000	-
		<b>666,917</b>	<b>350,100</b>	<b>122,738</b>	<b>110,468</b>
<b>LIABILITIES</b>					
<b>Non-current liabilities</b>					
Bank borrowings	20	438,135	513,750	-	-
Amounts owing to non-controlling shareholders of a subsidiary (non-trade)	19	98,599	43,435	-	-
Joint ventures	10(b)	27,234	22,618	27,104	22,573
Other payables	16	232	240	-	-
Derivative financial instrument	21	1,595	2,705	1,595	2,705
Deferred tax liabilities	15	52	14	-	-
		<b>565,847</b>	<b>582,762</b>	<b>28,699</b>	<b>25,278</b>
<b>Total liabilities</b>		<b>1,232,764</b>	<b>932,862</b>	<b>151,437</b>	<b>135,746</b>
<b>NET ASSETS</b>		<b>492,082</b>	<b>489,396</b>	<b>363,226</b>	<b>326,070</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 2014

	Note	The Group		The Company	
		31 January 2014 \$'000	31 January 2013 \$'000	31 January 2014 \$'000	31 January 2013 \$'000
<b>EQUITY</b>					
<b>Capital and Reserves</b>					
Share capital	22	<b>161,863</b>	161,863	<b>161,863</b>	161,863
Fair value reserve	23	<b>6,229</b>	12,454	<b>1,248</b>	1,133
Retained profits	24	<b>310,385</b>	295,517	<b>200,115</b>	163,074
Currency translation reserve	25	<b>309</b>	6,297	–	–
		<b>478,786</b>	476,131	<b>363,226</b>	326,070
Non-controlling interests		<b>13,296</b>	13,265	–	–
<b>Total equity</b>		<b>492,082</b>	489,396	<b>363,226</b>	326,070

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

# CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE FINANCIAL YEAR ENDED 31 JANUARY 2014

		The Group <b>Year ended 31 January 2014</b> \$'000	Year ended 31 January 2013 \$'000
	Note		
Revenue	3, 34	<b>79,700</b>	126,364
Cost of sales	27	<b>(51,330)</b>	(70,001)
Gross profit		<b>28,370</b>	56,363
Other operating income	26(a)	<b>11,172</b>	7,558
Distribution costs		<b>(2,296)</b>	(15,982)
Administrative costs	26(b)	<b>(15,905)</b>	(22,098)
Change in fair value of derivative financial instrument	21	<b>1,110</b>	598
Other operating expenses	26(c)	<b>(5,974)</b>	(4,400)
Finance costs	26(d)	<b>(2,116)</b>	(1,411)
Profit from operations		<b>14,361</b>	20,628
Share of results of joint ventures and associated companies		<b>39,502</b>	94,813
Profit before taxation	27	<b>53,863</b>	115,441
Taxation	28	<b>(4,485)</b>	(5,866)
Profit after taxation for the year		<b>49,378</b>	109,575
Other comprehensive income:			
Items that will be reclassified subsequently to profit or loss			
Currency translation loss		<b>(7,593)</b>	(3,112)
Financial assets, available-for-sale			
- fair value (losses)/gains recognised in fair value reserve	5, 23	<b>(4,586)</b>	10,168
- fair value losses recycled from fair value reserve to consolidated income statement on derecognition	23, 26(a)	<b>(1,541)</b>	(1,896)
Other comprehensive (expense)/income for the year, net of tax		<b>(13,720)</b>	5,160
Total comprehensive income for the year		<b>35,658</b>	114,735
Profit/(loss) attributable to:			
Owners of the parent	29	<b>48,115</b>	109,746
Non-controlling interests		<b>1,263</b>	(171)
		<b>49,378</b>	109,575
Total comprehensive income/(expense) attributable to:			
Owners of the parent		<b>35,902</b>	115,154
Non-controlling interests		<b>(244)</b>	(419)
		<b>35,658</b>	114,735
Earnings per share (cents)			
	29		
- basic		<b>6.51</b>	14.85
- diluted		<b>6.51</b>	14.85

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 2014

	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 2012		161,863	4,266	215,323	9,077	390,529	14,164	404,693
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>
Total comprehensive income/(loss) for the year		-	(6,225)	48,115	(5,988)	35,902	(244)	35,658
Dividends paid in respect of financial year ended 31 January 2013	32	-	-	(33,247)	-	(33,247)	(475)	(33,722)
Acquisition of subsidiaries		-	-	-	-	-	750	750
Balance at 31 January 2014		<b>161,863</b>	<b>6,229</b>	<b>310,385</b>	<b>309</b>	<b>478,786</b>	<b>13,296</b>	<b>492,082</b>

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 2014

	Year ended 31 January 2014 \$'000	Year ended 31 January 2013 \$'000
<b>Cash Flows from Operating Activities</b>		
Profit before taxation	53,863	115,441
Adjustments for:		
Share of results of joint ventures and associated companies	(39,502)	(94,813)
Depreciation of:		
- investment properties	725	725
- property, plant and equipment	5,186	4,198
(Gain)/loss on disposal of:		
- investment properties	(3,560)	-
- property, plant and equipment	(21)	11
Impairment loss on property, plant and equipment	1,084	-
Gain on liquidation of joint ventures	-	(49)
Property, plant and equipment written off	36	97
Fair value gains recycled from fair value reserve to consolidated income statement on derecognition of available-for-sale financial assets	(1,541)	(1,896)
Fair value loss/(gain) on financial assets at fair value through profit or loss	1,850	(2,121)
Change in fair value of derivative financial instrument	(1,110)	(598)
Interest expense	2,116	1,411
Interest income	(479)	(476)
Operating profit before working capital changes	18,647	21,930
Inventories and work-in-progress	138	359
Development properties	(319,107)	(81,022)
Receivables	(1,794)	61
Payables	262,002	209,534
Cash (used in)/generated from operations	(40,114)	150,862
Interest paid	(2,773)	(601)
Income tax paid	(7,703)	(16,819)
Net cash (used in)/generated from operating activities	(50,590)	133,442
Balance carried forward	(50,590)	133,442

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 2014

	Year ended 31 January 2014 \$'000	Year ended 31 January 2013 \$'000
Balance brought forward	(50,590)	133,442
<b>Cash Flows from Investing Activities</b>		
Acquisition of property, plant and equipment	(6,707)	(5,969)
Acquisition of investment properties	(9,990)	–
Interest received	479	476
Advances and loans from joint ventures and associated companies	32,923	22,028
Capital return from joint ventures in liquidation	–	57
Proceeds from redemption of redeemable preference shares from a joint venture	1,500	–
Dividends from joint ventures	47,800	15,923
Proceeds from return of loans from joint ventures	(41,282)	73,142
Proceeds from disposal of quoted equity investments	3,053	6,135
Proceeds from disposal of property, plant and equipment	924	527
Proceeds from disposal of investment properties	7,000	–
Net cash generated from investing activities	<b>35,700</b>	112,319
<b>Cash Flows from Financing Activities</b>		
Capital contribution from non-controlling shareholders of subsidiaries (Note 12)	750	–
Dividends paid to shareholders of the Company	(33,247)	(29,552)
Dividends paid to non-controlling shareholders of a subsidiary	(475)	(480)
Loans from non-controlling shareholders of a subsidiary	55,125	120
Proceeds from bank borrowings	267,289	10,000
Repayment of bank borrowings	(283,750)	(53,000)
Net cash generated from/(used in) financing activities	<b>5,692</b>	(72,912)
Net (decrease)/increase in cash and cash equivalents	<b>(9,198)</b>	172,849
Cash and cash equivalents at beginning of year	<b>205,517</b>	32,888
Exchange differences on translations of cash and cash equivalents at beginning of year	(537)	(220)
Cash and cash equivalents at end of year (Note 4)	<b>195,782</b>	205,517

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 2014

## 1 General information

The financial statements of the Group and of the Company for the financial year ended 31 January 2014 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 high 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 used to estimate the total contract costs and the recoverable variation works that 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 2014

## 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 revenue on uncompleted contracts at the end of reporting date increase/decrease by 10% from management's estimates, the Group's profit will increase/decrease by \$2,965,000.

If the contract costs of uncompleted contracts to be incurred increase/decrease by 10% from management's estimates, the Group's profit will decrease/increase by \$1,623,000.

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 of available-for-sale equity instruments (Note 5)

The Group records impairment charges on available-for-sale equity investments when there has been a significant or prolonged decline in the fair value below their cost. The determination of what is "significant" or "prolonged" requires judgement. In making this judgement, the Group evaluates, among other factors, historical share price movements and the duration and extent to which the fair value of an investment is less than its cost. For the financial year ended 31 January 2014, no impairment loss was recognised for available-for-sale financial assets (2013 - Nil). The carrying amount of available-for-sale equity investments as at 31 January 2014 was \$41,438,000 (2013 - \$49,244,000). If a decline in fair value below cost was considered significant or prolonged, the Group would have recognised an additional loss of \$156,000 (2013 - Nil).

#### 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 2014 are \$14,366,000 and \$2,320,000 respectively.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 JANUARY 2014

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

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

#### 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 2014 are \$59,814,000 and \$13,349,000 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.

#### 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.

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

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 JANUARY 2014

## 2(b) Interpretations and amendments to published standards effective in 2013

On 1 February 2013, 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 1	Presentation of Items of Other Comprehensive Income
FRS 16	Property, Plant and Equipment
FRS 19	Employee Benefits
FRS 107	Disclosures - Offsetting Financial Assets and Financial Liabilities
FRS 113	Fair Value Measurement
Improvements to FRSs 2012	

### 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 Company does not expect any impact on its financial position or performance upon adoption of this standard.

### FRS 107 Disclosures - Offsetting Financial Assets and Financial Liabilities

The amendments to FRS 107 provides disclosure requirements that are intended to help investors and other financial statement users better assess the effect or potential effect of offsetting arrangements on an entity's financial position. The new disclosures require information about the gross amount of financial assets and liabilities before offsetting and the amounts set off in accordance with the offsetting model in FRS 32.

### FRS 113 Fair Value Measurement

FRS 113 clarifies the definition of fair value and provides related guidance and enhanced disclosures about fair value measurements. It does not affect which items are required to be fair-valued. The scope of FRS 113 is broad and it applies for both financial and non-financial items for which other FRSs require or permit fair value measurements or disclosures about fair value measurements except in certain circumstances.

FRS 113 applies prospectively for annual periods beginning on or after 1 January 2013. Its disclosure requirements need not be applied to comparative information in the first year of application.

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 2014

## 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 2013/2014 that are not yet effective but may be early adopted for the current financial year:

Reference	Description	Effective date (Annual periods beginning on or after)
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
Amendments to FRS 36	Recoverable Amount Disclosures for Non-Financial Assets	1 January 2014
Amendments to FRS 39	Novation of Derivatives and Continuation of Hedge Accounting	1 January 2014
Amendments to FRS 19	Defined Benefit Plans Employee Contributions	1 July 2014
Improvements to FRSs 2014		
- Amendments to FRS 16	Property, Plant and Equipment	1 July 2014
- Amendments to FRS 24	Related Party Disclosures	1 July 2014
- Amendments to FRS 38	Intangible Assets	1 July 2014
- Amendments to FRS 40	Investment Property	1 July 2014
- Amendments to FRS 102	Share-based Payment	1 July 2014
- Amendments to FRS 103	Business Combinations	1 July 2014
- Amendments to FRS 108	Operating Segments	1 July 2014
- Amendments to FRS 113	Fair Value Measurement	1 July 2014

### FRS 110 Consolidated Financial Statements

FRS 110 replaces all of the guidance on control and consolidation in IAS 27 “Consolidated and Separate Financial Statements” and SIC 12 “Consolidation - Special Purpose Entities”. The same criteria are now applied to all entities to determine control. Additional guidance is also provided to assist in the determination of control where this is difficult to assess. The Group and the Company will apply FRS 110, if applicable, from 1 February 2014, but this is not expected to have any significant impact on the financial statements of the Group and the Company.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 JANUARY 2014

## 2(c) FRS issued but not yet effective (cont'd)

### FRS 111 Joint Arrangements

FRS 111 introduces a number of changes. The “types” of joint arrangements have been reduced to two: joint operations and joint ventures. The existing policy choice of proportionate consolidation for jointly controlled entities has been eliminated and equity accounting is mandatory for participants in joint ventures. Entities that participate in joint operations will follow accounting much like that for joint assets or joint operations currently.

### FRS 112 Disclosure of Interests in Other Entities

FRS 112 requires disclosure of information that helps financial statement readers to evaluate the nature, risks and financial effects associated with the entity’s interests in (1) subsidiaries, (2) associates, (3) joint arrangements and (4) unconsolidated structured entities.

The Group and the Company will apply FRS 112, if applicable, prospectively from 1 February 2014. FRS 112 will not result in any changes to the Group’s and the Company’s accounting policies but will require more disclosures in the financial statements.

The directors do not anticipate that the adoption of the above FRSs 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.

## 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, if any, 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 statement 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.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 JANUARY 2014

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

### Consolidation (cont'd)

#### 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.

#### 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.



# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 JANUARY 2014

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

### 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.

### 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).

No depreciation is provided on assets under construction.

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.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 JANUARY 2014

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

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

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 during the financial year in which it is incurred.

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.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 JANUARY 2014

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

### 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.

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.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 JANUARY 2014

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

### Joint ventures

The Group's joint ventures are entities over which the Group has contractual arrangements to jointly share control over the economic activity of the entities with one or more parties.

Investments in joint ventures at company level are stated at 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".

When financial statements of joint ventures 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 joint ventures that occur between the date of the joint ventures' financial statements and the end of reporting period. Where this occurs, the reporting date of the financial statements of the joint ventures shall be disclosed, together with the reason for using a different reporting period (see Note 10).

### 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.

Financial assets and financial liabilities are offset and the net amount presented in the statements of financial position when, and only when, the Group currently has a legally enforceable right to set off the recognised amounts; and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

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 2014

## 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 write-back 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 2014

## 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.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 JANUARY 2014

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

### Development properties (cont'd)

#### Unsold properties under development

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.

#### Sold properties under development

- the sales of which are recognised using the completion of construction method

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”.

- the sales of which are recognised using the percentage of completion method

The aggregated costs incurred together with attributable profits and net of progress billings are presented as development properties in the statements of financial position. If progress billings exceed costs incurred plus recognised profits, the balance is presented as deferred income.

### Inventories

Inventories are stated 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' costs 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.



# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 JANUARY 2014

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

### Cash and cash equivalents

Cash and cash equivalents comprise cash balances and bank deposits which are readily convertible to cash and which are subject to an insignificant risk of changes in value.

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.

Financial assets and financial liabilities are offset and the net amount presented in the statements of financial position when, and only when, the Group currently has a legally enforceable right to set off the recognised amounts; and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

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.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 JANUARY 2014

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

### Financial liabilities (cont'd)

#### 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.

### 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.

#### 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.

### Government grants

Government grants were recognised at their fair value where there was reasonable assurance that the grant would be received and all attaching conditions would be complied with. When the grant was related to an expense item, it was recognised in the consolidated income statement over the period necessary to match them on a systematic basis to the costs that it was intended to compensate.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 JANUARY 2014

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

### 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.

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.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 JANUARY 2014

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

### Income taxes (cont'd)

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.

Group tax relief is available for the Singapore incorporated holding company and all its Singapore incorporated subsidiaries with at least 75% equity ownership, directly or indirectly (excluding any foreign shareholdings in the ownership chain) held by Singapore incorporated companies within the Group. Current year's unabsorbed tax losses and capital allowances are available to be set off against taxable profits of profitable subsidiaries within the Group in accordance with the rules.

### 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.

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, if any, 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.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 JANUARY 2014

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

### 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

- using the completion of construction method

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 2014, no revenue from sales of development properties under completion of construction method have been recognised.

- using the percentage of completion method

Revenue from sales of development properties is recognised by reference to the stage of completion using the percentage of completion method when the Group determines that:

- (a) control and the significant risks and rewards of ownership of the work-in-progress transfer to the buyer in its current state as construction progresses;
- (b) the sales price is fixed and collectible;
- (c) the percentage of completion can be measured reliably;
- (d) there is no significant uncertainty as to the ability of the Group to complete the development; and
- (e) costs incurred or to be incurred can be measured reliably.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 JANUARY 2014

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

### Revenue recognition (cont'd)

#### Development properties for sale (cont'd)

- using the percentage of completion method (cont'd)

The percentage of completion is measured by reference to the work performed, based on the ratio of construction costs incurred to-date to the estimated total construction costs. Profits are recognised only in respect of finalised sales contracts to the extent that such profits relate to the progress of the construction work.

During the financial year ended 31 January 2014, no revenue from sales of development properties under percentage of completion method have been recognised as construction work has yet to commence.

#### Hotel and restaurant operations

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

#### 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.

#### Government grant

Cash grant received from the government was recognised as income upon receipt.

### Functional currencies

#### 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. However, in the consolidated financial statements, currency translation differences arising from borrowings in foreign currencies and other currency instruments designated and qualifying as net investment hedges and net investment in foreign operations, are recognised in other comprehensive income and accumulated in the currency translation reserve.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 JANUARY 2014

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

### Conversion of foreign currencies (cont'd)

#### Transactions and balances (cont'd)

When a foreign operation is disposed of or any borrowings forming part of the net investment of the foreign operation are repaid, a proportionate share of the accumulated translation differences is reclassified to consolidated income statement, as part of the gain or loss on disposal.

Foreign exchange gains and losses that relate to borrowings are presented in the consolidated income statement within "finance costs". Foreign currency gains and losses are reported on a net basis as either other income or other operating expense depending on whether foreign currency movements are in a net gain or net loss position.

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.

### 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.



# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 JANUARY 2014

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

### 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 joint managing directors who regularly review 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.

Revenue of the Group includes revenue from hotel management services and operations, rental income, dividend income from investments 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 2014

## 4 Cash and cash equivalents

	The Group		The Company	
	2014 \$'000	2013 \$'000	2014 \$'000	2013 \$'000
Fixed deposits	2,897	56,206	-	44,000
Cash and bank balances	192,885	149,311	53,187	20,138
	<b>195,782</b>	<b>205,517</b>	<b>53,187</b>	<b>64,138</b>

Cash and cash equivalents are denominated in the following currencies:

Singapore dollar	169,087	187,244	42,406	56,884
United States dollar	2,656	958	2,587	886
Australian dollar	10,380	5,351	1,678	15
Malaysian Ringgit	8,037	6,943	6,516	6,353
Chinese Renminbi	5,411	4,951	-	-
Vietnamese Dong	211	70	-	-
	<b>195,782</b>	<b>205,517</b>	<b>53,187</b>	<b>64,138</b>

The Group

The fixed deposits earn an effective interest rate of 3.03% (2013 - 0.62%) per annum which mature on varying dates between 11 February 2014 and 28 June 2014 (2013 - 5 February 2013 and 28 June 2013).

Included in cash and bank balances of the Group of \$192,885,000 (2013 - \$149,311,000) is a sum of \$104,155,000 (2013 - \$117,174,000) maintained in project accounts with a financial institution. Included in the project accounts is a sum of \$88,698,000 (2013 - \$62,875,000) which can only be applied in accordance with Housing Developers (Project Account) Rules 1997.

## 5 Investments

	The Group		The Company	
	2014 \$'000	2013 \$'000	2014 \$'000	2013 \$'000
<b>(a) Current</b>				
Financial assets at fair value through profit or loss - quoted equity investments				
Balance at beginning of year	6,200	4,098	-	-
Disposals	(8)	(19)	-	-
Fair value (loss)/gain recognised in consolidated income statement [Note 26(a) and Note 26(c)]	(1,850)	2,121	-	-
Balance at end of year, at fair value	<b>4,342</b>	<b>6,200</b>	<b>-</b>	<b>-</b>
Market value of quoted equity investments	<b>4,342</b>	<b>6,200</b>	<b>-</b>	<b>-</b>

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 JANUARY 2014

## 5 Investments (cont'd)

	The Group		The Company	
	2014 \$'000	2013 \$'000	2014 \$'000	2013 \$'000
<b>(b) Non-current</b>				
Available-for-sale financial assets				
- quoted equity investments				
Balance at beginning of year	<b>54,928</b>	51,621	<b>2,172</b>	2,114
Disposals	<b>(3,083)</b>	(6,699)	-	-
Exchange translation difference	<b>(175)</b>	(162)	<b>(101)</b>	(94)
Fair value (losses)/gains recognised in other comprehensive income (Note 23)	<b>(4,586)</b>	10,168	<b>172</b>	152
	<b>47,084</b>	54,928	<b>2,243</b>	2,172
<b>Accumulated impairment</b>				
Balance at beginning of year	<b>(5,684)</b>	(6,267)	<b>(140)</b>	(140)
Disposal	<b>38</b>	583	-	-
Balance at end of year	<b>(5,646)</b>	(5,684)	<b>(140)</b>	(140)
Balance at end of year, at fair value	<b>41,438</b>	49,244	<b>2,103</b>	2,032
Market value of quoted equity investments	(i) <b>41,438</b>	49,244	<b>2,103</b>	2,032
Available-for-sale financial assets				
- unquoted equity investment, at cost	-	1,734	-	-
Less:				
Allowance for impairment loss				
Balance at beginning of year	<b>(1,734)</b>	(1,734)	-	-
Impairment loss written off during the year	<b>1,734</b>	-	-	-
Balance at end of year	-	(1,734)	-	-
	(ii) -	-	-	-
Total	(i) + (ii) <b>41,438</b>	49,244	<b>2,103</b>	2,032

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

The unquoted equity investment carried at cost pertained 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. This investment was written off during the financial year ended 31 January 2014.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 JANUARY 2014

## 6 Trade and other receivables

	The Group		The Company	
	2014 \$'000	2013 \$'000	2014 \$'000	2013 \$'000
Due within one year				
Trade receivables				
- third parties	<b>20,516</b>	39,062	<b>10,169</b>	19,101
- subsidiaries	-	-	<b>16,249</b>	10,381
	<b>20,516</b>	39,062	<b>26,418</b>	29,482
Accrued billings	<b>21,600</b>	-	<b>3,913</b>	-
	<b>42,116</b>	39,062	<b>30,331</b>	29,482
Allowance for impairment loss of trade receivables				
Balance at beginning of year	-	(4)	-	-
Allowance during the year	(9)	-	-	-
Allowance written off	-	4	-	-
Balance at end of year	(9)	-	-	-
Net trade receivables	(i) <b>42,107</b>	39,062	<b>30,331</b>	29,482
Advances	<b>65</b>	347	-	-
Staff loans	<b>1</b>	6	<b>1</b>	6
Interest receivable	<b>2</b>	16	-	6
Deposits	<b>545</b>	1,020	<b>244</b>	832
Prepayments	<b>635</b>	1,000	<b>40</b>	34
Recoverable expenses	<b>120</b>	32	<b>107</b>	32
Tax recoverable	-	*	-	-
Sundry debtors	<b>420</b>	398	<b>8</b>	-
	<b>1,788</b>	2,819	<b>400</b>	910
Impairment loss on other receivables				
Allowance for the year and balance at end of year	(53)	-	-	-
Net other receivables	(ii) <b>1,735</b>	2,819	<b>400</b>	910
	(i) + (ii) <b>43,842</b>	41,881	<b>30,731</b>	30,392
Due after one year				
Other receivables	(iii) <b>64</b>	62	-	3,705
Total	(i) + (ii) + (iii) <b>43,906</b>	41,943	<b>30,731</b>	34,097
Trade and other receivables are denominated in the following currencies:				
Singapore dollar	<b>41,020</b>	37,709	<b>30,731</b>	34,097
Vietnamese Dong	<b>1,043</b>	1,343	-	-
United States dollar	<b>64</b>	62	-	-
Australian dollar	<b>1,484</b>	2,567	-	-
Chinese Renminbi	<b>291</b>	259	-	-
Malaysian Ringgit	<b>4</b>	3	-	-
	<b>43,906</b>	41,943	<b>30,731</b>	34,097

\* represents amount less than \$500

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 JANUARY 2014

## 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 (2013 - 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 include a sum of retention money of \$6,364,000 (2013 - \$11,553,000) owing from construction work.

The trade receivables ageing are generally between 30 days and 90 days (2013 - 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	
	2014 \$'000	2013 \$'000	2014 \$'000	2013 \$'000
Current	<b>34,455</b>	13,746	<b>7,719</b>	11,512

(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	
	2014 \$'000	2013 \$'000	2014 \$'000	2013 \$'000
Past due 0 to 3 months	<b>966</b>	13,430	-	-
Past due 3 to 6 months	<b>303</b>	87	-	-
Past due over 6 months	<b>19</b>	246	-	-
	<b>1,288</b>	13,763	-	-

(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	
	2014 \$'000	2013 \$'000	2014 \$'000	2013 \$'000
Past due over 6 months	-	-	-	-

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 JANUARY 2014

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

Based on historical default rates, the directors of the Company are 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 and other 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.

Accrued billings relate to work done that has yet to be billed as at the end of the reporting period.

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

As at 31 January 2013, the non-current other receivables of the Company of \$3,705,000 pertained to deposits paid to a subsidiary for the purchase of four office units at Paya Lebar Square. These deposits had been capitalised in property, plant and equipment during the financial year ended 31 January 2014 [Note 14(ii)].

## 7 Work-in-progress

	The Group		The Company	
	2014 \$'000	2013 \$'000	2014 \$'000	2013 \$'000
Construction costs	<b>672,563</b>	654,741	<b>864,739</b>	717,611
Attributable profits	<b>202,036</b>	190,273	<b>221,340</b>	191,556
	<b>874,599</b>	845,014	<b>1,086,079</b>	909,167
Progress billings received and receivable	<b>(874,599)</b>	(845,014)	<b>(1,086,079)</b>	(909,167)
	-	-	-	-
Contract revenue recognised during the year	<b>29,647</b>	67,437	<b>176,975</b>	131,590
Contracts-in-progress at end of reporting period:				
Due from customers on construction contracts	-	-	-	-
Due to customers on construction contracts	-	-	-	-
	-	-	-	-
Included in construction costs are the following:				
Depreciation of property, plant and equipment (Note 14)	<b>120</b>	124	<b>120</b>	124
Directors' remuneration	<b>664</b>	663	<b>664</b>	663

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 JANUARY 2014

## 8 Inventories

The Group	2014 \$'000	2013 \$'000
At cost,		
Hotel supplies	106	138
Restaurant supplies	439	428
	<b>545</b>	<b>566</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 \$4,998,000 (2013 - \$6,136,000).

## 9 Development properties

The Group	2014 \$'000	2013 \$'000
Land and other related costs	993,864	808,636
Development costs	197,664	63,785
	<b>1,191,528</b>	<b>872,421</b>

Interest costs of \$9,698,000 (2013 - \$11,079,000) have been capitalised during the financial year ended 31 January 2014 at effective interest rates ranging from 1.46% to 4.00% (2013 - 1.52% 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 TOP
(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	Q4 2014/15
(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	Q4 2014/15



# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 JANUARY 2014

## 9 Development properties (cont'd)

Name/Location	Description of development	Tenure/ Group's interest in property	Site area (sq. metres)	Estimated gross floor area (sq. metres)	* Expected date of TOP
(3) Kismis Lodge Lorong Kismis, Singapore	Mixed residential development with 31 units of landed terrace houses and 7 units of strata- landed (cluster) houses	Freehold land/70%	6,530	17,920	Q4 2016/17
(4) Balestier Towers at 207 Balestier Road, Singapore	Mixed development of 15 strata of commercial units and 1 strata of residential penthouse	Freehold land/99%	2,786	3,074	To be determined <sup>(1)</sup>

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

Note:

- (1) As at the date of these financial statements, Newfort Alliance (Moulmein) Pte. Ltd., a subsidiary of the Company is in the process of acquiring all the remaining balance of residential units at Balestier Tower.

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 2014

## 10 Joint ventures

	The Group		The Company	
	2014 \$'000	2013 \$'000	2014 \$'000	2013 \$'000
<b>(a) Non-current assets</b>				
Contributions made towards joint ventures:				
- Joint ventures	15,347	16,955	10,487	11,987
- Exchange fluctuation difference	(1,204)	(1,054)	(108)	-
	<b>14,143</b>	15,901	<b>10,379</b>	11,987
Share of retained profits in joint ventures	115,086	125,552	32,683	32,683
Exchange fluctuation difference	(102)	(40)	-	-
Impairment loss on joint ventures	-	-	(27,087)	-
Balance at beginning of year	-	-	(5,709)	(27,087)
Impairment loss during the year	-	-	(32,796)	(27,087)
Balance at end of year	-	-	(32,796)	(27,087)
At cost	(i) <b>129,127</b>	141,413	<b>10,266</b>	17,583
Amount owing by joint ventures (non-trade):				
- advances	*	-	*	-
- interest-free loans	15,020	11,244	15,020	11,244
	(ii) <b>15,020</b>	11,244	<b>15,020</b>	11,244
Total	(i) + (ii) <b>144,147</b>	152,657	<b>25,286</b>	28,827
Share of results in joint ventures, net of tax	<b>37,334</b>	93,319	-	-
<b>(b) Non-current liabilities</b>				
Share of retained losses in joint venture	865	879	1,062	1,062
Exchange fluctuation difference	35	(14)	-	-
	<b>900</b>	865	<b>1,062</b>	1,062
Provision for foreseeable losses				
Balance at beginning of year	1,241	1,261	999	999
Exchange fluctuation difference	50	(20)	-	-
Balance at end of year	1,291	1,241	999	999
	(i) <b>2,191</b>	2,106	<b>2,061</b>	2,061
Amount owing to a joint venture (non-trade):				
- advances (denominated in SGD)	(ii) <b>26,812</b>	22,212	<b>26,812</b>	22,212
Amount owing by a joint venture (non-trade):				
- advances	(iii) <b>(1,769)</b>	(1,700)	<b>(1,769)</b>	(1,700)
Total	(i) + (ii) + (iii) <b>27,234</b>	22,618	<b>27,104</b>	22,573
Share of results of joint venture, net of tax	-	-	-	-

\* represents amount less than \$500

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 JANUARY 2014

## 10 Joint ventures (cont'd)

The summarised information of joint ventures, adjusted for the percentage ownership held by the Group, is as follows:

The Group	2014 \$'000	2013 \$'000
Assets		
- Current assets	232,400	222,357
- Non-current assets	15,062	11,482
	<b>247,462</b>	<b>233,839</b>
Liabilities		
- Current liabilities	(98,319)	(36,540)
- Non-current liabilities	(18,388)	(56,810)
	<b>(116,707)</b>	<b>(93,350)</b>
Net assets	<b>130,755</b>	140,489
Sales	104,253	275,295
Expenses	(59,128)	(162,549)
Profit before taxation	45,125	112,746
Income tax	(7,791)	(19,427)
Net profit after taxation	<b>37,334</b>	93,319
Share of joint ventures' commitments	<b>2,621</b>	2,480

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 2014, the dividends received by the Group from joint ventures amounted to \$47,800,000 (2013 - \$15,923,000).

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

The Group and the Company	2014 \$'000	2013 \$'000
Singapore dollar	*	*
Malaysian Ringgit	15,020	11,244
United States dollar	1,769	1,700
	<b>16,789</b>	<b>12,944</b>

\* represents amount less than \$500

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 JANUARY 2014

## 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	Different reporting period other than 31 January
		2014 %	2013 %		
@ 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	31 December
#, ** Regency One Development Pte. Ltd.	Singapore	<b>20</b>	20	In liquidation	31 December
#, ** Duchess Walk Pte. Ltd.	Singapore	<b>30</b>	30	Developed Duchess Residences on a parcel of land at Duchess Avenue	31 December
^ Peak Garden Pte. Ltd.	Singapore	<b>40</b>	40	Developed the Minton on a parcel of land at Hougang Street 11	31 December
^^ Bina Meganmas Sdn. Bhd.	Malaysia	<b>49</b>	49	To 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”)	31 December
##, ** Suasana Simfoni Sdn. Bhd.	Malaysia	<b>20</b>	20	To develop condominium on a parcel of land at Jalan Conlay in KL	31 December
+ 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	31 December

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 JANUARY 2014

## 10 Joint ventures (cont'd)

- @ This joint venture is a jointly-controlled operation.
- ^ Audited by KPMG LLP, Singapore
- ^^ Audited by Yee Choon Kong & Co., Malaysia
- # Audited by PricewaterhouseCoopers LLP, Singapore
- ## Audited by PricewaterhouseCoopers, Malaysia
- + Interest is held through a subsidiary and audited by Ernst & Young LLP, Socialist Republic of Vietnam. Not consolidated as the entity is not controlled by the Group and deemed to be a joint venture as the Group shares the control of the entity.
- \*\* These joint ventures are subsidiaries of a public company, UOL Group Limited, listed with The Singapore Exchange. The results of these joint ventures are based on audited results to 31 December 2013, all within three months of the year-end of the Group. The total assets and liabilities represented less than 3% (2013 - 4%) of the Group's total assets and liabilities, revenue and net profit after taxation represented less than 1% (2013 - 2%) of the Group's revenue and net profit after taxation. No adjustments were made to these joint venturers' financial results as in the opinion of the directors, there were no material transactions and events occurred in the intervening period.

The Group is unable to obtain timely information of Peak Garden Pte. Ltd. and OSC-Duxton (Vietnam) Joint Venture Company Limited for the intervening period arising from the extent of the joint venture arrangements. The results of these joint ventures are based on audited results to 31 December 2013, all within three months of the year-end of the Group. No adjustments were made to these joint venturers' financial results as in the opinion of the directors, there were no material transactions and events occurred in the intervening period.

The Group has a 75% equity interest at a cost of \$4,968,000 (2013 - \$4,968,000) in OSC-Duxton (Vietnam) Joint Venture Company Limited ("OSC-Duxton"), which is to develop residential apartments, office building and a five-star hotel at Front Beach, Vung Tau City in Vietnam. OSC-Duxton is deemed to be a joint venture of the Group, accounted using the equity method of accounting as the strategic, operating, investing and financing key decisions require the unanimous approval of its venturers.

In accordance to Rule 716 of The Singapore Exchange Securities Trading Limited - Listing Rules, the Audit Committee and Board of Directors of the Company confirmed that they are satisfied that the appointment of different auditors for its joint ventures would not compromise the standard and effectiveness of the audit of the Group and of the Company.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 JANUARY 2014

## 11 Associated companies

		The Group		The Company	
		2014 \$'000	2013 \$'000	2014 \$'000	2013 \$'000
Unquoted equity investment, at cost	(i)	<b>5,310</b>	5,310	*	–
Share of post-acquisition profits		<b>5,114</b>	3,101	–	–
Exchange fluctuation difference		<b>(986)</b>	(591)	–	–
	(ii)	<b>4,128</b>	2,510	–	–
Amounts owing by associated companies (non-trade)					
- interest-free loans	(iii)	<b>16,171</b>	8,088	<b>12,400</b>	–
	(i) + (ii) + (iii)	<b>25,609</b>	15,908	<b>12,400</b>	–
Share of associated companies' results, net of tax		<b>2,168</b>	1,494	–	–

\* represents amount less than \$500

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

	2014 \$'000	2013 \$'000
- Assets	<b>77,232</b>	33,991
- Liabilities	<b>57,485</b>	17,864
- Revenue	<b>16,201</b>	19,274
- Net profit after taxation	<b>4,076</b>	3,042

The non-trade loans owing by associated companies 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 amounts owing by associated companies are denominated in the following currencies:

	The Group		The Company	
	2014 \$'000	2013 \$'000	2014 \$'000	2013 \$'000
Singapore Dollar	<b>12,400</b>	–	<b>12,400</b>	–
Malaysian Ringgit	<b>3,771</b>	8,088	–	–
	<b>16,171</b>	8,088	<b>12,400</b>	–

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 JANUARY 2014

## 11 Associated companies (cont'd)

Details of the associated companies are as follows:

Name	Country of incorporation/ principal place of business	Effective percentage of equity held		Principal activities
		2014 %	2013 %	
^ Binakawa Sdn. Bhd.	Malaysia	49	49	Property development and investment holding
Westgate Tower Pte. Ltd.	Singapore	40	–	Property investment
Westgate Commercial Pte. Ltd.	Singapore	40	–	Property investment

^ Audited by Yee Choon Kong & Co., Malaysia

In accordance to Rule 716 of The Singapore Exchange Securities Trading Limited – Listing Rules, the Audit Committee and Board of Directors of the Company confirmed that they are satisfied that the appointment of different auditors for its associated companies would not compromise the standard and effectiveness of the audit of the Group and of the Company.

## 12 Subsidiaries

	2014 \$'000	2013 \$'000
The Company		
Unquoted equity investments, at cost	7,312	6,762
Impairment loss on investments in subsidiaries		
Balance at beginning of year	(521)	(3,751)
Allowance no longer required	–	3,230
Balance at end of year	(521)	(521)
	(i) 6,791	6,241
Amounts owing by subsidiaries (non-trade):		
- interest-free	102,482	139,943
- interest-bearing	269,514	175,729
	371,996	315,672
Impairment loss on receivables		
Balance at beginning of year	(530)	(746)
Allowance for the year	(2,970)	–
Allowance no longer required	–	216
Balance at end of year	(3,500)	(530)
	(ii) 368,496	315,142
Total	(i) + (ii) 375,287	321,383



# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 JANUARY 2014

## 12 Subsidiaries (cont'd)

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

The Company	2014 \$'000	2013 \$'000
Singapore dollar	363,791	302,685
Malaysian Ringgit	8,205	12,755
Australian dollar	-	232
	<b>371,996</b>	<b>315,672</b>

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 1.8% to 4.0% (2013 - 2.5% to 4.0%) per annum to 4 (2013 - 2) of the subsidiaries.

### Acquisition of subsidiaries

During the financial year ended 31 January 2014, the Group acquired 70% equity interest in a subsidiary, Newfort Alliance (Kismis) Pte. Ltd., 99% equity interest in a subsidiary, Newfort Alliance (Moulmein) Pte. Ltd. and 55% equity interest in a subsidiary, Paya Lebar Square Pte. Ltd. for an aggregate consideration of \$2,000,000. The fair value of net assets acquired approximated their book values.

#### (a) Consideration

	2014 \$'000	2013 \$'000
Cash consideration	<b>2,000</b>	-

#### (b) Fair value of identifiable assets acquired and liabilities assumed at acquisition dates

	2014 \$'000	2013 \$'000
Cash and cash equivalents	1,250	-
Other receivables	750	-
Total net identifiable assets	2,000	-
Non-controlling interests	(750)	-
	<b>1,250</b>	-

#### (c) Effect on cash flows of the Group

	2014 \$'000	2013 \$'000
Cash consideration paid (per (a) above)	2,000	-
Less: Cash and cash equivalents in subsidiaries acquired	(1,250)	-
Net cash inflow on acquisition	<b>750</b>	-

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 JANUARY 2014

## 12 Subsidiaries (cont'd)

The Group has elected to measure the non-controlling interests at the non-controlling interests' proportionate share of the identifiable net assets.

The subsidiaries acquired during the financial year ended 31 January 2014 contributed \$113,000 to the Group's profit after tax for the financial year ended 31 January 2014. If acquisition had occurred on 1 February 2013, Group's revenue and profit would have been \$Nil and \$Nil respectively. The subsidiaries' assets and liabilities as at 31 January 2014 were \$281,634,000 and \$279,522,000 respectively.

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
		2014	2013	2014	2013	
		\$'000	\$'000	%	%	
<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
Balance carried forward		<b>6,762</b>	6,762			

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 JANUARY 2014

## 12 Subsidiaries (cont'd)

Name	Country of incorporation/ principal place of business	Cost of investments		Effective percentage of equity held		Principal activities
		2014 \$'000	2013 \$'000	2014 %	2013 %	
Balance brought forward		<b>6,762</b>	6,762			
<u>Subsidiaries held by the Company</u>						
Huatland Development Pte. Ltd.	Singapore	*	*	<b>100</b>	100	Not commenced operations yet
East Peak Development Pte. Ltd.	Singapore	*	*	<b>100</b>	100	Investment holding
Paya Lebar Square Pte. Ltd.	Singapore	<b>550</b>	–	<b>55</b>	–	Property investment
Newfort Alliance (Moulmein) Pte. Ltd.	Singapore	*	–	<b>99</b>	–	Property investment
<u>Subsidiary held by Bali Investment Pte. Ltd.</u>						
# Vista Mutiara Sdn Bhd	Malaysia	+	+	<b>100</b>	100	Investment holding
<u>Subsidiaries held by Starworth Pte. Ltd.</u>						
Carnivore Brazilian Churrascaria Pte. Ltd.	Singapore	+	+	<b>100</b>	100	Restaurant
Upper Club Pte. Ltd.	Singapore	+	+	–	100	Struck off on 7 November 2013
22 Dempsey Pte. Ltd.	Singapore	+	+	<b>100</b>	100	Restaurant
<u>Subsidiary held by Dalton Investment Pte. Ltd.</u>						
** Vinametric Limited	Socialist Republic of Vietnam	+	+	<b>100</b>	100	Hotel owner and operator
<u>Subsidiaries held by Duxton Hotel (Pte.) Ltd.</u>						
^ Duxton Hotels International Pty Ltd	Australia	+	+	<b>100</b>	100	Owner of trademark
L'Aigle d'Or Investment Pte. Ltd.	Singapore	+	+	–	100	Struck off on 7 November 2013
<u>Subsidiary held by Kendall Pte Ltd</u>						
^ Amuret Pty Ltd	Australia	+	+	<b>75</b>	75	Investment holding
Balance carried forward		<b>7,312</b>	6,762			

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 JANUARY 2014

## 12 Subsidiaries (cont'd)

Name	Country of incorporation/ principal place of business	Cost of investments		Effective percentage of equity held		Principal activities
		2014 \$'000	2013 \$'000	2014 %	2013 %	
Balance brought forward		<b>7,312</b>	6,762			
<u>Subsidiaries held by Low Keng Huat International Pte Ltd</u>						
^ Narymal Pty Ltd	Australia	+	+	<b>75</b>	75	Hotel management
^^ Shanghai Nova Realty Development Co., Ltd	People's Republic of China	+	+	<b>63</b>	63	Investment holding
^^ Shanghai Xinfeng Realty Development Co., Ltd	People's Republic of China	+	+	<b>60</b>	60	Property development
Pyline Pte Ltd	Singapore	+	+	<b>75</b>	75	Dormant
<u>Subsidiary held by Quality Investments Pte Ltd</u>						
Herman Investments Pte Ltd	Singapore	+	+	<b>100</b>	100	Investment holding
<u>Subsidiary held by Siong Feng Development Pte. Ltd.</u>						
Paya Lebar Development Pte. Ltd.	Singapore	+	+	<b>80</b>	80	Property development
<u>Subsidiary held by East Peak Development Pte. Ltd.</u>						
Newfort Alliance (Kismis) Pte. Ltd.	Singapore	+	+	<b>70</b>	–	Property development
		<b>7,312</b>		<b>6,762</b>		

\* Represents amount less than \$500

# Audited by Yee Choon Kong & Co., Malaysia

\*\* Audited by Ernst & 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

In accordance to Rule 716 of The Singapore Exchange Securities Trading Limited – Listing Rules, the Audit Committee and Board of Directors of the Company confirmed that they are satisfied that the appointment of different auditors for its subsidiaries would not compromise the standard and effectiveness of the audit of the Group and of the Company.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 JANUARY 2014

## 13 Investment properties

	The Group		The Company	
	2014 \$'000	2013 \$'000	2014 \$'000	2013 \$'000
<b>Cost</b>				
Balance at beginning of year	20,057	20,057	16,883	16,883
Additions	9,990	–	30	–
Disposals	(8,153)	–	(8,153)	–
Balance at end of year	<b>21,894</b>	20,057	<b>8,760</b>	16,883
<b>Accumulated depreciation</b>				
Balance at beginning of year	6,803	6,078	5,754	5,069
Depreciation for the year	725	725	686	685
Balance at end of year	<b>7,528</b>	6,803	<b>6,440</b>	5,754
<b>Accumulated impairment loss</b>				
Balance at beginning of year	4,713	4,713	4,713	4,713
Disposals	(4,713)	–	(4,713)	–
Balance at end of year	–	4,713	–	4,713
Net book value	<b>14,366</b>	8,541	<b>2,320</b>	6,416
Fair value	<b>313,784</b>	22,709	<b>6,416</b>	14,820

(a) Investment properties are leased to third parties under operating leases [Note 33.1(b)].

(b) The following amounts are recognised in the consolidated income statement:

The Group	Note	2014 \$'000	2013 \$'000
<b>Income</b>			
Rental income included in:			
– revenue		506	1,399
– other operating income	26(a)	805	162
<b>Expenses</b>			
Direct operating expenses arising from:			
– investment properties that generated rental income		1,340	1,400

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 JANUARY 2014

## 13 Investment properties (cont'd)

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

Location	Description	Area (sq. metres)	Tenure	Net book value (\$'000)	
				2014	2013
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	2,086	2,126
1790 PT Plot A14609, Sungei Kadut Loop, Singapore <sup>(3)</sup>	Warehouse	4,620	30 years lease commencing 1 March 1995	2,320	2,975
60 Paya Lebar Road, Paya Lebar Square Retail Podium, Singapore <sup>(4)</sup>	159 retail units	12,476	Leasehold 99 years commencing 25 July 2011	9,960	-
				<b>14,366</b>	<b>8,541</b>

Notes:

<sup>(1)</sup> A subsidiary of the Company, Vista Mutiara Sdn Bhd has on behalf of the Company, entered into a sale and purchase agreement with a third party to sell the freehold land located at Section 49 Town District of Kuala Lumpur, Malaysia on 28 May 2013 for an aggregate consideration of \$7,000,000 (RM17,500,000).

On 19 September 2013, the sale and purchase transaction was completed upon the transfer of ownership and a gain of \$3,560,000 [Note 26(a) and 27] has been recognised in the consolidated income statement in the financial year ended 31 January 2014.

<sup>(2)</sup> On 15 April 2013, the directors of the Company estimated the market value to be \$7,966,000 (2013 – \$7,889,000) 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.

<sup>(3)</sup> On 13 December 2013, the directors of the Company estimated the market value to be \$5,818,000 (2013 – \$6,306,000 on the basis of open market value by Knight Frank) for the warehouse located at 43 Sungei Kadut Loop based on the current market trend and with reference to indicative prices of similar warehouses in the area.

<sup>(4)</sup> On 1 August 2013, a firm of independent professional valuers, Colliers International, valued the retail units, assuming the properties have been completed, to be \$300,000,000 based on current market trends and with reference to indicative prices of similar property transactions.

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 2014.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 JANUARY 2014

## 14 Property, plant and equipment

### (i) Properties

The Group	Freehold property \$'000	Leasehold properties \$'000	Sub-total \$'000
<b>Cost</b>			
At 1 February 2012	30,279	33,277	63,556
Additions	2,311	–	2,311
Transfer from work-in-progress	–	704	704
Disposals	–	(546)	(546)
Exchange translation difference	(855)	(501)	(1,356)
At 31 January 2013	<b>31,735</b>	<b>32,934</b>	<b>64,669</b>
Additions	–	<b>1,334</b>	<b>1,334</b>
Reclassifications	<b>(1,313)</b>	–	<b>(1,313)</b>
Disposals	<b>(675)</b>	<b>(35)</b>	<b>(710)</b>
Exchange translation difference	<b>(4,170)</b>	<b>106</b>	<b>(4,064)</b>
<b>At 31 January 2014</b>	<b>25,577</b>	<b>34,339</b>	<b>59,916</b>
<b>Accumulated depreciation</b>			
At 1 February 2012	2,977	14,936	17,913
Depreciation for the year	257	812	1,069
Disposals	–	(545)	(545)
Exchange translation difference	(94)	(227)	(321)
At 31 January 2013	<b>3,140</b>	<b>14,976</b>	<b>18,116</b>
Depreciation for the year	<b>239</b>	<b>973</b>	<b>1,212</b>
Disposals	–	<b>(22)</b>	<b>(22)</b>
Exchange translation difference	<b>(476)</b>	<b>17</b>	<b>(459)</b>
<b>At 31 January 2014</b>	<b>2,903</b>	<b>15,944</b>	<b>18,847</b>
<b>Net book value</b>			
<b>At 31 January 2014</b>	<b>22,674</b>	<b>18,395</b>	<b>41,069</b>
At 31 January 2013	28,595	17,958	46,553



# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 JANUARY 2014

## 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 2012	44,867	2,353	8,375	2,645	58,240	121,796
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>
Additions	2,354	1,006	810	1,203	5,373	6,707
Reclassifications	1,313	–	–	–	1,313	–
Disposals	(379)	(559)	(384)	(722)	(2,044)	(2,754)
Exchange translation difference	(6,001)	(6)	(264)	–	(6,271)	(10,335)
<b>At 31 January 2014</b>	<b>41,117</b>	<b>2,280</b>	<b>3,993</b>	<b>3,704</b>	<b>51,094</b>	<b>111,010</b>
<b>Accumulated depreciation</b>						
At 1 February 2012	28,862	1,123	7,136	950	38,071	55,984
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>
Depreciation for the year	2,656	212	487	739	4,094	5,306
Disposals	(372)	(347)	(380)	(695)	(1,794)	(1,816)
Impairment loss [Note 26(c) and Note 27]	198	–	100	786	1,084	1,084
Exchange translation difference	(4,105)	(1)	(213)	–	(4,319)	(4,778)
<b>At 31 January 2014</b>	<b>26,940</b>	<b>616</b>	<b>2,665</b>	<b>2,128</b>	<b>32,349</b>	<b>51,196</b>
<b>Net book value</b>						
<b>At 31 January 2014</b>	<b>14,177</b>	<b>1,664</b>	<b>1,328</b>	<b>1,576</b>	<b>18,745</b>	<b>59,814</b>
At 31 January 2013	15,267	1,087	1,160	1,925	19,439	65,992

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 JANUARY 2014

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

The Company	Leasehold properties \$'000	Construction in progress \$'000	Plant, machinery and surveying equipment \$'000	Motor vehicles \$'000	Furniture, fittings and equipment \$'000	Renovation \$'000	Total \$'000
Cost							
At 1 February 2012	8,207	-	1,837	2,059	1,989	60	14,152
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>-</b>	<b>131</b>	<b>1,670</b>	<b>415</b>	<b>-</b>	<b>10,423</b>
Additions	-	7,945	-	1,007	324	-	9,276
Disposals	-	-	-	(496)	-	-	(496)
<b>At 31 January 2014</b>	<b>8,207</b>	<b>7,945</b>	<b>131</b>	<b>2,181</b>	<b>739</b>	<b>-</b>	<b>19,203</b>
Accumulated depreciation							
At 1 February 2012	4,204	-	1,784	927	1,857	60	8,832
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>-</b>	<b>84</b>	<b>624</b>	<b>265</b>	<b>-</b>	<b>5,500</b>
Depreciation for the year	323	-	13	204	98	-	638
Disposals	-	-	-	(284)	-	-	(284)
<b>At 31 January 2014</b>	<b>4,850</b>	<b>-</b>	<b>97</b>	<b>544</b>	<b>363</b>	<b>-</b>	<b>5,854</b>
Net book value							
<b>At 31 January 2014</b>	<b>3,357</b>	<b>7,945</b>	<b>34</b>	<b>1,637</b>	<b>376</b>	<b>-</b>	<b>13,349</b>
At 31 January 2013	3,680	-	47	1,046	150	-	4,923

The Group		The Company	
2014	2013	2014	2013
\$'000	\$'000	\$'000	\$'000

Depreciation expense charged to:

Work-in-progress (Note 7)

- current year

Income statement (Note 27)

120	124	120	124
5,186	4,198	518	469
<b>5,306</b>	<b>4,322</b>	<b>638</b>	<b>593</b>

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 JANUARY 2014

## 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 (\$115,440,000) on 7 July 2010. This valuation was not incorporated in the financial statements.

- (ii) Included in additions of the Company of \$9,276,000 is a deposit sum of \$3,705,000 placed to purchase four units of office space from a developer who is the subsidiary of the Company, capitalised under construction in progress during the financial year ended 31 January 2014 (Note 6).

- (iii) 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	6,250
1790 PT Plot A14609, Sungei Kadut Loop, Singapore <sup>(2)</sup>	Warehouse	3,439	30 years lease commencing 1 March 1995	530
Long Hua Garden 26 Block B, No. 585 Long Wu Road Shanghai 201401, People's Republic of China <sup>(3)</sup>	Office	194	50 years commencing 1995	843
80 Marine Parade Road 18th Floor of Parkway Parade Singapore <sup>(4)</sup>	5 office units	570	99 years lease commencing 17 August 1979	2,828
60 Paya Lebar Road 9th Floor of Paya Lebar Square Singapore (under construction)	4 office units	1,002	99 years lease commencing 25 July 2011	7,944
				18,395

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 JANUARY 2014

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

(iii) Notes:

- (1) On 1 April 2014, the leasehold property, Duxton Hotel Saigon located at 63 Nguyen Hue was valued by a firm of independent professional valuers, CBRE (Vietnam) Co. Ltd., to be US\$40,000,000 (\$51,200,000) on the basis of open market value.
- (2) As at 13 December 2013, the market value is estimated by the directors of the Company to be \$4,331,000 (2013 – \$4,694,000 on the basis of open market value by Knight Frank) for the warehouse located at 43 Sungei Kadut Loop based on the current market trend and with reference to indicative prices of similar warehouses in the area.
- (3) No valuation has been carried out on the office leasehold property in the People's Republic of China with net book value of \$843,000 (2013 – \$809,000) as the amount is regarded as insignificant in relation to the leasehold properties taken as a whole.
- (4) As at 15 April 2013, the market value is estimated by the directors of the Company to be \$9,705,000 (2013 – \$9,608,000) 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 2014.

## 15 Deferred taxation

The Group	2014 \$'000	2013 \$'000
<b>Deferred tax assets</b>		
Balance at beginning of year	3,269	559
Transfer to income statement (Note 28)	130	2,724
Exchange fluctuation difference	(30)	(14)
Balance at end of year	<b>3,369</b>	3,269
To be recovered		
– within one year	–	–
– after one year	<b>3,369</b>	3,269
	<b>3,369</b>	3,269
<b>Deferred tax liabilities</b>		
Balance at beginning of year	14	17
Transfer to income statement (Note 28)	38	(3)
Balance at end of year	<b>52</b>	14
To be settled		
– within one year	–	–
– after one year	<b>52</b>	14
	<b>52</b>	14

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 JANUARY 2014

## 15 Deferred taxation (cont'd)

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 2012	3	14	(559)	–	(542)
(Credited)/charged to income statement (Note 28)	(3)	–	270	(2,994)	(2,727)
Exchange fluctuation difference	–	–	14	–	14
At 31 January 2013	–	14	(275)	(2,994)	(3,255)
(Credited)/charged to income statement (Note 28)	38	–	18	(148)	(92)
Exchange fluctuation difference	–	–	30	–	30
At 31 January 2014	38	14	(227)	(3,142)	(3,317)

## 16 Trade and other payables

	The Group		The Company	
	2014 \$'000	2013 \$'000	2014 \$'000	2013 \$'000
Due within one year				
Trade payables	97,448	84,153	96,246	82,187
Liabilities owing to tax authorities for business tax	205	4,948	–	–
Advances from third parties	10	–	–	–
Deposits received from third parties	3,562	2,005	133	589
Rental received in advance	54	9	24	–
Interest payable	353	1,010	225	205
Monies received in advance				
– third parties	494,068	243,144	–	–
– a subsidiary	–	–	–	4,000
Allowance for reinstatement costs	195	–	–	–
Amount owing to suppliers of property, plant and equipment	252	–	–	–
Sundry payables	4,336	4,192	136	124
	(i) 600,483	339,461	96,764	87,105
Due after one year				
Other payables	(ii) 232	240	–	–
Total	(i) + (ii) 600,715	339,701	96,764	87,105

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 JANUARY 2014

## 16 Trade and other payables (cont'd)

Trade and other payables are denominated in the following currencies:

	The Group		The Company	
	2014 \$'000	2013 \$'000	2014 \$'000	2013 \$'000
Singapore dollar	596,908	331,018	96,764	87,105
Australian dollar	2,692	2,672	-	-
Malaysian Ringgit	12	6	-	-
Chinese Renminbi	91	83	-	-
Vietnamese Dong	1,012	5,922	-	-
	<b>600,715</b>	<b>339,701</b>	<b>96,764</b>	<b>87,105</b>

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 \$205,000 (US\$165,000) (2013 – \$4,948,000 (US\$4,026,000)) payable to Vietnamese tax authorities for operating gaming centre which ceased operations since 2010.

Other payables of \$232,000 (2013 – \$240,000) 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.

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

The Company

The non-trade amounts of \$15,989,000 (2013 – \$16,795,000) 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 Company permits.

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

	2014 \$'000	2013 \$'000
Singapore dollar	15,328	15,206
Malaysian Ringgit	661	1,589
	<b>15,989</b>	<b>16,795</b>

## 18 Advances received from a joint venture

The Group and The Company

The advances received from a joint venture of \$2,000 (2013 – \$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.

The advances received from a joint venture are denominated in Singapore dollar.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 JANUARY 2014

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

	2014 \$'000	2013 \$'000
The Group		
Non-trade amounts owing to non-controlling shareholders of subsidiaries		
– interest-free	473	511
– interest-bearing	98,599	43,435
	<b>99,072</b>	<b>43,946</b>
Amount repayable:		
Not later than one year	473	511
Later than one year and not later than five years	52,647	43,435
Later than five years	45,952	–
	<b>99,072</b>	<b>43,946</b>

The non-trade amount of \$473,000 (2013 – \$511,000) 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 \$98,599,000 (2013 – \$43,435,000) owing to non-controlling shareholders of another subsidiaries, interest is charged at a rate of 4.0% (2013 – 4.0%) per annum. In the opinion of the directors of the Company, the interest rates are carried at commercial terms.

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

	2014 \$'000	2013 \$'000
Singapore dollar	98,599	43,435
Australian dollar	473	511
	<b>99,072</b>	<b>43,946</b>

## 20 Bank borrowings

	The Group		The Company	
	2014 \$'000	2013 \$'000	2014 \$'000	2013 \$'000
Variable				
Revolving loan – unsecured	5,000	–	5,000	–
Money market loan – secured	129,154	–	–	–
Term loans – secured	363,135	513,750	–	–
	<b>497,289</b>	<b>513,750</b>	<b>5,000</b>	<b>–</b>
Amount repayable:				
Not later than one year	59,154	–	5,000	–
Later than one year and not later than five years	438,135	513,750	–	–
Later than five years	–	–	–	–
	<b>497,289</b>	<b>513,750</b>	<b>5,000</b>	<b>–</b>



# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 JANUARY 2014

## 20 Bank borrowings (cont'd)

All bank borrowings are denominated in Singapore dollar.

Terms loans totalling \$492,289,000 (2013 – \$513,750,000) 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>	<u>Repayable in full on</u>
\$'000	
54,154	30 April 2014
5,000	21 May 2014
210,000	30 June 2015
165,000	30 June 2015
63,135	31 March 2017
<u>497,289</u>	

The Group has unutilised bank facilities of \$465,544,000 (2013 – \$270,896,000) 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 1.77% and 1.99% (2013 – 1.80% and Nil) per annum respectively.

The interest rates are repriced monthly.

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

	2014		2013	
	Carrying amount	Contractual cash flows	Carrying amount	Contractual cash flows
	\$'000	\$'000	\$'000	\$'000
The Group				
Less than one year	59,154	59,429	–	–
Between one to five years	438,135	447,260	513,750	528,965
	<u>497,289</u>	<u>506,689</u>	513,750	528,965
The Company				
Less than one year	5,000	5,030	–	–
Between one to five years	–	–	–	–
	<u>5,000</u>	<u>5,030</u>	–	–

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 JANUARY 2014

## 21 Derivative financial instrument

	2014		2013	
	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>1,595</b>	50,000	2,705

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 (2013 – \$50,000,000) have fixed interest payments at 2.85% (2013 – 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 \$1,110,000 (2013 – \$598,000) has been recognised in the consolidated income statement.

## 22 Share capital

	Number of ordinary shares		Amount	
	2014	2013	2014 \$'000	2013 \$'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.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 JANUARY 2014

## 23 Fair value reserve

	The Group		The Company	
	2014 \$'000	2013 \$'000	2014 \$'000	2013 \$'000
Fair value reserve (non-distributable) – available-for-sale financial assets				
Balance at beginning of year	<b>12,454</b>	4,266	<b>1,133</b>	1,030
Fair value gains recycled to income statement on derecognition [Note 26(a)]	<b>(1,541)</b>	(1,896)	–	–
Net fair value (losses)/gains recognised in other comprehensive income (Note 5)	<b>(4,586)</b>	10,168	<b>172</b>	152
Exchange translation differences	<b>(98)</b>	(84)	<b>(57)</b>	(49)
	<b>(6,225)</b>	8,188	<b>115</b>	103
Balance at end of year	<b>6,229</b>	12,454	<b>1,248</b>	1,133

## 24 Retained profits

	The Group		The Company	
	2014 \$'000	2013 \$'000	2014 \$'000	2013 \$'000
The Company	<b>233,362</b>	192,626	<b>233,362</b>	192,626
Adjustment for dividend from a subsidiary	<b>(1,425)</b>	(1,442)	–	–
	<b>231,937</b>	191,184	<b>233,362</b>	192,626
Subsidiaries	<b>(8,404)</b>	10,868	–	–
Joint ventures and associated companies	<b>120,099</b>	123,017	–	–
	<b>343,632</b>	325,069	<b>233,362</b>	192,626
Dividends (Note 32)	<b>(33,247)</b>	(29,552)	<b>(33,247)</b>	(29,552)
	<b>310,385</b>	295,517	<b>200,115</b>	163,074

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 JANUARY 2014

## 25 Currency translation reserve

	The Group		The Company	
	2014 \$'000	2013 \$'000	2014 \$'000	2013 \$'000
Balance at beginning of year	6,297	9,077	-	14
Exchange fluctuation difference during the year	(5,988)	(2,780)	-	(14)
Balance at end of year	<b>309</b>	6,297	-	-

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 companies and joint ventures.

## 26(a) Other operating income

The Group	Note	2014 \$'000	2013 \$'000
Dividend income from quoted equity investments		2,551	2,100
Gain on liquidation of joint ventures		-	49
Fair value gain on financial assets at fair value through profit or loss	5, 27	-	2,121
Fair value gains recycled from fair value reserve to income statement on derecognition of available-for-sale financial assets	23, 27	1,541	1,896
Gain on disposal of property, plant and equipment	27	21	-
Gain on disposal of investment properties	27	3,560	-
Interest income			
- banks		256	283
- fixed deposits		223	193
		479	476
Rental income			
- investment properties	13(b)	805	162
- development properties		300	-
		1,105	162
Management fee		-	150
Government grant		-	12
Sundry income		1,915	592
		<b>11,172</b>	7,558

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 JANUARY 2014

## 26(b) Administrative costs

The Group	Note	2014 \$'000	2013 \$'000
Employee benefit costs		<b>8,553</b>	14,537
Depreciation of property, plant and equipment		<b>720</b>	653
Directors' fee	27	<b>245</b>	245
Travelling and transportation expenses		<b>185</b>	169
Operating lease rentals		<b>60</b>	65
Others		<b>6,142</b>	6,429
		<b>15,905</b>	22,098

## 26(c) Other operating expenses

The Group	Note	2014 \$'000	2013 \$'000
Exchange loss	27	<b>784</b>	1,307
Impairment loss on property, plant and equipment	14, 27	<b>1,084</b>	–
Hotel maintenance and utilities		<b>2,036</b>	2,362
Concessionary loss from gaming centre		–	623
Fair value loss on financial assets at fair value through profit and loss	5, 27	<b>1,850</b>	–
Loss on disposal of property, plant and equipment	27	–	11
Property, plant and equipment written off	27	<b>36</b>	97
Impairment loss on receivables	6	<b>62</b>	–
Others		<b>122</b>	–
		<b>5,974</b>	4,400

## 26(d) Finance costs

The Group

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

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 JANUARY 2014

## 27 Profit before taxation

The Group	Note	2014 \$'000	2013 \$'000
Profit before taxation has been arrived at after charging/(crediting):			
Audit fee:			
- auditors of the Company			
- current year		191	193
- over provision in respect of prior years		(3)	-
- other auditors			
- current year		100	68
Non-audit fees:			
- auditors of the Company			
- current year		18	18
- other auditors			
- current year		101	121
- under provision in respect of prior years		10	22
Depreciation of:			
- investment properties	13	725	725
- property, plant and equipment	14	5,186	4,198
Directors' fee	26(b)	245	245
Exchange loss	26(c)	784	1,307
Fair value gains recycled from fair value reserve to consolidated income statement on derecognition of available-for-sale financial assets	26(a)	(1,541)	(1,896)
Fair value loss/(gain) on financial assets at fair value through profit or loss	26(a), 26(c)	1,850	(2,121)
Change in fair value of derivative financial instrument	21	(1,110)	(598)
(Gain)/loss on disposal of:			
- investment properties	26(a)	(3,560)	-
- property, plant and equipment	26(a), 26(c)	(21)	11
Property, plant and equipment written off	26(c)	36	97
Impairment loss on property, plant, and equipment	14, 26(c)	1,084	-
Operating lease rentals	33.1(a)	2,347	2,270
Employee benefit costs:			
Directors of the Company			
- salaries and other related costs		4,704	10,610
- CPF contributions and other equivalent contributions		25	25
Key management personnel (other than directors)			
- salaries, wages and other related costs		1,924	1,724
- CPF contributions and other equivalent contributions		57	36
Other than directors and key management personnel			
- salaries, wages and other related costs		18,250	19,241
- CPF contributions and other equivalent contributions		1,617	1,678
		<b>26,577</b>	<b>33,314</b>
Cost of sales:			
- current		(61,932)	(100,001)
- project costs written back		10,602	30,000
		<b>(51,330)</b>	<b>(70,001)</b>

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 JANUARY 2014

## 28 Taxation

	2014 \$'000	2013 \$'000
The Group		
Current taxation		
– Singapore	4,742	4,948
– Foreign	2,358	3,872
	<b>7,100</b>	8,820
Deferred taxation (Note 15)		
– credited to income statement	(92)	(2,727)
Tax expense	<b>7,008</b>	6,093
Over provision in respect of prior years		
– current taxation	(2,523)	(227)
	<b>4,485</b>	5,866

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	53,863	115,441
Share of results of joint ventures and associated companies	(39,502)	(94,813)
	<b>14,361</b>	20,628
Tax at statutory rate of 17%	2,441	3,507
Tax effect on non-deductible expenses	2,130	2,899
Tax effect on non-taxable income	(1,203)	(5,750)
Singapore statutory stepped income exemption	(80)	(125)
Foreign tax	2,751	3,955
Differences in foreign tax rates	969	1,607
	<b>7,008</b>	6,093

As at the end of reporting period, the Group had unabsorbed capital allowances and tax losses amounting to \$1,849,000 (2013 – \$1,849,000) and \$2,817,000 (2013 – \$1,881,000) 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 \$793,000 (2013 – \$634,000) 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 2014

## 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:

	2014 \$'000	2013 \$'000
Net profit attributable to equity holders of the Group	<u>48,115</u>	109,746
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)	<u>6.51</u>	14.85

As there are no dilutive potential ordinary shares that were outstanding during the year, the basic earnings per share is the same as the diluted earnings per share.

## 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 tangible deficits as at 31 January 2014 of \$20,436,000 (2013 – \$17,985,000) and for subsidiaries with aggregate net current liabilities of \$104,060,000 (2013 – \$68,392,000) to enable them to continue to operate as going concern and to meet their respective obligations as and when they fall due:

Amuret Pty Ltd  
Bali Investment Pte. Ltd.  
Carnivore Brazillian Churrascaria Pte. Ltd.  
Dalton Investment Pte. Ltd.  
Domitian 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  
Low Keng Huat International 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 2014

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

- (b) A guarantee provided to banks for loan facility of \$560,800,000 (2013 – \$560,800,000) granted to a subsidiary, with 80% equity interest. As at the date of these financial statements, total sum of borrowings drawn down for these loan facilities amounting to \$210,000,000.
- (c) A guarantee provided to a bank for credit facilities of \$100,000,000 (2013 – Nil), comprise of term loans of \$91,582,000 and performance guarantee of \$8,418,000, granted to a subsidiary, with 70% equity interest. As at the date of these financial statements, total sum of credit facilities utilised and reflected in the financial statements amounting to \$71,553,000.

With reference to (b) and (c), there is 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	2014 \$'000	2013 \$'000
Interest expense charged by non-controlling shareholders of subsidiaries	2,649	1,632
Consultancy services charged by a related party of a non-controlling shareholder of a subsidiary	327	981
Commission expenses charged by a related party of a non-controlling shareholder of a subsidiary	146	6,857
Dividend paid to a non-controlling shareholder of a subsidiary	475	480
Dividend income from joint ventures	47,800	15,923
Shareholder's loan from non-controlling shareholders of subsidiaries	53,264	–
Shareholders' loan to associated companies	12,400	–
Shareholders' loan to joint ventures	4,677	2,101
Management fee charged to an associated company	216	150

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 JANUARY 2014

## 32 Dividends

The Group and The Company	2014 \$'000	2013 \$'000
Dividends proposed		
- Ordinary dividends:		
First and final dividend of 3.0 (2013 - 3.0) cents per share, tax exempt	22,164	22,164
- Special dividends:		
First and final dividend of Nil (2013 - 1.5) cents per share, tax exempt	-	11,083
	<b>22,164</b>	<b>33,247</b>
Dividends paid		
- Ordinary dividends:		
First and final dividend of 3.0 (2013 - 3.0) cents per share, tax exempt paid in respect of the previous financial year	22,164	22,164
- Special dividends:		
First and final dividend of 1.5 (2013 - 1.0) cents per share, tax exempt paid in respect of the previous financial year	11,083	7,388
	<b>33,247</b>	<b>29,552</b>

At the forthcoming Annual General Meeting, a first and final tax-exempt (one-tier) dividend of 3.0 cents per share amounting to \$22,164,000 will be proposed. These financial statements do not reflect these dividends payable, which will be accounted for as a reduction in equity as a distribution of retained profits in the financial year ending 31 January 2015.

## 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 2014 amounted to \$2,347,000 (2013 - \$2,270,000) and \$165,000 (2013 - \$152,000) 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 19 years as follows:

	The Group		The Company	
	2014 \$'000	2013 \$'000	2014 \$'000	2013 \$'000
Not later than one year	2,068	1,643	-	-
Later than one year and not later than five years	1,508	1,125	-	-
Later than five years	873	725	-	-
	<b>4,449</b>	<b>3,493</b>	<b>-</b>	<b>-</b>

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 JANUARY 2014

## 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 2014 amounted to \$1,644,000 (2013 – \$1,561,000) and \$805,000 (2013 – \$794,000) 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	
	2014 \$'000	2013 \$'000	2014 \$'000	2013 \$'000
Not later than one year	1,710	936	890	401
Later than one year and not later than five years	482	640	460	308
Later than five years	–	–	–	–
	<b>2,192</b>	1,576	<b>1,350</b>	709

### 33.2 Capital commitment

	The Group		The Company	
	2014 \$'000	2013 \$'000	2014 \$'000	2013 \$'000
Capital expenditure contracted but not provided for in the financial statements	<b>774,258</b>	3,933	<b>221,116</b>	–

The capital commitment principally relates to:

The Company

- the purchase of 4 office units at Paya Lebar Square;

The Group

- 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;
- renovation projects in Duxton Hotel Saigon by Vinametric Limited;
- the acquisition of 152 office units at 1 Gateway Drive, Westgate, Singapore by Westgate Commercial Pte. Ltd.; and
- the acquisition of 143 office units at 1 Gateway Drive, Westgate, Singapore by Westgate Tower Pte. Ltd.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 JANUARY 2014

## 33 Commitments (cont'd)

### 33.3 Other commitment

The Group	2014 \$'000	2013 \$'000
Uncalled capital contribution in respect of joint venture with OSC – Duxton (Vietnam) Joint Venture Company Limited (US\$5,350,000)	<b>6,848</b>	6,581

## 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 other 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.

Transfer pricing between operating segments are at terms agreed between the parties.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 JANUARY 2014

## 34 Operating segments (cont'd)

The Group

### (a) Business Segments

	Construction		Development		Hotels		Investments		Consolidated	
	2014	2013	2014	2013	2014	2013	2014	2013	2014	2013
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
<b>REVENUE</b>										
Total sales	176,975	131,590	-	580	55,327	63,219	506	2,032	232,808	197,421
Inter-segment sales	(147,327)	(64,153)	-	-	(5,781)	(6,271)	-	(633)	(153,108)	(71,057)
External sales	29,648	67,437	-	580	49,546	56,948	506	1,399	79,700	126,364
<b>RESULTS</b>										
Segment results	7,814	17,241	(193)	(14,861)	6,402	12,922	2,454	6,737	16,477	22,039
Finance costs	(2,116)	(1,411)	-	-	-	-	-	-	(2,116)	(1,411)
	5,698	15,830	(193)	(14,861)	6,402	12,922	2,454	6,737	14,361	20,628
Share of results of joint ventures and associated companies	-	-	39,502	94,813	-	-	-	-	39,502	94,813
	5,698	15,830	39,309	79,952	6,402	12,922	2,454	6,737	53,863	115,441
Taxation									(4,485)	(5,866)
Non-controlling interests									(1,263)	171
Net profit									48,115	109,746
<b>OTHER INFORMATION</b>										
Segment assets	77,522	97,530	1,355,316	1,025,485	71,388	71,114	47,495	56,295	1,551,721	1,250,424
Investment in associated companies and joint ventures under equity method	-	4,755	157,358	147,902	-	-	12,398	15,908	169,756	168,565
Consolidated total assets (excluding taxation)	77,522	102,285	1,512,674	1,173,387	71,388	71,114	59,893	72,203	1,721,477	1,418,989

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 JANUARY 2014

## 34 Operating segments (cont'd)

The Group (cont'd)

(a) Business Segments (cont'd)

	Construction		Development		Hotels		Investments		Consolidated	
	2014 \$'000	2013 \$'000	2014 \$'000	2013 \$'000	2014 \$'000	2013 \$'000	2014 \$'000	2013 \$'000	2014 \$'000	2013 \$'000
<b>OTHER INFORMATION (cont'd)</b>										
Segment liabilities	103,616	82,360	1,040,101	807,828	54,768	4,978	228	235	1,198,713	895,401
Investment in joint ventures under equity method	27,234	22,618	-	-	-	-	-	-	27,234	22,618
Consolidated total liabilities (excluding taxation)	130,850	104,978	1,040,101	807,828	54,768	4,978	228	235	1,225,947	918,019
Capital expenditure										
- property, plant and equipment	1,330	563	-	-	5,377	5,406	-	-	6,707	5,969
- investment properties	9,960	-	-	-	30	-	-	-	9,990	-
Depreciation										
- property, plant and equipment	637	596	51	18	4,618	3,708	-	-	5,306	4,322
- investment properties	686	-	-	-	-	-	39	725	725	725
Property, plant and equipment written off	-	-	-	-	36	97	-	-	36	97
Impairment loss on property, plant and equipment	-	-	-	-	1,084	-	-	-	1,084	-
Fair value gains recycled from fair value reserve to profit or loss on derecognition of available-for-sale financial assets	-	-	-	-	-	-	1,541	1,896	1,541	1,896

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 JANUARY 2014

## 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>2014</b>	2013
	<b>\$'000</b>	\$'000
The Group		
Singapore	<b>38,368</b>	78,091
Australia	<b>33,981</b>	38,969
Vietnam	<b>7,351</b>	8,724
China	–	580
	<b>79,700</b>	126,364

#### Information about major customers

Revenue from 2 (2013 – 2) major customers arising from sales attributable to the Singapore construction segment amounted to:

- \$11,155,000 (2013 – \$17,797,000); and
- \$12,135,000 (2013 – Nil).

### (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>2014</b>	2013	<b>2014</b>	2013
	<b>\$'000</b>	\$'000	<b>\$'000</b>	\$'000
The Group				
Singapore	<b>1,480,738</b>	1,176,514	<b>13,301</b>	1,708
Australia	<b>45,281</b>	50,305	<b>1,761</b>	4,025
Vietnam	<b>16,110</b>	15,515	<b>1,635</b>	236
Malaysia	<b>3,047</b>	2,063	–	–
China	<b>6,545</b>	6,027	–	–
	<b>1,551,721</b>	1,250,424	<b>16,697</b>	5,969



# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 JANUARY 2014

## 34 Operating segments (cont'd)

(d) Reconciliation of segments total assets and total liabilities

The Group	2014 \$'000	2013 \$'000
Reportable segments' assets are reconciled to total assets as follows:		
Segment assets	1,551,721	1,250,424
Investment in associated companies and joint ventures	169,756	168,565
Tax recoverable	–	*
Deferred tax assets	3,369	3,269
Total assets	1,724,846	1,422,258
Reportable segments' liabilities are reconciled to total liabilities as follows:		
Segment liabilities	1,198,713	895,401
Joint ventures	27,234	22,618
Liabilities owing to tax authorities for business tax	205	4,948
Deferred tax liabilities	52	14
Current tax payable	6,560	9,881
Total liabilities	1,232,764	932,862

\* 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	
	2014	2013
Above \$2,000,000	1	3
\$1,750,000 to \$1,999,999	–	–
\$1,000,000 to \$1,249,999	2	–
\$250,000 to \$499,999	1	1
Below \$250,000	5	5
Total	9	9

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 JANUARY 2014

## 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 2014

## 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) →			
	2014		2013	
	Profit after taxation \$'000	Equity \$'000	Profit after taxation \$'000	Equity \$'000
The Group				
Interest rate				
– decreased by 1% per annum	4,103	4,103	3,798	3,798
– increased by 1% per annum	(4,103)	(4,103)	(3,798)	(3,798)
The Company				
Interest rate				
– decreased by 1% per annum	41	41	(365)	(365)
– increased by 1% per annum	(41)	(41)	365	365

### 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 2014

## 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	More than 5 years \$'000	Total \$'000
The Group				
<b>At 31 January 2014</b>				
Trade and other payables	600,483	232	–	600,715
Amounts owing to joint ventures	2	26,812	–	26,814
Amounts owing to non-controlling shareholders of subsidiaries (non-trade)	473	55,971	56,319	112,763
Provision for directors' fee	245	–	–	245
Bank borrowings	59,429	447,260	–	506,689
Derivative financial instrument	1,478	117	–	1,595
	<b>662,110</b>	<b>530,392</b>	<b>56,319</b>	<b>1,248,821</b>
<b>At 31 January 2013</b>				
Trade and other payables	339,461	240	–	339,701
Amount owing to a joint venture	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>–</b>	<b>939,132</b>
The Company				
<b>At 31 January 2014</b>				
Trade and other payables	96,764	–	–	96,764
Amounts owing to subsidiaries	15,989	–	–	15,989
Amounts owing to joint ventures	2	26,812	–	26,814
Provision for directors' fee	245	–	–	245
Bank borrowings	5,030	–	–	5,030
Derivative financial instrument	1,478	117	–	1,595
	<b>119,508</b>	<b>26,929</b>	<b>–</b>	<b>146,437</b>
<b>At 31 January 2013</b>				
Trade and other payables	87,105	–	–	87,105
Amounts owing to subsidiaries	16,795	–	–	16,795
Amount owing to a joint venture	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>–</b>	<b>129,064</b>

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 JANUARY 2014

## 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% (2013 – 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) →			
	2014		2013	
	Profit after taxation \$'000	Equity \$'000	Profit after taxation \$'000	Equity \$'000
The Group				
Prices for quoted equity investments				
– increased by 2% per annum	<b>72</b>	<b>901</b>	103	1,088
– decreased by 2% per annum	<b>(72)</b>	<b>(901)</b>	(103)	(1,088)
The Company				
Prices for quoted equity investments				
– increased by 2% per annum	–	<b>42</b>	–	41
– decreased by 2% per annum	–	<b>(42)</b>	–	(41)

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 JANUARY 2014

## 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, associated companies, and inter-company balances which are eliminated upon consolidation.

At the end of reporting period, approximately 33% (2013 – 49%) of the Group's trade receivables are due from customers in the construction industry. The Group's single customer reported 15% 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 2014

## 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

#### As at 31 January 2014

##### Assets/(liabilities)

Financial assets, available-for-sale	41,438	–	–	41,438
Financial assets, at fair value through profit or loss	4,342	–	–	4,342
Interest rate swap	–	(1,595)	–	(1,595)

#### As at 31 January 2013

##### Assets/(liabilities)

Financial assets, available-for-sale	49,244	–	–	49,244
Financial assets, at fair value through profit or loss	6,200	–	–	6,200
Interest rate swap	–	(2,705)	–	(2,705)

The Company

#### As at 31 January 2014

##### Assets/(liabilities)

Financial assets, available-for-sale	2,103	–	–	2,103
Interest rate swap	–	(1,595)	–	(1,595)

#### As at 31 January 2013

##### Assets/(liabilities)

Financial assets, available-for-sale	2,032	–	–	2,032
Interest rate swap	–	(2,705)	–	(2,705)

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 2014

## 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	
	2014 \$'000	2013 \$'000	2014 \$'000	2013 \$'000
Loans and receivables	<b>272,067</b>	267,492	<b>481,563</b>	426,287
Financial liabilities at amortised cost	<b>1,223,685</b>	914,663	<b>144,567</b>	126,114

## 38 Capital risk management objectives and policies

The Group's and the Company's objectives when managing capital are:

- To safeguard the Group's and the Company's ability to continue as going concern;
- To support the Group's and the Company's stability and growth;
- To provide capital for the purpose of strengthening the Group's and the Company's risk management capability; and
- 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 2014.

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.

Total capital is calculated as total equity plus net debt.



# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 JANUARY 2014

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

	2014 \$'000	2013 \$'000
The Group		
Trade and other payables (Note 16)	600,715	339,701
Joint ventures (Notes 10 and 18)	26,814	22,214
Amounts owing to non-controlling shareholders of subsidiaries (Note 19)	99,072	43,946
Bank borrowings (Note 20)	497,289	513,750
Derivative financial instrument (Note 21)	1,595	2,705
	<b>1,225,485</b>	922,316
Less:		
Cash and cash equivalents (Note 4)	(195,782)	(205,517)
Net debt	<b>1,029,703</b>	716,799
Total equity	<b>492,082</b>	489,396
Total capital	<b>1,521,785</b>	1,206,195
Gearing ratio	<b>68%</b>	59%

## 39 Event after end of reporting date

The Company and The Group

Subsequent to the end of reporting period, the Company has subscribed for additional 399,960 ordinary shares of S\$1.00 each in each of the share capital of Westgate Commercial Pte. Ltd. ("Westgate Commercial") and Westgate Tower Pte. Ltd. ("Westgate Tower"). Following the said subscriptions, the Company has 40% equity interest in each of Westgate Commercial and Westgate Tower and remain as associated companies to the Group.

## 40 Comparative figures

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

	As previously reported \$'000	2013	
		Reclassification \$'000	After reclassification \$'000
The Group			
<b>Consolidated statement of profit or loss and other comprehensive income</b>			
Cost of sales	70,014	(13)	70,001
Administrative costs	22,085	13	22,098
	<b>92,099</b>	-	<b>92,099</b>

There is no impact on other notes to the financial statements as to the reclassification made thereon to the financial statements.

# STATISTICS OF SHAREHOLDINGS

AS AT 16 APRIL 2014

## SHARE CAPITAL INFORMATION

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

## TOP 20 LARGEST SHAREHOLDERS AS AT 16 APRIL 2014

Size of Shareholdings	No. of Shareholders	%	No. of Shares	%
1 - 999	16	0.56	3,966	0.00
1,000 - 10,000	1,234	42.98	7,661,689	1.04
10,001 - 1,000,000	1,589	55.35	104,158,625	14.10
1,000,001 and above	32	1.11	626,991,720	84.86
<b>Total</b>	<b>2,871</b>	<b>100.00</b>	<b>738,816,000</b>	<b>100.00</b>

No	Name	No of Shares	%
1	UNITED OVERSEAS BANK NOMINEES	398,431,345	53.93
2	LOW KENG BOON @ LAU BOON SEN	54,341,450	7.36
3	LOW KENG HOO @ LAU KEENG FOO	52,889,946	7.16
4	LAU CHOY LAY	21,000,000	2.84
5	HSBC (SINGAPORE) NOMS PTE LTD	10,421,000	1.41
6	CITIBANK NOMS S'PORE PTE LTD	9,947,623	1.35
7	UOB KAY HIAN PTE LTD	9,689,000	1.31
8	DBS VICKERS SECS (S) PTE LTD	9,071,000	1.23
9	LOW CHIN HAN	6,000,000	0.81
10	DBS NOMINEES PTE LTD	5,322,000	0.72
11	PHILLIP SECURITIES PTE LTD	5,083,000	0.69
12	ANGELA LOW SEOK FUN	5,000,000	0.68
13	LOW SEOK LING MONICA	4,579,356	0.62
14	OCBC SECURITIES PRIVATE LTD	3,615,000	0.49
15	HL BANK NOMINEES (S) PTE LTD	2,751,000	0.37
16	MAYBANK KIM ENG SECS PTE LTD	2,590,000	0.35
17	CITIBANK CONSUMER NOMS PTE LTD	2,339,000	0.32
18	OW-YONG SIM HIAN MABEL	2,310,000	0.31
19	TAN PENG KIM	2,250,000	0.30
20	LEE CHO SENG @ LEE CHOO SEONG	2,053,000	0.28
	<b>TOTAL</b>	<b>609,683,720</b>	<b>82.53</b>

# STATISTICS OF SHAREHOLDINGS

AS AT 16 APRIL 2014

## SUBSTANTIAL SHAREHOLDERS AS AT 16 APRIL 2014

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	–	395,194,345	395,194,345
Dato' Marco Low Peng Kiat	1,500,000	396,745,345	398,245,345
Low Keng Boon @ Lau Boon Sen	54,341,450	27,452,000	81,793,450
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. for 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 16 April 2014, approximately 24.51% of the issued ordinary shares of the Company are held in the hands of the public. This is in compliance with Rule 723 of the Listing Manual issued by the Singapore Exchange Securities Trading Limited

# NOTICE OF FORTY-FIFTH ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Forty-Fifth Annual General Meeting of the Company will be held at Grand Mercure Roxy Singapore, Siglap, Katong & Amber Room, Level 3, 50 East Coast Road, Roxy Square, Singapore 428769 on Friday, 30 May 2014, 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 2014 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 per ordinary share for the financial year ended 31 January 2014. **(Resolution 2)**
3. To re-elect Mr Jimmy Yim Wing Kuen, 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-FIFTH 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 2014 (2013: \$245,000) **(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 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

# NOTICE OF FORTY-FIFTH ANNUAL GENERAL MEETING

- (b) (notwithstanding the authority conferred by the shareholders may have ceased to be in force) issue shares in pursuance of any Instrument made or granted by the Directors while the authority was in force,

provided always that

- (i) the aggregate number of shares to be issued pursuant to this resolution (including shares to be issued in pursuance of Instruments made or granted pursuant to this resolution) does not exceed 50% of the Company's total number of issued shares excluding treasury shares, 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 BOOKS CLOSURE DATE AND DIVIDEND PAYMENT DATE

**NOTICE IS HEREBY GIVEN** that the Share Transfer Books and the Register of Members of the Company will be closed on 10 June 2014 after 5.00 p.m. for the preparation of determining the Members' entitlements to the dividend to be proposed at the Annual General Meeting of the Company to be held on 30 May 2014.

Duly completed registrable transfers in respect of shares of the Company 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 2014 will be registered to determine shareholders' entitlements to such dividend. Members whose Securities Accounts with The Central Depository (Pte) Limited are credited with shares at 5.00 p.m. on 10 June 2014 will be entitled to such proposed dividend.

# NOTICE OF FORTY-FIFTH ANNUAL GENERAL MEETING

Payment of the Dividends, if approved by the shareholders at the Annual General Meeting to be held on 30 May 2014, will be made on 18 June 2014.

By Order of the Board

Chin Yeok Yuen  
Company Secretary  
Singapore, 8 May 2014

**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-FIFTH 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-Fifth Annual General Meeting of the Company to be held at Grand Mercure Roxy Singapore, Siglap, Katong & Amber Room, Level 3, 50 East Coast Road, Roxy Square, Singapore 428769 on Friday, 30 May 2014, 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 2014 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 per ordinary share for the financial year ended 31 January 2014.				
3.	To re-elect Mr Jimmy Yim Wing Kuen, 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 2014.				
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 \_\_\_\_\_ 2014.

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, 28 May 2014.
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.



**LOW KENG HUAT  
(SINGAPORE) LIMITED**

(Regn. No.: 196900209G)

80 Marine Parade Road  
#18-05/09 Parkway Parade  
Singapore 449269  
Tel: +65 6344 2333  
Fax: +65 6345 7841  
[www.lkhs.com.sg](http://www.lkhs.com.sg)