

IMPORTANT NOTICE

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Confirmation of Your Representation: In order to be eligible to view the attached supplemental information memorandum or make an investment decision with respect to the notes, investors must not be (i) a U.S. person (as defined in Regulation S under the U.S. Securities Act of 1933, as amended (the “**Securities Act**”)) or (ii) located within the U.S. The attached supplemental information memorandum is being sent at your request and by accepting this e-mail and accessing the attached supplemental information memorandum, you shall be deemed to have represented to us (1) that you are not located in the U.S. or a U.S. person, as defined in Regulation S under the Securities Act, nor are you acting on behalf of a U.S. person, the electronic mail address that you gave us and to which this e-mail has been delivered is not located in the U.S. and, to the extent that you purchase the notes described in the attached supplemental information memorandum, you will be doing so pursuant to Regulation S under the Securities Act, and (2) that you consent to delivery of the attached supplemental information memorandum and any amendments or supplements thereto by electronic transmission. By accepting this e-mail and accessing the attached supplemental information memorandum, if you are an investor in Singapore, you (A) represent and warrant that you are either an institutional investor (as defined in Section 4A of the Securities and Futures Act 2001 of Singapore (the “**SFA**”)) pursuant to Section 274 of the SFA, a relevant person (as defined in Section 275(2) of the SFA) pursuant to of Section 275(1) of the SFA, or a person to whom an offer is being made pursuant to Section 275(1A) of the SFA, and in accordance with the conditions specified in Section 275 of the SFA and (where applicable) Regulation 3 of the Securities and Futures (Classes of Investors) Regulations 2018 of Singapore, and (B) agree to be bound by the limitations and restrictions described therein. Any reference to the “**SFA**” is a reference to the Securities and Futures Act 2001 of Singapore and a reference to any term as defined in the SFA or any provision in the SFA is a reference to that term or provision as modified or amended from time to time including by such of its subsidiary legislation as may be applicable at the relevant time.

The attached supplemental information memorandum has been made available to you in electronic form. You are reminded that documents or information transmitted via this medium may be altered or changed during the process of electronic transmission and consequently none of Koh Brothers Group Limited, CIMB Bank Berhad, Singapore Branch or any person who controls any of them nor any of their respective directors, officers, employees, agents, representatives or affiliates accepts any liability or responsibility whatsoever in respect of any discrepancies between the supplemental information memorandum distributed to you in electronic format and the hard copy version. A hard copy version will be provided to you upon request.

Restrictions: The attached supplemental information memorandum is being furnished in connection with an offering of notes exempt from registration under the Securities Act solely for the purpose of enabling a prospective investor to consider the subscription for or purchase of the notes described therein.

NOTHING IN THIS ELECTRONIC TRANSMISSION CONSTITUTES AN OFFER OF NOTES FOR SALE IN THE UNITED STATES OR ANY OTHER JURISDICTION WHERE IT IS UNLAWFUL TO DO SO. THE NOTES HAVE NOT BEEN, AND WILL NOT BE, REGISTERED UNDER THE SECURITIES ACT, OR THE SECURITIES LAWS OF ANY STATE OF THE U.S. OR OTHER JURISDICTION AND MAY NOT BE OFFERED, SOLD OR DELIVERED WITHIN THE U.S. OR TO, OR FOR THE ACCOUNT OR BENEFIT OF, U.S. PERSONS (AS DEFINED IN REGULATION S UNDER THE SECURITIES ACT), EXCEPT PURSUANT TO AN EXEMPTION FROM, OR IN A TRANSACTION NOT SUBJECT TO, THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT AND APPLICABLE STATE OR LOCAL SECURITIES LAWS.

Except with respect to eligible investors in jurisdictions where such offer is permitted by law, nothing in this electronic transmission constitutes an offer or an invitation by or on behalf of Koh Brothers Group Limited or CIMB Bank Berhad, Singapore Branch to subscribe for or purchase any of the notes described therein, and access has been limited so that it shall not constitute in the U.S. or elsewhere a general solicitation or general advertising (as those terms are used in Regulation D under the Securities Act) or directed selling efforts (as defined in Regulation S under the Securities Act).

The attached supplemental information memorandum or any materials relating to the offering of notes do not constitute, and may not be used in connection with, an offer or solicitation in any place where offers or solicitations are not permitted by law. If a jurisdiction requires that the offering of notes be made by a licensed broker or dealer and the dealers or any affiliate of the dealers is a licensed broker or dealer in that jurisdiction, the offering of notes shall be deemed to be made by the dealers or such affiliate on behalf of Koh Brothers Group Limited in such jurisdiction. The attached supplemental information memorandum may only be communicated to persons in the United Kingdom in circumstances where section 21(1) of the Financial Services and Markets Act 2000 does not apply.

You are reminded that you have accessed the attached supplemental information memorandum on the basis that you are a person into whose possession the attached supplemental information memorandum may be lawfully delivered in accordance with the laws of the jurisdiction in which you are located and you may not, nor are you authorised to, deliver the attached supplemental information

memorandum, electronically or otherwise, to any other person. **If you have gained access to this transmission contrary to the foregoing restrictions, you will be unable to subscribe for or purchase any of the notes described therein.**

Actions that You May Not Take: If you receive the attached supplemental information memorandum by e-mail, you should not reply by e-mail, and you may not purchase any notes by doing so. Any reply e-mail communications, including those you generate by using the "Reply" function on your e-mail software, will be ignored or rejected.

YOU ARE NOT AUTHORISED TO, AND YOU MAY NOT, FORWARD OR DELIVER THE ATTACHED SUPPLEMENTAL INFORMATION MEMORANDUM, ELECTRONICALLY OR OTHERWISE, TO ANY OTHER PERSON OR REPRODUCE SUCH SUPPLEMENTAL INFORMATION MEMORANDUM IN ANY MANNER WHATSOEVER. ANY FORWARDING, DISTRIBUTION OR REPRODUCTION OF THIS E-MAIL AND THE ATTACHED SUPPLEMENTAL INFORMATION MEMORANDUM IN WHOLE OR IN PART IS UNAUTHORISED. FAILURE TO COMPLY WITH THIS DIRECTIVE MAY RESULT IN A VIOLATION OF THE SECURITIES ACT OR THE APPLICABLE LAWS OF OTHER JURISDICTIONS.

You are responsible for protecting against viruses and other destructive items. If you receive the attached supplemental information memorandum by e-mail, your use of this e-mail is at your own risk and it is your responsibility to take precautions to ensure that it is free from viruses and other items of a destructive nature.



KOH BROTHERS GROUP LIMITED

(Incorporated in the Republic of Singapore on 2 February 1994)
(UEN/Company Registration Number: 199400775D)

**UP TO S\$40,000,000 IN PRINCIPAL AMOUNT OF 6.50 PER CENT. NOTES DUE
2026 PURSUANT TO THE
S\$250,000,000
MULTICURRENCY MEDIUM TERM NOTE PROGRAMME**

This Supplemental Information Memorandum (the “**Supplemental Information Memorandum**”) is issued solely in respect of up to S\$40,000,000 in principal amount of 6.50 per cent. Notes due 2026 (the “**Series 3 Notes**”) by Koh Brothers Group Limited (the “**Issuer**”). This Supplemental Information Memorandum is supplement to, and should be read in conjunction with, the Information Memorandum dated 3 October 2017 (the “**Original Information Memorandum**” and, together with this Supplemental Information Memorandum, the “**Information Memorandum**”) and all other documents that are deemed to be incorporated by reference therein in relation to the S\$250,000,000 Multicurrency Medium Term Note Programme (the “**Programme**”) of the Issuer. Save to the extent defined in this Supplemental Information Memorandum, terms defined or otherwise attributed meanings in the Original Information Memorandum have the same meaning when used in this Supplemental Information Memorandum. References in the Original Information Memorandum and this Supplemental Information Memorandum to “this Information Memorandum” mean the Original Information Memorandum as supplemented by this Supplemental Information Memorandum. To the extent that the Original Information Memorandum is inconsistent with this Supplemental Information Memorandum, the terms of this Supplemental Information Memorandum shall prevail.

This Supplemental Information Memorandum has not been and will not be registered as a prospectus with the Monetary Authority of Singapore. Accordingly, this Supplemental Information Memorandum and any other document or material in connection with the offer or sale, or invitation for subscription or purchase, of the Series 3 Notes to be issued by the Issuer pursuant to the Programme may not be circulated or distributed, nor may the Series 3 Notes be offered or sold, or be made the subject of an invitation for subscription or purchase, whether directly or indirectly, to any person in Singapore other than (i) to an institutional investor (as defined in Section 4A of the Securities and Futures Act 2001 of Singapore (“**SFA**”)) pursuant to Section 274 of the SFA, (ii) to a relevant person (as defined in Section 275(2) of the SFA) pursuant to Section 275(1) of the SFA, or to any person pursuant to Section 275(1A) of the SFA, and in accordance with the conditions specified in Section 275 of the SFA and (where applicable) Regulation 3 of the Securities and Futures (Classes of Investors) Regulations 2018 of Singapore, or (iii) otherwise pursuant to, and in accordance with the conditions of, any other applicable provision of the SFA.

Where the Series 3 Notes are subscribed or purchased under Section 275 of the SFA by a relevant person which is:

- (a) a corporation (which is not an accredited investor (as defined in Section 4A of the SFA)) the sole business of which is to hold investments and the entire share capital of which is owned by one or more individuals, each of whom is an accredited investor; or
- (b) a trust (where the trustee is not an accredited investor) whose sole purpose is to hold investments and each beneficiary of the trust is an individual who is an accredited investor,

securities or securities-based derivatives contracts (each term as defined in Section 2(1) of the SFA) of that corporation or the beneficiaries’ rights and interest (howsoever described) in that trust shall not be transferred within six months after that corporation or that trust has acquired the Series 3 Notes pursuant to an offer made under Section 275 of the SFA except:

- (1) to an institutional investor or to a relevant person, or to any person arising from an offer referred to in Section 275(1A) or Section 276(4)(c)(ii) of the SFA;
- (2) where no consideration is or will be given for the transfer;
- (3) where the transfer is by operation of law;
- (4) as specified in Section 276(7) of the SFA; or

- (5) as specified in Regulation 37A of the Securities and Futures (Offers of Investments) (Securities and Securities-based Derivatives Contracts) Regulations 2018 of Singapore.

Any reference to the “SFA” is a reference to the Securities and Futures Act 2001 of Singapore and a reference to any term as defined in the SFA or any provision in the SFA is a reference to that term or provision as modified or amended from time to time including by such of its subsidiary legislation as may be applicable at the relevant time.

Application will be made to the Singapore Exchange Securities Trading Limited (the “**SGX-ST**”) for permission to deal in and the listing of and quotation of the Series 3 Notes to be issued pursuant to the Programme. Such permission will be granted when the Series 3 Notes have been admitted to the Official List of the SGX-ST. The SGX-ST assumes no responsibility for the correctness of any of the statements made, opinions expressed or reports contained herein. Approval in-principle from, admission to the Official List, and the listing and quotation of the Series 3 Notes on, the SGX-ST are not to be taken as an indication of the merits of the Issuer, its subsidiaries, its associated companies (if any), the Programme or such Series 3 Notes.

An investment in the Series 3 Notes involves certain risks. For a discussion of these risks see “*Investment Considerations*” of the Original Information Memorandum and pages 42 to 50 of this Supplemental Information Memorandum.

Sole Dealer



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NOTICE

CIMB Bank Berhad, Singapore Branch (the “**Relevant Dealer**”) has been authorised by the Issuer to lead-manage the issue of the Series 3 Notes.

This Supplemental Information Memorandum contains information with regard to the Issuer, its subsidiaries and associated companies (if any), the Programme and the Series 3 Notes. The Issuer confirms, to the best of its knowledge and belief having made reasonable enquiries, that the Original Information Memorandum (as supplemented by this Supplemental Information Memorandum) contains all information which is material in the context of the Programme or the issue and offering of the Series 3 Notes, that all the information contained in the Original Information Memorandum (as supplemented by this Supplemental Information Memorandum) is true and accurate in all material respects, that the opinions, expectations and intentions expressed in the Original Information Memorandum (as supplemented by this Supplemental Information Memorandum) have been carefully considered, are based on all relevant considerations and facts existing at the date of the Original Information Memorandum (as supplemented by this Supplemental Information Memorandum) and are fairly, reasonably and honestly held by the directors of the Issuer, and that there are no other facts the omission of which in the context of the Programme or the issue and offering of the Series 3 Notes would make any such information or expressions of opinion, expectation or intention misleading in any material respect.

No person has been authorised to give any information or to make any representation other than those contained in this Supplemental Information Memorandum and, if given or made, such information or representation must not be relied upon as having been authorised by the Issuer, the Trustee or the Relevant Dealer. Save as expressly stated in this Supplemental Information Memorandum, nothing contained herein is, or may be relied upon as, a promise or representation as to the future performance or policies of the Issuer or any of its subsidiaries or associated companies (if any). Neither this Supplemental Information Memorandum nor any other document or information (or any part thereof) delivered or supplied under or in relation to the Programme or the issue and offering of the Series 3 Notes may be used for the purpose of, and does not constitute an offer of, or solicitation or invitation by or on behalf of the Issuer, the Trustee or the Relevant Dealer to subscribe for or purchase, any of the Series 3 Notes in any jurisdiction or under any circumstances in which such offer, solicitation or invitation is unlawful, or not authorised or to any person to whom it is unlawful to make such offer, solicitation or invitation. The distribution and publication of this Supplemental Information Memorandum or any such other document or information (or any part thereof) and the offer of the Series 3 Notes in certain jurisdictions may be restricted by law. Persons who distribute or publish this Supplemental Information Memorandum or any such other document or information (or any part thereof) or into whose possession this Supplemental Information Memorandum or any such other document or information (or any part thereof) comes are required to inform themselves about and to observe any such restrictions and all applicable laws, orders, rules and regulations.

The Series 3 Notes have not been, and will not be, registered under the United States Securities Act of 1933, as amended (the “**Securities Act**”) or with any securities regulatory authority of any state or other jurisdiction of the United States and the Series 3 Notes are subject to U.S. tax law requirements and restrictions. Subject to certain exceptions, the Series 3 Notes may not be offered, sold or delivered within the United States or to, or for the account or benefit of, U.S. persons (as defined in Regulation S under the Securities Act (“**Regulation S**”)).

The Series 3 Notes are being offered and sold outside the U.S. to non-U.S. persons in reliance on Regulation S. For a description of these and certain further restrictions on offers, sales and transfers of the Series 3 Notes and distribution of this Supplemental Information Memorandum see the section

“Subscription, Purchase and Distribution” in the Information Memorandum.

Neither this Supplemental Information Memorandum nor any other document or information (or any part thereof) delivered or supplied under or in relation to the Programme or the Series 3 Notes shall be deemed to constitute an offer of, or an invitation by or on behalf of the Issuer or the Relevant Dealer to subscribe for or purchase, any of the Series 3 Notes.

This Supplemental Information Memorandum and any other documents or materials in relation to the issue, offering, purchase or sale of the Series 3 Notes have been prepared solely for the purpose of the initial sale by the Relevant Dealer of the Series 3 Notes. This Supplemental Information Memorandum and such other documents or materials are made available to the recipients thereof solely on the basis that they are persons falling within the ambit of Section 274 and/or Section 275 of the SFA and may not be relied upon by any person other than persons to whom the Series 3 Notes are sold or with whom they are placed by the Relevant Dealer or for any other purpose. Recipients of this Supplemental Information Memorandum shall not reissue, circulate or distribute this Supplemental Information Memorandum or any part thereof (including copies thereof) in any manner whatsoever.

Neither the issue nor delivery of this Supplemental Information Memorandum (or any part thereof), nor the issue, offering, purchase, subscription for, or sale of the Series 3 Notes shall, under any circumstances, constitute a representation, or give rise to any implication, that there has been no change in the business, financial position, prospects, results of operations or general affairs of the Issuer or any of its subsidiaries or associated companies (if any) or in the information herein since the date hereof or the date on which this Supplemental Information Memorandum has been most recently amended or supplemented. Nothing herein is or may be relied upon as, a promise or representation of the Issuer’s and/or the Group’s future performance or policies.

None of the Relevant Dealer or the Trustee has separately verified the information contained in this Supplemental Information Memorandum. None of the Relevant Dealer, the Trustee or any of their respective officers, employees or agents is making any representation or warranty expressed or implied as to the merits of the Series 3 Notes or the subscription, purchase or acquisition thereof, the creditworthiness or financial condition or otherwise of the Issuer or its subsidiaries or associated companies (if any). Further, the Relevant Dealer makes no representation or warranty as to the Issuer, its subsidiaries or associated companies (if any) or as to the accuracy, reliability or completeness of the information set out herein (including the legal and regulatory requirements pertaining to Sections 274, 275 and 276 or any other provisions of the SFA) and in the documents which are incorporated by reference in, and form part of, this Supplemental Information Memorandum.

Neither this Supplemental Information Memorandum nor any other document or information (or any part thereof) delivered or supplied under or in relation to the Programme or the issue of the Series 3 Notes is intended to provide the basis of any credit or other evaluation and should not be considered as a recommendation by the Issuer, the Relevant Dealer or the Trustee that any recipient of this Supplemental Information Memorandum or such other document or information (or such part thereof) should subscribe for or purchase any of the Series 3 Notes. A prospective purchaser shall make its own assessment of the foregoing and other relevant matters including the financial condition and affairs and the creditworthiness of the Issuer and its subsidiaries and associated companies (if any), and obtain its own independent legal or other advice thereon, and its investment shall be deemed to be based on its own independent investigation of the financial condition and affairs and its appraisal of the creditworthiness of the Issuer, its subsidiaries and associated companies (if any). Accordingly, notwithstanding anything herein, none of the Relevant Dealer or Trustee or any of their respective officers, employees or agents shall be held responsible for any loss or damage suffered or incurred by the recipients of this Supplemental Information Memorandum

or such other document or information (or such part thereof) as a result of or arising from anything expressly or implicitly contained in or referred to in this Supplemental Information Memorandum or such other document or information (or such part thereof) and the same shall not constitute a ground for rescission of any purchase, subscription, or acquisition of any of the Series 3 Notes by a recipient of this Supplemental Information Memorandum or such other document or information (or such part thereof).

To the fullest extent permitted by law, the Relevant Dealer accepts no responsibility for the contents of the Information Memorandum (as supplemented by this Supplemental Information Memorandum) or for any other statement, made or purported to be made by the Relevant Dealer or on its behalf in connection with the Issuer, the Programme, or the issue and offering of the Series 3 Notes. The Relevant Dealer accordingly disclaims all and any liability whether arising in tort or contract or otherwise (save as referred to above) which it might otherwise have in respect of the Information Memorandum (as supplemented by this Supplemental Information Memorandum) or any such statement.

The following documents published or issued from time to time after the date hereof shall be deemed to be incorporated by reference in, and to form part of, this Supplemental Information Memorandum: (1) any annual reports, audited consolidated financial statements and/or unaudited consolidated financial statements/results of the Issuer and its subsidiaries and associated companies (if any), and (2) any supplement or amendment to this Supplemental Information Memorandum issued by the Issuer. This Supplemental Information Memorandum is to be read in conjunction with all such documents which are incorporated by reference herein and the Pricing Supplement in respect of the Series 3 Notes. Any statement contained in this Supplemental Information Memorandum or in a document deemed to be incorporated by reference herein shall be deemed to be modified or superseded for the purpose of this Supplemental Information Memorandum to the extent that a statement contained in this Supplemental Information Memorandum or in such subsequent document that is also deemed to be incorporated by reference herein modifies or supersedes such earlier statement (whether expressly, by implication or otherwise). Any statement so modified or superseded shall not be deemed, except as so modified or superseded, to constitute a part of this Supplemental Information Memorandum. Copies of all documents deemed incorporated by reference herein are available for inspection at the specified office of the Issuing and Paying Agent (as defined herein). Copies of the documents listed in (1) above which are deemed to be incorporated by reference in this Information Memorandum may be obtained at the SGX-ST's website at www.sgx.com.

Website(s) referenced in this Supplemental Information Memorandum are intended as guides to where other public information relating to the Issuer, their subsidiaries and associated companies (if any) may be obtained free of charge. Unless otherwise incorporated by reference, information appearing on such website(s) do not form part of this Supplemental Information Memorandum and none of the Issuer, its subsidiaries or associated companies (if any), the Relevant Dealer or the Trustee accepts any responsibility whatsoever that such information, if available, is accurate and/or up to date. Such information, if available, should not form the basis of any investment decision by an investor to subscribe for or purchase any of the Series 3 Notes.

Any purchase, subscription, or acquisition of the Series 3 Notes is in all respects conditional on the satisfaction of certain conditions set out in the Programme Agreement (as defined in the Original Information Memorandum) and the issue of the Series 3 Notes by the Issuer pursuant to the Programme Agreement. Any offer, invitation to offer or agreement made in connection with the purchase, subscription, or acquisition of the Series 3 Notes or pursuant to this Supplemental Information Memorandum shall (without any liability or responsibility on the part of the Issuer or the Relevant Dealer) lapse and cease to have any effect if (for any other reason whatsoever) the Series 3 Notes are not issued by the Issuer pursuant to the Programme Agreement.

Any discrepancies in the tables included herein between the listed amounts and the totals thereof are due to rounding.

The attention of recipients of this Supplemental Information Memorandum is drawn to the restrictions on resale of the Series 3 Notes set out under the section “Subscription, Purchase and Distribution” on pages 58 to 60 of this Supplemental Information Memorandum.

Any person(s) who is/are invited to purchase or subscribe for the Series 3 Notes or to whom this Supplemental Information Memorandum is sent shall not make any offer or sale, directly or indirectly, of any Series 3 Notes or distribute or cause to be distributed any document or other material in connection therewith in any country or jurisdiction except in such manner and in such circumstances as will result in compliance with any applicable laws and regulations.

It is recommended that persons proposing to subscribe for or purchase the Series 3 Notes consult their own legal, financial, tax and other advisers before purchasing, subscribing for, or acquiring the Series 3 Notes.

Prospective purchasers of the Series 3 Notes are also recommended to consult their own tax advisers concerning the tax consequences of the acquisition, ownership or disposition of the Series 3 Notes.

Notification under Section 309B(1)(c) of the SFA: Unless otherwise stated in the Pricing Supplement, the Series 3 Notes shall be prescribed capital markets products (as defined in the Securities and Futures (Capital Markets Products) Regulations 2018 of Singapore) and Excluded Investment Products (as defined in MAS Notice SFA 04-N12: Notice on the Sale of Investment Products and MAS Notice FAA-N16: Notice on Recommendations on Investment Products).

PRIIPS REGULATION - PROHIBITION OF SALES TO EEA RETAIL INVESTORS – The Series 3 Notes are not intended to be offered, sold or otherwise made available to and should not be offered, sold or otherwise made available to any retail investor in the European Economic Area (“**EEA**”). For these purposes, a retail investor means a person who is one (or more) of: (a) a retail client as defined in point (11) of Article 4(1) of Directive 2014/65/EU (as amended or superseded, “**MiFID II**”); or (b) a customer within the meaning of Directive (EU) 2016/97 (as amended or superseded, the “**Insurance Distribution Directive**”), where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II; or (c) not a qualified investor as defined in Regulation (EU) 2017/1129 (as amended or superseded, the “**Prospectus Regulation**”). Consequently, no key information document required by Regulation (EU) No 1286/2014 (as amended or superseded, the “**PRIIPs Regulation**”) for offering or selling the Series 3 Notes or otherwise making them available to retail investors in the EEA has been prepared and therefore offering or selling the Series 3 Notes or otherwise making them available to any retail investor in the EEA may be unlawful under the PRIIPs Regulation.

UK PRIIPS REGULATION - PROHIBITION OF SALES TO UK RETAIL INVESTORS – The Series 3 Notes are not intended to be offered, sold or otherwise made available to and should not be offered, sold or otherwise made available to any retail investor in the United Kingdom (“**UK**”). For these purposes, a retail investor means a person who is one (or more) of: (a) a retail client, as defined in point (8) of Article 2 of Regulation (EU) No 2017/565 as it forms part of domestic law by virtue of the European Union (Withdrawal) Act 2018 (the “**EUWA**”); or (b) a customer within the meaning of the provisions of the Financial Services and Markets Act 2000 (the “**FSMA**”) and any rules or regulations made under the FSMA to implement the Insurance Distribution Directive, where that customer would not qualify as a professional client, as defined in point (8) of Article 2(1) of Regulation (EU) No 600/2014 as it forms part of domestic law by virtue of the EUWA; or (c) not a qualified investor as defined in Article 2 of the

Prospectus Regulation as it forms part of domestic law by virtue of the EUWA. Consequently, no key information document required by the PRIIPs Regulation as it forms part of domestic law by virtue of the EUWA (the “**UK PRIIPs Regulation**”) for offering or selling the Series 3 Notes or otherwise making them available to retail investors in the UK has been prepared and therefore offering or selling the Series 3 Notes or otherwise making them available to any retail investor in the UK may be unlawful under the UK PRIIPs Regulation.

DEFINITIONS

This section supplements the section “DEFINITIONS” appearing on pages 5 to 8 of the Original Information Memorandum. Terms defined in the Original Information Memorandum have the same meaning in this Supplemental Information Memorandum save as expressly defined herein.

“1H”	: The half year ended 30 June.
“BCA”	: Building and Construction Authority.
“Companies Act”	: The Companies Act 1967 of Singapore, as amended or modified from time to time.
“Directors”	: The directors (including alternate directors, if any) of the Issuer as at the date of this Supplemental Information Memorandum.
“Exchange Agent”	: Tricor Barbinder Share Registration Services (a division of Tricor Singapore Pte Ltd).
“HDB”	: The Housing and Development Board.
“ITA”	: Income Tax Act 1947 of Singapore, as amended or modified from time to time.
“MRT”	: Mass Rapid Transit.
“Latest Practicable Date”	: 15 September 2022.
“LTA”	: Land Transport Authority.
“PUB”	: Public Utilities Board.
“Relevant Dealer”	: CIMB Bank Berhad, Singapore Branch.
“SFA”	: Securities and Futures Act 2001 of Singapore, as amended or modified from time to time
“SFRS(I)”	: Singapore Financial Reporting Standards (International).
“UK”	: United Kingdom.

CORPORATE INFORMATION

Issuer	:	Koh Brothers Group Limited
Board of Directors	:	Koh Tiat Meng Koh Teak Huat Koh Keng Siang Koh Keng Hiong Lee Sok Khian John Quek Chee Nee Er Dr Lee Bee Wah Lai Mun Onn Ow Yong Thian Soo Low Yee Khim Ong Seet Joon Ong Kheng Chye Goh Mou Lih
Company Secretary	:	Therese Ng Chew Hwee
Registered Office	:	11 Lorong Pendek Koh Brothers Building Singapore 348639
Auditors to the Issuer	:	PricewaterhouseCoopers LLP 7 Straits View Marina One East Tower, Level 12 Singapore 018936
Relevant Dealer	:	CIMB Bank Berhad, Singapore Branch 30 Raffles Place #04-01 CIMB Plaza Singapore 048622
Legal Advisers to the Relevant Dealer	:	Allen & Gledhill LLP One Marina Boulevard #28-00 Singapore 018989
Legal Advisers to the Issuer:		Shook Lin & Bok LLP 1 Robinson Road #18-00 AIA Tower Singapore 048542
Issuing and Paying Agent	:	The Bank of New York Mellon, Singapore Branch 1 Temasek Avenue #02-01 Millenia Tower Singapore 039192
Trustee	:	The Bank of New York Mellon, Singapore Branch 1 Temasek Avenue #02-01 Millenia Tower Singapore 039192

THE ISSUER

This section replaces the section “THE ISSUER” appearing on pages 46 to 63 of the Original Information Memorandum in its entirety.

1. OVERVIEW

The Issuer was incorporated in Singapore on 2 February 1994 as a private company limited by shares. In August 1994, it was converted into a public company and its shares were listed on the Mainboard of the SGX-ST. As at the Latest Practicable Date, the Issuer has a market capitalisation of approximately S\$70.52 million.

The Issuer is an investment holding company headquartered in Singapore with businesses primarily in Singapore. For FY2021, approximately 87.0% of the Group’s total revenue was derived from its businesses in Singapore. The Group also has operations in various countries in the region including the manufacturing of pre-cast concrete products in Malaysia; the provision of integrated process technology and renewable energy solutions for the bio-refinery and bio-energy sectors primarily in Malaysia and Indonesia; and property development and investment in Indonesia and South Korea.

The history of the Group dates back to the 1960s when Koh Brothers Building and Civil Engineering Contractor was registered as the sole proprietorship concern of Mr Koh Tiat Meng, who is presently the Executive Chairman of the Issuer. The completion of the drainage work for the Rochor Canal in the 1970s was a turning point for the Group, which progressed from mainly doing drainage works to securing projects for the construction of flyovers and buildings. The Group later diversified into equipment sale and rental, manufacturing, hotels and real estate development.

In February 2013, the Group broadened its reach into the environmental engineering sector, with a strategic acquisition of a 41%-stake in Metax Engineering Corporation Limited, which is listed on the Catalist Board of the SGX-ST and constitutes a subsidiary of the Issuer (the “**Koh Eco Acquisition**”). Metax Engineering Corporation Limited subsequently changed its name to Koh Brothers Eco Engineering Limited (“**Koh Eco**” and together with its subsidiaries, the “**Koh Eco Group**”) with effect from 29 April 2014.

In July 2016, the Group completed its divestment of its entire shareholding in Koh Brothers Building & Civil Engineering Contractor (Pte.) Ltd. (“**KBCE**”) to Koh Eco, in a move to consolidate the building construction and civil engineering capabilities of KBCE with the engineering, procurement and construction (“**EPC**”) capabilities of Koh Eco Group (the “**KBCE Divestment**”). The integration created greater synergy and cost savings, allowing both companies to leverage on each other’s strengths and expertise and take advantage of more opportunities in the construction and environmental engineering sectors.

In June 2021, in order to strengthen Koh Eco Group’s financial position by increasing its capital base and for working capital requirements, Koh Eco completed a private placement of new ordinary shares by allotting and issuing 810,000,000 new ordinary shares in the capital of Koh Eco to Penta-Ocean Construction Co., Ltd. (“**POC**”), a strong investor with a global perspective. POC is incorporated in Japan, listed on the first section of the Tokyo Stock Exchange, and is a leading general contractor operating in Japan and overseas. POC specialises in marine works and land reclamation, and also builds residential, commercial, and institutional buildings.

In early 2022, Oiltek International Limited (“**Oiltek**”), a subsidiary of Koh Eco, received strong investor interest for its initial public offering (“**IPO**”) of 22,500,000 new ordinary shares at S\$0.23 each, in connection with its proposed listing on the Catalist Board of the SGX-ST. The IPO was

overall 4.3 times subscribed. In March 2022, Oiltek was successfully admitted and listed on the Catalist Board of the SGX-ST.

Presently, the core businesses of the Group are broadly categorised as follows:

(a) Construction and Building Materials

- (i) Engineering and Construction - the Engineering and Construction division provides a wide and diverse range of integrated construction services, ranging from design and build to civil works to general construction for residential, commercial and institutional buildings as well as infrastructural works. The Koh Eco Group provides EPC services for the water and wastewater treatment and hydro-engineering sectors;
- (ii) Building Materials - the Building Materials division is a supplier of a range of building materials for building and infrastructure projects. The Group manufactures and supplies ready-mixed concrete, as well as pre-cast concrete products such as facades, household shelters, bathroom units, columns and planks;
- (iii) Bio-Refinery and Renewal Energy - the Bio-Refinery and Renewal Energy division under Oiltek is an established integrated process technology and renewable energy solutions provider. Oiltek provides services for edible and non-edible oil industries including engineering, procurement, designing, construction and commissioning of edible and non-edible oil refining plants, downstream specialty products and processing, upgrading and retrofitting of existing facilities and turnkey outside-battery-limits infrastructure engineering;

(b) Real Estate - the Real Estate division has developed many quality residential property developments, some of which have specialised themes. The Group is also engaged in property investment and provides property management services; and

(c) Leisure and Hospitality - the Leisure and Hospitality division provides 'no-frills' hospitality services through Oxford Hotel, which comprises more than 130 hotel rooms. The Group also owns and operates The Alocassia, which consists of resort-styled service apartments with 45 suites located at Bukit Timah Road, a prime district in Singapore.

For the financial years ended 31 December 2019 ("FY2019"), 31 December 2020 ("FY2020") and 31 December 2021 ("FY2021") and the half years ended 30 June 2021 ("1H2021") and 30 June 2022 ("1H2022"), the Group's consolidated net revenues were approximately S\$353.7 million, S\$243.1 million, S\$252.6 million, S\$141.0 million and S\$158.9 million respectively, and the Group posted profits/(loss) before tax of approximately S\$8.7 million, (S\$16.2 million), S\$8.8 million, S\$3.8 million and S\$6.3 million respectively. As at 31 December 2021 and as at 30 June 2022, the Group had net tangible assets of approximately S\$282.0 million and S\$284.9 million respectively.

Based on the Group's audited financial statements for FY2019, FY2020 and FY2021, and the unaudited condensed interim financial statements for 1H2022, the following sets out the contribution from the Group's business divisions to the Group's net revenues and segment results for FY2019, FY2020, FY2021 and 1H2022:

Business Division	Contribution to the Group's net revenues							
	FY2019		FY2020		FY2021		1H2022	
	S\$'000	%	S\$'000	%	S\$'000	%	S\$'000	%
Construction and Building Materials	345,081	97.6	225,923	92.9	233,458	92.4	141,304	88.9
Real Estate	5,362	1.5	15,133	6.2	17,705	7.0	16,795	10.6
Leisure and Hospitality	3,269	0.9	2,010	0.9	1,458	0.6	778	0.5
Total	353,712	100.0	243,066	100.0	252,621	100.0	158,877	100.0

Business Division	Contribution to the Group's segment results ⁽¹⁾							
	FY2019		FY2020		FY2021		1H2022	
	S\$'000	%	S\$'000	%	S\$'000	%	S\$'000	%
Construction and Building Materials	709	4.4	(13,788)	187.1	6,093	36.2	8,629	85.6
Real Estate	15,147	93.3	6,590	(89.4)	9,798	58.3	1,888	18.7
Leisure and Hospitality	(295)	(1.8)	(62)	0.8	(755)	(4.5)	(413)	(4.1)
Others	671	4.1	(112)	1.5	1,683	10.0	(29)	(0.2)
Total	16,232	100.0	(7,372)	100.0	16,819	100.0	10,075	100.0

Note:

(1) Segment results is defined as profits/(loss) before interest income, finance cost and income tax.

Recent Developments arising from the coronavirus disease 2019 ("COVID-19") pandemic

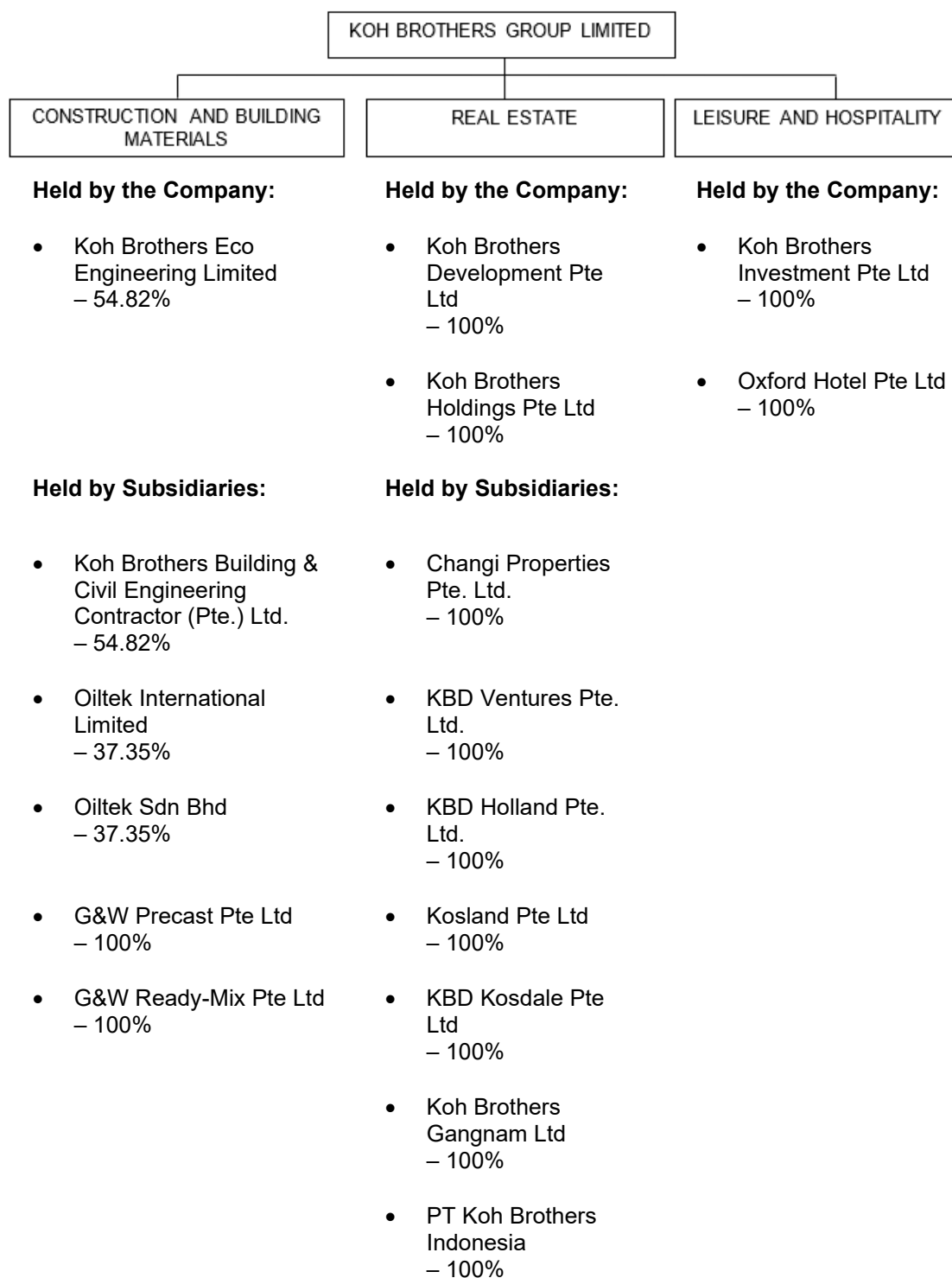
More recently, the COVID-19 pandemic resulted in governments around the world, including those of Singapore and the other countries in which the Group operates or has investments, imposing various measures, including travel restrictions, suspension of business activities and major events, and implementation of quarantine and movement control orders, in an effort to curb the spread of COVID-19.

The measures, such as the Singapore government's circuit breaker measures from April to June 2020, caused a halt in most of the Group's construction projects, delay to project schedules, increased costs and disruption in project management, which had a severe impact on the Group's business operations and financial condition in FY2020.

As the COVID-19 pandemic is ongoing, the actual extent of its impact on the Group's business operations and financial condition will depend on, *inter alia*, the duration and intensity of the COVID-19 pandemic, the level of government support for the businesses in the countries where the Group operates, and the extent and speed of the post-pandemic economic recovery. Please see the risk factor titled "*The Group's businesses, financial condition, results of operations and prospects may be adversely affected by outbreaks of infectious diseases or other serious public health concerns*" for more information.

2. GROUP STRUCTURE

The following chart sets out the Issuer and its significant subsidiaries as at the Latest Practicable Date:



3. BUSINESS

The principal business activities of the Group can be broadly categorised into the following categories: (i) Construction and Building Materials; (ii) Real Estate; and (iii) Leisure and Hospitality.

3.1 Construction and Building Materials

Engineering and Construction

The Group acts as main contractors in construction projects for private and public sector clients in Singapore and provides a wide and diverse range of construction services, ranging from design and build to civil works to general construction for residential, commercial and institutional buildings as well as infrastructural works. The Group's construction arm also undertakes the main construction work for the Group's real estate development business in most instances. Over the years, the Group has also built a number of the drainage infrastructure in Singapore.

As a main contractor, the Group is responsible for a wide range of construction works which typically include excavation, piling, sub-structure and super-structure works, architectural works, aluminium cladding and curtain walling, mechanical and electrical works, interior fitting-out works, external works and landscaping. In order to support the Group's building projects, the Group owns a fleet of heavy machinery and equipment and has steel fabrication facilities with its own steel inventory. The Group is also involved in mechanical, electrical and instrumentation control and automation ("**MEICA**") works. This includes a recent project secured for the Industrial Liquids Module 1 at Tuas Water Reclamation Plant.

The Group has been registered with the BCA with a BCA grading of CW01 A1 for general building and CW02 A1 for civil engineering, for more than 15 years. The A1 grading is currently the highest grade for contractors' registration in such categories and enables the Group to tender for public sector construction projects of unlimited project value.

The Group's clients include governmental bodies such as the following:

- Changi Airport Group (Singapore) Pte Ltd;
- Defence Science and Technology Agency;
- Housing and Development Board ("HDB");
- Jurong Town Corporation;
- Land Transport Authority ("LTA");
- Ministry of Education ("MOE");
- Ministry of Home Affairs;
- PSA Corporation Limited;
- Public Utilities Board ("PUB"); and
- Urban Redevelopment Authority ("URA").

The Group covers a wide spectrum of civil engineering works and some of the projects completed by the Group include:

- Marina Barrage (a mega desalination project);
- Marina East Desalination Plant;
- Downtown Line 1 Bugis Station and its associated tunnels;
- 2.4-kilometre Punggol Waterway;
- Changi Water Treatment Plants;
- Construction of Common Services Tunnels at Marina South (Phase 1B and Phase 2);
- Retention Pond, Drainage and Backfilling Works at Singapore Changi Airport;
- Jurong Water Reclamation Plant;
- Bukit Timah First Diversion Canal;
- Improvement to Kallang River; and
- Geylang River Makeover Project.

In addition, examples of building projects completed by the Group include the following:

- Civil Defence Academy at Jalan Bahar;
- River Valley High School and the school's hostel in Boon Lay;
- Aircraft hangar in Changi for the Singapore Aviation Services Company Pte Ltd;
- Chevron recreation club at Boon Lay Way;
- Public housing projects in Jurong West, Choa Chu Kang and Yishun; and
- Private housing projects: Westwood Residences, Parc Olympia, Lincoln Suites, Fiorenza and Starville.

The following sets out details of some of the construction projects completed by the Group during the last 15 years:

Project and Location	Client Name	Approximate Contract Value (S\$'000)	Completion Date of Construction Works
Construction of Marina East Desalination Plant	Sub-contract from Keppel Seghers	153,631	August 2021
Construction of Singapore Changi Airport Runway 3 (Package 1)	Changi Airport Group	1,116,870 ⁽¹⁾	December 2020
Construction of Changi Reclamation Plant, Phase 2 Expansion	PUB	31,300	March 2020
Kallang-Bishan River	PUB	85,057	August 2019

Project and Location	Client Name	Approximate Contract Value (S\$'000)	Completion Date of Construction Works
Construction of Bukit Timah First Diversion Canal	PUB	89,917	July 2017
HDB building works at Yishun Neighbourhood Park	HDB	97,900	December 2016
Construction of used water lift station at Jurong Water Reclamation Plant	PUB	51,839 ⁽²⁾	December 2015
Construction of Parc Olympia Condominium at Flora Drive	KBD Flora Pte Ltd	114,831	December 2015
Development of Retention Pond at Singapore Changi Airport	Changi Airport Group	33,149	July 2015
Construction of Lincoln Suites Condominium at Kiang Guan Avenue	Phileap Pte Ltd	54,330	May 2014
Improvements to Geylang River from Dunman Road to Guillemard Road	PUB	36,709	February 2014
Construction of Downtown Line 1 Bugis Station including its Associated Tunnels	LTA	536,037 ⁽³⁾	September 2013
Building works at Choa Chu Kang Neighbourhood	HDB	52,088	December 2011
Construction of Punggol Waterway (Part 2)	HDB	59,837	August 2011
Construction of Common Services Tunnels at Marina South	URA	209,936	February 2011
Construction of Punggol Waterway (Part 1)	HDB	145,889	September 2010
Construction of River Valley High School and hostel at Boon Lay Avenue	MOE	82,696	November 2009
Changi Water Treatment Plant - C1A, C3A and C6A	PUB	364,731	April 2008
Marina Barrage at Marina South	PUB	250,708	January 2008

Notes:

- (1) The Group's share of the contract value is approximately S\$335.1 million.
- (2) The Group's share of the contract value is approximately S\$31.0 million.
- (3) The Group's share of the contract value is approximately S\$211.6 million.

Some of the ongoing projects of the Group include the following:

- Design and construction of the tunnels, shafts and other features for the Deep Tunnel Sewerage System (Phase 2) relating to the section from South Tunnel at Tuas Road to

the Tuas Water Reclamation Plant. KBCE has a 35%-stake in the joint venture with Penta Ocean Construction Co., Ltd;

- Construction of cut and cover main tunnel from Prince Edward Station to Marina Bay Station and turnback tunnel including addition and alteration works to Marina Bay station and overrun tunnels;
- Construction of the Influent Pumping Stations at Tuas Water Reclamation Plant. KBCE has a 60%-stake in the joint venture with China Harbour (Singapore) Engineering Company Pte. Ltd.; and
- MEICA works for Industrial Liquids Module 1 at Tuas Water Reclamation Plant.

As at 30 June 2022, the Group's Construction division has a total order book of approximately S\$709.2 million.

The following sets out details of ongoing construction projects by the Group:

Project Name	Project Description	Client Name	Approximate Contract Value (S\$'000)	Estimated Completion Date
Van Holland	Construction of condo	KBD Holland	29,428	1H 2023
Deep Tunnel Sewerage System Phase 2 - Contract T08	Construction of Deep Tunnel Sewerage System	PUB	520,000 ⁽¹⁾	1H 2023
Marina Bay Contract C886	Construction of Cut-and-Cover Tunnels at Marina Bay Area	LTA	225,350	1H 2025
Tuas Water Reclamation Plant C2A	Construction of influent pumping stations	PUB	668,218 ⁽²⁾	2H 2025
Tuas Water Reclamation Plant C3B1	Development of Industrial Liquids Module 1 – MEICA works	PUB	200,720	2H 2026

Notes:

(1) The Group's share of the contract value is approximately S\$182.0 million.

(2) The Group's share of the contract value is approximately S\$400.9 million

Building Materials

The Building Materials division is a supplier of a range of building materials which are for building and infrastructure projects. The Group manufactures and supplies ready-mixed concrete, as well as pre-cast concrete products such as facades, household shelters, bathroom units, columns and planks. The main users of these products are HDB and private developers. These products are also used in commercial buildings and other infrastructure and civil engineering projects such as the construction of underground tunnels and the MRT rail network.

The Group is its own supplier of building materials for its construction business, hence enabling the Group to be less reliant on third party suppliers and achieve economies of scale in its

operations. The Group also supplies its building materials to contractors in the construction industry.

The Group's Building Materials division has various batching plants in Singapore and Malaysia. Batching plants are used for the mixing of ready-mixed concrete, a basic construction material. Additionally, the Group has pre-cast yards in both Singapore and Malaysia. The Group produces pre-cast components such as facades, household shelters, columns and planks in its pre-cast yards. The Group has set up a central truck-mixer despatch system to facilitate the efficient despatch of trucks to meet the demands of its clients around Singapore so as to achieve greater efficiency.

The following sets out some of the ongoing projects to which the Group's Building Materials division supplied pre-cast components:

Project Name	Project Description	Client Name	Approximate Contract Value To Go (as at 31 August 2022) (S\$'000)	Estimated Completion Date
Geylang C29-30	Public housing	Right Construction Pte. Ltd.	60	2H 2022
Van Holland Condo	Private housing	Koh Brothers Building & Civil Engineering Contractor (Pte.) Ltd.	99	2H 2022
Geylang C43A	Public housing	Wee Hur Construction Pte. Ltd.	1,228	2H 2022
Tengah Plantation C2 with Community Club	Public housing	China Construction Realty Co Pte. Ltd.	21,720	1H 2023
Tampines N9C15	Public housing	Vico Construction Pte. Ltd.	693	1H 2023
Bidadari C13	Public housing	KAH Engineering (1986) Pte. Ltd.	11,500	1H 2023
Kallang Whampoa C55	Public housing	Kay Lim Construction & Trading Pte. Ltd.	20,723	2H 2023

Bio-Refinery and Renewable Energy

The Group's Catalist-listed subsidiary, Oiltek, is an integrated engineering, procurement, design, construction and commission company providing a comprehensive range of solutions for the edible oil, non-edible oil, downstream and the renewable energy sectors, covering the services and products required for the vertical integration supply chain, across all types of vegetable oils.

Oiltek has a proven track record of over 40 years in the vegetable oils industry. Through the use of Oiltek's proprietary process technology and know-how, Oiltek provides reliable and innovative processing solutions for use across all different sectors of the value chain. Oiltek has successfully designed, built and commercialised over 570 plants in more than 30 countries across five continents.

Oiltek provides services for edible and non-edible oil industries including engineering, procurement, designing, construction and commissioning (“**EPCC**”) of edible and non-edible oil refining plants, downstream specialty products and processing plants, upgrading and retrofitting of existing facilities and turnkey outside-battery-limits infrastructure engineering. Oiltek also provides services for renewal energy industries including EPCC of multi-feedstock biodiesel, enzymatic biodiesel, winter fuel, palm oil mill effluent biogas methane recovery plants as well as other services including engineering component sales, agency and distributorship, and specialty chemical product trading.

3.2 Real Estate

Real Estate Development

The Real Estate division has developed many quality residential property developments, some of which have specialised themes. The real estate development projects undertaken by the Group in Singapore include residential developments such as bungalows, apartments and condominiums.

The real estate development projects which the Group has completed include the following:

- Nonhyeon l'Park which was launched in 2018 and is a freehold development in the Gangnam district of Seoul, South Korea. It comprises 99 apartment units, 194 “OfficeTel” SoHo units and 53 retail units. Nonhyeon l'Park addresses a demand gap for centrally-located and compact residential units for single professionals, double-income families, and real estate investors. The property is surrounded by MTR (Seoul Metropolitan Subway) stations within a 500-metre radius, and is nearby the core business districts of COEX and Teheran-ro.
- Westwood Residences which was launched in 2015 and is an executive condominium at Westwood Avenue in Jurong West. Westwood Residences is the first bike-themed executive condominium in Singapore and is located within minutes to the Jurong Lake District, and the Jurong Innovation District;
- Parc Olympia which was launched in 2012 and is a 99-year leasehold development located along Flora Drive. The sports-themed condominium has successfully sold all its units since its launch and has completed the handover of all units to owners in the first quarter of 2016. It features over 60,000 square feet of sporting area and facilities, including a synthetic jogging track, a rock-climbing wall, an air-conditioned badminton court, a skate park and a putting green;
- Fiorenza which was launched in 2009 and is a freehold development located along Florence Road, near the Kovan MRT station. This condominium features a jacuzzi on the balcony and Wi-Fi multi-room digital music system for all its units;
- Lincoln Suites which was launched in 2009 and is a freehold development located along Kiang Guan Avenue, off Newton Road. The condominium features an array of recreational facilities, including a 360-degree spa pool, a sky gym and garden, and thematic communal dining facilities. It is also the first property development in Singapore to use cutting-edge technology to light up the residential entrance with laser lights;
- The Lumos which was launched in 2007 and is a freehold luxury condominium located in the prestigious Leonie Hill residential area, off Grange Road. The Group collaborated with luxury brands, Fendi Casa, Kenzo Maison and Versace Home, to decorate and furnish

selected units of The Lumos. The Group sold its 50%-stake in Buildhome Pte. Ltd. (the developer of The Lumos) in July 2017;

- Bungalows@Caldecott which was launched in 2006 and is a four-units-only luxury project which features bathrooms studded with Swarovski wall crystals and a specially designed water conservation system;
- Starville which was launched in 2003, has an astronomy theme and is the first real estate project in Singapore to introduce a star-gazing observatory;
- The Montana which was launched in 2001 and is a luxury freehold apartment located off River Valley Road, near the Orchard Road shopping belt. The units in The Montana are equipped with state-of-the-art home automation features. The Group believes that The Montana is one of the first condominiums in Singapore in which all units utilise intelligent home technology, including motion detectors that activate lighting and air-conditioning. The Group also believes that The Montana is the first condominium in Singapore to be equipped with Category 5 cables for faster broadband communication; and
- Sun Plaza which was completed in 2000 and underwent an asset enhancement exercise that was completed in 2015. It is a mixed-use project in Sembawang which includes residential units as well as a retail mall which forms part of the Group's property investment portfolio.

The following sets out details of some real estate development projects completed by the Group:

Project Name / Location	Project Description	Approximate saleable floor area (m²)	Tenure of Land	Number of Units	Year of TOP	Percentage sold as at the Latest Practicable Date (%)	Group's stake (%)
Nonhyeon l'Park	Mixed development	30,900	Freehold	346	2020	100	45
Westwood Residences	Executive Condominium	48,852	99 years from 14 April 2012	480	2017	100	80
Parc Olympia / 50 Flora Drive	Condominium	44,400	99 years from 25 January 2012	486	2015	100	100
Lincoln Suites / 1 and 3 Khiang Guan Avenue, Off Newton Road	Condominium	17,600	Freehold	175	2014	100	25
The Lumos / Leonie Hill	Condominium	11,700	Freehold	53	2011	100	50
Fiorenza / 42 Florence Road	Condominium	3,200	Freehold	28	2011	100	100

Project Name / Location	Project Description	Approximate saleable floor area (m²)	Tenure of Land	Number of Units	Year of TOP	Percentage sold as at the Latest Practicable Date (%)	Group's stake (%)
Bungalows @ Caldecott / 78 Andrew Road	Bungalow	2,400	Freehold	4	2008	100	100
Starville / 60 Lengkong Tiga	Condominium	28,700	Freehold	250	2006	100	50
The Montana / 8 Jalan Mutiara	Condominium	12,500	Freehold	108	2002	100	100
The Sun Plaza / 30 Sembawang Drive	Mixed development	30,000	99 years from 26 June 1996	208	2000	100	50
The Sierra / Mount Sinai Drive	Condominium	5,800	999 years	60	1999	100	100
The Capri / 78 Stevens Road	Condominium	1,400	Freehold	18	1998	100	50

The Group is currently developing Van Holland, a residential development at Holland Road. Van Holland features a 2-storey waterfall, a 26-metre infinity lap pool, a rooftop clubhouse, and is directly connected to Holland Village via a sheltered link-bridge. The flooring for the units in Van Holland will be outfitted with Arabescato Altissimo marble from Italy, and other luxury finishes include Italian bathroom fittings by Fratelli Frattini. Master bathrooms in Van Holland will be fitted with Swarovski crystal-encrusted fixtures, and some of the units will also have private lift access.

The following sets out details of ongoing real estate development projects by the Group:

Project Name / Location	Project Description	Approximate saleable floor area (m²)	Tenure of Land	Number of Units	Estimated Date of TOP	Percentage sold as at 31 August 2022 (%)	Group's stake (%)
Van Holland/186-190 Holland Road	Condominium	6,095	Freehold	69	2023	39	100
Hyll on Holland/89-99 Holland Road	Condominium	22,473	Freehold	319	2023	69	20

Property Investment and Property Management

The Group is also engaged in property investment and provides property management services. The Group's investment portfolio includes commercial and residential properties, which the Group leases out for rental income.

The Group's investment portfolio includes a 50%-stake in Sun Plaza, a 5-storey with 2 basements commercial complex at Sembawang, Singapore. As part of the Group's plan to enhance the yield of its investment properties, Sun Plaza underwent an asset enhancement exercise in 2015 to optimise space utilisation and improve the retail tenant mix. The asset enhancement initiatives at Sun Plaza have been successful resulting in an increase in lettable area and rental. The rental revenue for Sun Plaza increased from S\$13.7 million in FY2020 to S\$16.1 million in FY2021.

The Group also owns and operates the Alocassia, which consists of resort-styled serviced apartments with 45 suites located at Bukit Timah Road, a prime district in Singapore, in close proximity to the Downtown Line Stevens Road MRT station. In addition, the Alocassia has 10 retail units which are fully tenanted.

To diversify its asset portfolio, the Group also invests in properties located overseas. The Group owns and manages First City Complex, which comprises commercial units, office units and apartments and is located in Batam, Indonesia. The Group also has 5 "OfficeTel" units at Nonhyeon l'Park in the Gangnam district of Seoul, South Korea.

The following sets out details of Sun Plaza, First City Complex, the Alocassia and Nonhyeon l'Park:

Name of Development	Location / Type of Development	Tenure	Approximate Lettable Area (m ²)	Occupancy Rate (%) (as at 31 August 2022)	Average Term of Lease (as at 31 August 2022)	Residential Units	Shop / Office Units	Fair Value as at 31 December 2021 (\$'000)	Group's stake (%)
Sun Plaza	30 Sembawang Drive, Singapore / Retail and Commercial	Leasehold term of 99 years from 26 June 1996	14,500	100	3 years	NA	131	372,000	50
First City Complex	Batam, Indonesia / Apartments and Commercial	Right-of-use for 20 years from October 2018	23,000	19	6 to 12 months	23	150	4,620	100
The Alocassia	383 Bukit Timah Road, Singapore / Commercial	Freehold	1,340	100	1 year	NA	10	36,600	100
The Alocassia	383 Bukit Timah Road, Singapore / Serviced Apartments	Freehold	3,267	78	15 to 30 days	45	NA	51,400	100
Nonhyeon l'Park	Gangnam, Seoul, South Korea / Mixed Development	Freehold	134	100	1 year	5	NA	2,650	100

3.3 Leisure and Hospitality

The Group owns and operates a hotel, namely Oxford Hotel, which has more than 130 rooms and is located at Singapore's central business district area, close to the Bras Basah MRT station.

The following sets out details of Oxford Hotel:

Name of Development	Location / Type of Development	Tenure	Approximate Gross Floor Area (m²)	Number of Rooms	Average Occupancy Rate (%) (as at 31 August 2022)	Shop Units	Fair Value as at 31 December 2021 (\$'000)	Group's stake (%)
Oxford Hotel	218 Queen Street / Hotel	Freehold	4,900	134	72	NA	65,000	100

Given that the Leisure and Hospitality sector in Singapore has been one of the hardest hit sectors resulting from COVID-19, the Group's Leisure and Hospitality division recorded a decrease in revenue from S\$2.0 million in FY2020 to S\$1.5 million in FY2021. However, the Group expects the Leisure and Hospitality division to benefit from the gradual resumption of travel and opening of borders. The Group will also continue to seek investment opportunities in hotel properties locally and overseas.

4. COMPETITIVE STRENGTHS

The Group has an established track record and strong brand name

The Group has over 55 years of experience as a contractor for building and infrastructure projects. The Group's track record in the construction industry is one of the longest among main contractors in Singapore. Notable projects completed by the Group include the iconic Marina Barrage and the Downtown Line 1 Bugis MRT station and its associated tunnels. The Group has also been involved in the real estate development business since the 1990s and its completed projects include Westwood Residences, the first bike-themed residential development in Singapore, Parc Olympia, a sports-themed condominium located along Flora Drive, Lincoln Suites, a freehold development located along Kiang Guan Avenue, off Newton Road, The Lumos, a freehold luxury condominium located in the prestigious Leonie Hill residential area, and Sun Plaza, a mixed-use project in Sembawang which includes residential units as well as a retail mall.

In particular, the Group has established a niche in the construction of waterways, canals and tunnels. Its strong presence in this area has contributed to its success in winning public tenders for large-scale civil engineering works such as the upgrading of Kallang River, the design and construction of the tunnels and shafts for the Deep Tunnel Sewerage System (Phase 2), and the widening of the Bukit Timah Diversion Canal to enhance protection against intense storms and rainfalls. With its diverse experience and strong reputation in this sector, the Group is well-placed to compete in this market.

The Group has been registered with the BCA with a BCA grading of CW01 A1 for general building and CW01 A1 for civil engineering, for more than 15 years. The A1 grading is currently the highest grade for contractors' registration in such categories and enables the Group to tender for public sector construction projects of unlimited project value. The Group's established track record and strong brand name strengthens its ability to market its services to existing and new clients.

Oiltek has a proven track record of over 40 years in the vegetable oils industry. Oiltek has an in-depth understanding of the vegetable oils processes and vast experience in addressing the challenges faced by its customers. Through the use of Oiltek's proprietary process technology and know-how, Oiltek provides reliable and innovative smart processing solutions for use across all different sectors of the value chain. Oiltek's total solutions range creates value to its customers' processes while meeting increasingly strict environmental and regulatory requirements. To date, Oiltek has successfully designed, built and commercialised over 570 plants in more than 30 countries across five continents.

The Group has an experienced and stable management team

The Group has a strong management team with more than 30 years of experience on average in the industries which the Group operates in. Many of the Group's executive officers have been with the relevant company in the Group, on average, for more than 15 years. This has contributed to efficiency in the Group's operations and execution of its business strategies. The Group's management team is also supported by a group of experienced and competent staff who are actively involved in the daily operations of the Group which in turn enables them to closely monitor the progress of the Group's projects and respond in a timely manner to any operational and on-site issues.

The Group has diversified revenue streams and is capable of handling a wide range of projects

The Group has diversified revenue streams from its various business lines. In respect of its construction and real estate businesses, the Group has completed, and is capable of handling, a diversified range of projects such as residential, commercial and industrial properties as well as hotels and infrastructure projects. The Group believes that through diversification, it will be less likely to be affected by any adverse change in market conditions affecting any single sector within the industry and will be able to enhance the stability of its revenue and profitability streams.

Backed by the Group's solid track record and tapping on its core competencies and expertise in water and wastewater treatment, which were well showcased in past projects, the Group expanded its engineering and construction business into MEICA works. The Group recently secured a MEICA project for Industrial Liquids Module 1 at Tuas Water Reclamation Plant worth S\$200.7 million.

Through Oiltek, the Group ventured into the renewable energy sector by providing solutions and services in the biogas recovery process. Oiltek primarily designs, builds and supplies biogas recovery systems for the treatment of palm oil mill effluent in Malaysia and Indonesia, as well as in the design and supply of systems which utilise the biogas produced. This provides the Group with an additional revenue stream.

The Group has expertise across its businesses that complement each other

The Group believes that its track record and extensive experience in the engineering and construction business enables the Group to grow its real estate business as it is able to offer value-added services when carrying on its real estate business based on its engineering and construction experience.

The Group's Building Materials division also supplies building materials to its engineering and construction business. For example, HDB generally requires the use of pre-cast concrete products for the construction of HDB flats. As the Group manufactures and supplies pre-cast concrete products such as facades, household shelters, bathroom units, columns and planks, the Group will use its own pre-cast concrete products for its public and private housing projects. This enables the Group to be less reliant on third party suppliers and achieve economies of scale in its operations.

The Group has an inventory of its own civil engineering equipment

The Group has an inventory of its own civil engineering equipment which enables the Group to cater to a range of civil engineering work. This allows the Group to compete effectively for projects as it is able to save on rental costs. Additionally, there is greater certainty as to the availability of equipment for the Group to carry out its civil engineering projects as it is less reliant on third party suppliers.

Furthermore, as the civil engineering sector is capital intensive, new entrants require considerable capital to build an inventory of equipment for their businesses and this creates substantial barriers of entry to potential new entrants.

Quality assets and strategic location

The Group has properties that are strategically located and easily accessible with good connectivity via public transportation. As such, the properties have healthy occupancy rates. The

Group has also implemented asset enhancement initiatives to improve the quality and attractiveness of its investment and commercial properties.

5. BUSINESS STRATEGIES

Capitalise on the synergies amongst the various business lines of the Group

The Group's various business lines are complementary to one another. For example, for the Group's real estate development projects, the Group's Engineering and Construction division can undertake the main construction work and the Group's Building Materials division can supply the building materials for the project. In the case of the Westwood Residences project, the Real Estate division is the developer, the Construction division of the Group is the main contractor and the Building Materials division supplies the building materials.

The Group intends to increase collaboration opportunities amongst the various business units, as this will allow the Group to harness synergies and economies of scale by capitalising on the strengths and capabilities of each business unit in any future collaboration and projects.

The Group believes that the synergies harnessed from increased collaboration opportunities will make the Group become more competitive.

Increase productivity and reduce reliance on manpower

The Group continues to explore investments in productivity management measures by increasing the use of automation and improved technologies, and improving the efficiency of its operations, so as to increase the Group's productivity and reduce its reliance on manpower.

For instance, through value engineering such as building information modeling (BIM), the Group will review the construction design, specifications and drawings to derive cost savings through improvements in construction methods, sequence and/or material use.

Focus on higher-value projects

The Group intends to focus on higher-value projects which have higher profit margins. One way of achieving this is to develop real estate projects which have unique or innovative features and make them stand out from other property developments. Over the years, the Group has developed real estate projects which have specialised themes, such as the Starville project which has an astronomy theme and was the first real estate project in Singapore to introduce a stargazing observatory; the Parc Olympia, which is a sports-themed condominium; and the Westwood Residences, which is the first bike-themed residential development in Singapore. The Group intends to continue to incorporate unique and innovative features in its projects as it believes that such features will provide the Group with a competitive advantage by differentiating its products and services from those of its competitors and by providing a unique experience to its customers. The Group will continue with its market research and analysis to identify property trends and consumer preferences.

Concentrate its efforts on public sector projects

The Building and Construction Authority (BCA) projects the total construction demand (i.e. the value of construction contracts to be awarded) in 2022 to be between S\$27 billion and S\$32 billion. Over the medium-term, BCA expects the total construction demand to reach between S\$25 billion and S\$32 billion per year from 2023 to 2026. The public sector is expected to lead the demand and contribute S\$14 billion to S\$18 billion per year from 2023 to 2026. The Group intends to assess its strategies and where appropriate, bid for such projects especially those involving civil engineering and infrastructure works, by capitalising on the Group's track record and experience.

Expand the Group's businesses by way of joint ventures and acquisitions of, and investments in, related business in Singapore and overseas

The Group will expand its businesses through joint ventures, acquisitions of, and investments in, related businesses in Singapore and overseas that the Group believes will complement its current and future businesses. The Group believes that suitable acquisitions, joint ventures and investments will bring greater synergies and economies of scale and give the Group access to new markets, prospective clients and new businesses, hence providing an impetus for its future growth. The Group intends to explore investment and/or divestment opportunities, if any, that may arise from time to time which may include a spin-off and/or a separate listing (if relevant listing requirements are met) of a part of the Group's business in line with the Group's vision to increase shareholders' value.

The Group believes that overseas expansion will enable the Group to be less dependent on the Singapore market and be less adversely affected in the event that there is a downturn in the Singapore economy.

6. AWARDS AND ACCREDITATIONS

The Group has received awards and accreditations from various statutory and industry bodies, including the following:

- Awards to Van Holland by PropertyGuru Asia Property Awards
 - Best Luxury Boutique Condo Development
 - Best Boutique Condo Architectural Design
- Award to Westwood Residences by Edgeprop Singapore Excellence Awards
 - Innovation Excellence
- Award to Westwood Residences by PropertyGuru Asia Property Awards
 - Best Executive Condominium
 - Best Executive Condominium Architectural Design
 - Best Executive Condominium Landscape Architectural Design
- Singapore Property Awards 2017 in the Residential (Low Rise) Category - Parc Olympia;
- Annual Safety, Health and Environmental Award 2022 from the Land Transport Authority for Marina Bay Contract 886 in recognition of Workplace Safety and Health Management;
- International Safety Award 2021 - Best in Country Award (Singapore) – by British Safety Council to Penta-Ocean Koh Brothers Joint Venture;
- Most Transparent Company Award from the 15th and 16th SIAS Investors' Choice Awards under the Construction & Material Category;
- Singapore Quality Brand Award 2014 (Special Merit);
- BCA Construction Productivity Award 2014 (Advocates (Builder – Open Category) Merit);
- Singapore Prestige Brand Award under the Heritage Brands category in 2013. The Singapore Prestige Brand Award is jointly organised by the Association of Small and Medium Enterprises and Lianhe Zaobao;
- BCA Construction Excellence Award under the Civil Engineering Projects category from BCA in 2011 for the Marina Barrage project;
- BCA Construction Productivity Award (Platinum (Civil Engineering)) for the Punggol Waterway Part 1 project;
- Green and Gracious Builder Award (Excellent) in 2012 and the Green and Gracious Builder Award (Merit) in 2010, from BCA;
- HDB Construction Award under the Infrastructural Category from HDB in 2012 for the Punggol Waterway Part 1 project;

- Super Brand Award – Best Innovation Total Refining Solutions in Vegetable Oil Industry (awarded by Asia Success Inc. and Asia Success Inc. Alliance) in 2013 to Oiltek Sdn Bhd;
- 21st Century Prestigious Company Award – Certificate of Achievement (awarded by the Asia Excellence) to Oiltek Sdn Bhd;
- Golden Bull Award 2017 – Outstanding SMEs (awarded by Business Media International and Sphere Exhibits) to Oiltek Sdn Bhd; and
- Top 10 recipient of the SME100 Malaysia Fast Moving Companies Awards 2019 – Certificate of Achievement (awarded by SME Magazine and Business Media International) to Oiltek Sdn Bhd.

7. DIRECTORS

The Board of Directors comprises 13 directors, of whom five are Executive Directors, one is a Non-Executive and Non-Independent Director and seven are Independent Directors.

Information on the business and working experience of the Directors is set out below:

Koh Tiat Meng

Executive Chairman

Mr Koh Tiat Meng is the Executive Chairman of the Issuer. He was appointed as a Director in February 1994 and was last re-elected in April 2022. Mr Koh is also the Chairman of the Executive Committee. He founded the Group in 1966 and has more than 50 years of experience in the construction industry and was the driving force in charting the strategic expansion of the Group's businesses in construction and building materials, real estate, leisure and hospitality as well as spearheading the Group's activities into the PRC, Malaysia, Indonesia and Vietnam. In 2009, Mr Koh was awarded the Public Service Medal (PBM) by the President of Singapore for his contributions to social and community services.

Koh Teak Huat

Executive Deputy Chairman

Mr Koh Teak Huat is the Executive Deputy Chairman of the Issuer. He was appointed as a Director in February 1994 and was last re-elected in April 2021. He is also the Deputy Chairman of the Executive Committee. Mr Koh joined the Group in 1970 and was a major contributor to the growth of the Group's core businesses. He has more than 45 years of experience in the construction industry, with in-depth expertise in managing drainage, excavation and reclamation projects. He was conferred the title of Dato' Paduka Mahkota Terengganu Yang Kehormet, D.P.M.T. by the Sultan of Terengganu, Malaysia on 29 April 1994.

Koh Keng Siang

Managing Director and Group CEO

Mr Koh Keng Siang is the Managing Director of the Issuer and the Group CEO. He was appointed as a Director of the Issuer in May 1994 and was last re-elected in April 2022. He was appointed as the Managing Director and Group CEO on 12 January 2007. He is also a member of the Executive Committee and Nominating Committee of the Issuer. Mr Koh has been with the Group since 1987 and has held various positions in administration, finance and project management. He was the main driving force behind the expansion of the Group's business into real estate, and leisure and hospitality. He is credited with spearheading the Group to establish its brand name in Singapore as a builder of quality homes. Mr Koh holds a Master of Business Administration from the National University of Singapore and a Bachelor of Engineering (Honours) from the University of Birmingham. He was conferred the Best Executive Award 1997-1998 by His Excellency, The State Minister of Industry and Trade of the Republic of Indonesia, Mr Ir T Airwibowo. He was also conferred the Promising SME 500 (Distinguished Business Leader of the year) in 2014 and was named the Real Estate Personality of the year in 2016.

Mr Koh is also the Non-Executive and Non-Independent Chairman of Koh Eco (the Issuer's subsidiary which is listed on the Catalist Board of the SGX-ST), Non-Executive Director of Oiltek International Limited, a counsel member of the Teochew Federation Council and Honorary Chairman of the Singapore Khoh Clan Association.

Koh Keng Hiong

Executive Director and Deputy CEO (Real Estate and Leisure and Hospitality divisions)

Mr Koh Keng Hiong is an Executive Director of the Issuer. He was appointed as a Director in February 2007 and was last re-elected in April 2022. He is also a member of the Executive Committee. He began his career with the Group in 1991 and has been involved in many key business development projects in the Group in Vietnam and Singapore. With over 25 years of experience, he has amassed an extensive portfolio of skills and capabilities spanning across a broad spectrum of businesses in hospitality and property. His vast array of expertise has seen him engage in key corporate and operations functions such as strategic business management, corporate planning, sales and marketing, finance, human resource, information technology, as well as business development. Mr Koh holds a Bachelor of Science with Honours in Business Administration (majoring in Finance) from the San Francisco State University, California, USA.

Lee Sok Khian John

Executive Director

Mr Lee Sok Khian John is an Executive Director of the Issuer. He was appointed as a Director in May 2016 and last re-elected in April 2022. Prior to Mr Lee's appointment as a Director of the Issuer, he was the Issuer's Chief Financial Officer and Company Secretary. He has extensive experience in management, corporate, accounting and finance functions in various industries. Mr Lee is a Fellow of the Institute of Singapore Chartered Accountants and the Association of Chartered Certified Accountants. He is also an Associate of the Chartered Institute of Management Accountants and the Chartered Secretaries Institute of Singapore. Mr Lee is also currently a Non-Executive and Non-Independent Director of Koh Eco.

Quek Chee Nee

Non-Executive and Non-Independent Director

Madam Quek Chee Nee is a Non-Executive and Non-Independent Director of the Issuer. She was appointed as a Director in February 1994 and was last re-elected in June 2020. Madam Quek joined the Group in 1969 and assisted the Chairman in running the Group's construction activities when it was still undertaken as a sole proprietorship. She played a pivotal role in helping the Group corporatise its businesses and achieve major success before relinquishing her executive role. Madam Quek has more than 50 years of experience in the construction industry and contributed significantly to the Group's growth.

Er Dr Lee Bee Wah

Lead Independent Director

Er Dr Lee Bee Wah is an Independent Director of the Issuer. She was appointed as a Director in July 2015 and was last re-elected in April 2021. She was appointed as the Lead Independent Director on 20 June 2016 and is the Chairperson of the Audit and Risk Committee and member of the Nominating Committee.

Er Dr Lee is a Licensed Professional Engineer who made history at the Institution of Engineers Singapore by becoming its first woman President in 2008. She is also the first Singaporean to be awarded Honorary Fellow of the Institution of Structural Engineers, United Kingdom. She is a Honorary Fellow Member of the Institution of Engineers Singapore and a past Board Member of the Professional Engineers Board, Singapore. She holds a Master of Science (Engineering) from the University of Liverpool and a Bachelor of Civil Engineering from Nanyang Technological University. She was conferred a Honorary Doctorate by The University of Liverpool in July 2011.

Er Dr Lee is currently the Group Director of Meinhardt (Singapore) Pte Ltd, a leading global engineering, planning and management consultancy firm. Prior to this, she was the Principal Partner of LBW Consultants LLP before its acquisition by Meinhardt Group. Er Dr Lee was a Member of Parliament (“MP”) from 2006 to 2020. As an MP, she had brought up various issues in Parliament to improve the standing of the engineering profession in Singapore such as the salaries of engineers and the implementation of green engineering in building structures. She currently chairs the Nanyang Technological University School of Civil & Environmental Engineering Advisory Committee.

Er Dr Lee was the President of the Singapore Table Tennis Association (“STTA”) from 2008 to 2014. During her tenure, STTA put Singapore on the global sporting map, winning medals in the 2008 Beijing Olympics and the 2012 London Olympics. She is currently the Adviser to the STTA and Singapore Swimming Association. Er Dr Lee is also the Non-Executive Chairman of Amcorp Global Ltd and a Director of the BCA.

Lai Mun Onn

Independent Director

Mr Lai Mun Onn is an Independent Director of the Issuer. He was appointed as a Director in July 1994 and was last re-elected in April 2021. He was also last appointed by shareholders as a continuing Independent Director in April 2021. He is the Chairman of the Remuneration Committee and a member of the Audit and Risk Committee and the Share Purchase Committee. Mr Lai is the Managing Partner of Lai Mun Onn & Co., a law firm in Singapore. He graduated from the University of London with a Bachelor of Law (Honours) and obtained his Barrister-at-Law from Lincoln’s Inn. In 1982, he was admitted as an Advocate and Solicitor of the Supreme Court of Singapore. He is presently a Notary Public, Commissioner for Oaths and a member of the Singapore Institute of Arbitrators. He is a member of the Governing Council of the Singapore Golf Association and the President of the Keppel Club. Mr Lai is also an independent director of Fuji Offset Plates Manufacturing Ltd.

Ow Yong Thian Soo

Independent Director

Mr Ow Yong Thian Soo is an Independent Director of the Issuer. He was appointed a Director in June 2016 and was last re-elected in June 2020. He is the Chairman of the Nominating Committee and a member of the Audit and Risk Committee and the Remuneration Committee. Mr Ow Yong was admitted to the Singapore Bar in 1982. He is a Senior Partner of the law firm, Lee & Lee, and is the Head of its Real Estate Department. His practice covers a wide range of real estate and financing transactions relating to commercial, industrial and residential properties.

Low Yee Khim

Independent Director

Mr Low Yee Khim is an Independent Director of the Company. Mr Low was appointed a Director in January 2019 and was last re-elected in April 2021. He is a member of the Audit and Risk Committee. Mr Low was previously the Executive Director and Chief Operating Officer of Heeton Holdings Ltd, overseeing its finance, leasing, operational, marketing, project and hospitality activities. Mr Low had also previously worked in multinational companies and various Singapore listed companies. He is a fellow member of the Institute of Singapore Chartered Accountants and a Member of the Singapore Institute of Directors.

Ong Seet Joon*Independent Director*

Mr Ong Seet Joon is an Independent Director of the Company. He was appointed in January 2022 and is the Chairman of the Share Purchase Committee. Mr Ong is a Partner with A3 Capital Pte Ltd, a privately held specialist real estate investment platform based in Singapore undertaking real estate fund management, asset management and syndication. Mr Ong was with Malayan Banking Berhad ("**Maybank**") from June 1992 to May 2021. He held various positions including Country Head of Maybank Hong Kong, President and CEO, Maybank Philippines Inc. and Head of Client Coverage and Solutions in the Global Banking division in Maybank Singapore. Mr Ong holds a Master of Economics from Macquarie University and a Bachelor of Arts (Economics) with First Class Honours from London Metropolitan University.

Ong Kheng Chye*Independent Director*

Mr Ong Kheng Chye is an Independent Director of the Company. He was appointed in January 2022 and is a member of the Remuneration Committee. Mr Ong worked in various banks including the Oversea-Chinese Banking Corporation Ltd and the Hongkong and Shanghai Banking Corporation Ltd ("**HSBC**"). His last role in HSBC was Senior Vice President / Managing Director & Sectorial Head for Real Estate, Shipping and Regional Infrastructure. Since 2006, Mr Ong has been involved in the management of family investments including the management of a portfolio of family funds for investment into stocks and properties in various exchanges, markets and ventures. Mr Ong graduated from the National University of Singapore with a Bachelor of Business Administration.

Goh Mou Lih*Independent Director*

Mr Goh Mou Lih is an Independent Director of the Company. He was appointed in January 2022 and is a member of the Share Purchase Committee. Mr Goh is currently a Consultant with Quyntor Pte Ltd, a company providing IT and data solutions to the financial and insurance sectors. Prior to his present appointment, Mr Goh was the Head of Research and Economist at Westcomb Securities Pte Ltd for 5 years. From 2014 to 2015, Mr Goh was also a Non-Executive Director of Voyage Research Pte Ltd. Mr Goh was also a Strategist with Daiwa Institute of Research Pte Ltd, leading a team of analysts and in charge of formulating strategies for the Singapore and Malaysia markets. He was also a Senior Finance Analyst with OCBC Investment Research Pte Ltd. Mr Goh is a council member of Hwa Chong Alumni Association. He graduated from the National University of Singapore with a Bachelor of Arts and a Bachelor of Social Science (First Class Honours) in Economics.

SELECTED CONSOLIDATED FINANCIAL INFORMATION

This section replaces the section "SELECTED CONSOLIDATED FINANCIAL INFORMATION" appearing on pages 64 to 70 of the Original Information Memorandum in its entirety.

The following tables set out the Group's consolidated statements of comprehensive income for FY2019, FY2020, FY2021, 1H2021 and 1H2022, and the Group's consolidated statements of financial position as at 31 December 2019, 31 December 2020, 31 December 2021 and 30 June 2022. The selected consolidated financial data for FY2019, FY2020 and FY2021 in the tables below are derived from the financial statements of the Group, which have been audited by the independent auditors, PricewaterhouseCoopers LLP, included elsewhere in this Supplemental Information Memorandum and is qualified in its entirety by reference to those consolidated financial statements and notes thereto. The audited financial statements of the Group have been drawn up in accordance with the SFRS(I).

The unaudited condensed interim financial statements of the Group for the financial period ended 30 June 2022 is set out in Appendix IV of this Supplemental Information Memorandum. Such condensed interim financial information has not been audited, reviewed or subjected to any other procedures by the auditors of the Group. Accordingly, there can be no assurance that, if such financial information had been audited or reviewed, that there would be no change in the financial information and that such changes would not be material or that such financial information has been prepared and presented on a basis consistent with the accounting policies normally adopted by the Group and applied in preparing the consolidated financial statements of the Group. Consequently, such unaudited financial information may not provide the same quality of information associated with financial information that has been subject to an audit or a full review. Investors must therefore exercise caution when using such data to evaluate the Group's financial condition, results of operations and results. Results for the interim period should not be considered indicative of results for any other period or for the full financial year.

The audited consolidated statements of comprehensive income of the Group for FY2019, FY2020, FY2021 and the unaudited consolidated statements of comprehensive income of the Group for 1H2021 and 1H2022 are set out below:

	Unaudited		Audited		
	1H2022	1H2021	FY2021	FY2020	FY2019
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
Sales	158,877	140,963	252,621	243,066	353,712
Cost of sales	(147,184)	(132,789)	(231,047)	(241,606)	(336,550)
Gross profit	11,693	8,174	21,574	1,460	17,162
Other income	769	712	1,828	2,741	3,315
Other gains - net	7,925	6,710	8,659	3,116	1,158
Expenses					
- Distribution and marketing					
- (Allowance for)/write-back of allowance for impairment of trade receivables	(131)	(83)	658	(645)	1,100
- Others	(1,345)	(710)	(1,887)	(2,303)	(3,757)
- Administrative	(8,474)	(6,671)	(14,391)	(13,141)	(17,385)
- Finance	(4,422)	(4,550)	(9,200)	(10,833)	(10,271)
- Other					
- (Allowance for)/write-back of allowance for impairment of loans to joint ventures	(537)	(1,152)	(1,377)	(1,469)	563

	Unaudited		Audited		
	1H2022	1H2021	FY2021	FY2020	FY2019
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
- (Allowance for)/write-back of allowance for impairment of sundry debtors	(337)	-	9	(238)	-
- Others	(46)	(42)	(84)	(680)	(410)
Share of profit/(loss) of associated companies	8	(5)	159	(1,071)	135
Share of profit of joint ventures	1,149	1,460	2,880	6,844	17,068
Profit/(loss) before income tax	6,252	3,843	8,828	(16,219)	8,678
Income tax expense	(207)	(1,276)	(635)	(500)	(552)
Profit/(loss) after income tax	6,045	2,567	8,193	(16,719)	8,126

Profit/(loss) attributable to:

Equity holders of the Company	4,996	1,990	6,900	(14,806)	5,766
Non-controlling interests	1,049	577	1,293	(1,913)	2,360
	6,045	2,567	8,193	(16,719)	8,126

Other comprehensive income/(loss):

Items that may be reclassified subsequently

Currency translation arising from consolidation

- (Loss)/gain	(1,825)	(195)	(553)	305	(473)
- Reclassification	-	-	-	(248)	-
Fair value (loss)/gain on debt financial assets, at FVOCI	(6)	(8)	1	(200)	(40)
	(1,831)	(203)	(552)	(143)	(513)

Items that may not be reclassified subsequently to profit or loss:

Fair value (loss)/gain on equity financial assets, at FVOCI

	(541)	-	(4,151)	(1,181)	14,925
Other comprehensive (loss)/gain, net of tax	(2,372)	(203)	(4,703)	(1,324)	14,412
Total comprehensive income/(loss)	3,673	2,364	3,490	(18,043)	22,538

Total comprehensive income/(loss) attributable to:

Equity holders of the Company	2,694	1,794	2,185	(16,020)	20,403
Non-controlling interests	979	570	1,305	(2,023)	2,135
	3,673	2,364	3,490	(18,043)	22,538

The consolidated statements of financial position of the Group as at 31 December 2019, 31 December 2020, 31 December 2021 and 30 June 2022 are set out below:

	Unaudited	Audited		
	As at 30 June 2022 S\$'000	As at 31 December 2021 S\$'000	As at 31 December 2020 S\$'000	As at 30 December 2019 S\$'000
ASSETS				
Current assets				
Cash and bank balances	103,894	95,152	101,849	85,195
Investment securities	2,730	2,730	3,489	3,709
Trade and other receivables	55,962	57,293	40,947	82,354
Contract assets	134,429	123,370	130,089	139,224
Amounts due from joint ventures	42,514	45,245	44,009	38,159
Inventories	8,345	10,291	2,709	5,433
Development properties	122,353	128,402	122,057	136,538
Income tax receivables	730	730	730	1,282
Other current assets	4,792	4,799	5,940	6,275
	475,749	468,012	451,819	498,169
Property held-for-sale	-	3,216	-	-
	475,749	471,228	451,819	498,169
Non-current assets				
Trade and other receivables	30,483	30,127	29,393	-
Contract assets	4,817	4,296	3,869	2,161
Investment securities	10,158	10,705	792	2,158
Investments in associated companies	447	439	280	1,351
Investments in joint ventures	95,351	94,202	99,516	104,453
Investment properties	102,080	102,169	95,224	94,564
Property, plant and equipment	108,595	110,715	133,404	150,844
Goodwill	5,078	5,078	5,078	5,078
	357,009	357,731	367,556	360,609
Total assets	832,758	828,959	819,375	858,778

The consolidated statements of financial position of the Group as at 31 December 2019, 31 December 2020, 31 December 2021 and 30 June 2022 are set out below: (continued)

	Unaudited	Audited		
	As at 30 June 2022 S\$'000	As at 31 December 2021 S\$'000	As at 31 December 2020 S\$'000	As at 30 December 2019 S\$'000
LIABILITIES				
Current liabilities				
Trade and other payables	93,818	75,783	97,523	123,154
Contract liabilities	9,839	11,352	7,347	12,448
Amounts due to joint ventures	39,087	37,778	38,340	18,498
Current income tax liabilities	1,144	818	463	461
Bank borrowings and lease liabilities	62,006	81,219	90,164	90,743
Notes payables	70,000	70,000	-	-
	275,894	276,950	233,837	245,304
Non-current liabilities				
Trade and other payables	8,312	6,943	4,649	3,820
Bank borrowings and lease liabilities	192,328	195,050	200,544	208,820
Notes payables	-	-	70,000	70,000
Deferred income tax liabilities	6,792	7,278	7,775	8,124
	207,432	209,271	282,968	290,764
Total liabilities	483,326	486,221	516,805	536,068
NET ASSETS	349,432	342,738	302,570	322,710
EQUITY				
Capital and reserves attributable to equity holders of the Company				
Share capital	36,981	36,981	36,981	36,981
Treasury shares	(7,983)	(7,983)	(7,983)	(7,983)
Other reserves	(3,742)	(3,194)	(2,311)	(974)
Retained profits	275,648	270,689	270,633	283,247
Currency translation reserve	(10,916)	(9,382)	(9,432)	(9,475)
	289,988	287,111	287,888	301,796
Non-controlling interests	59,444	55,627	14,682	20,914
Total equity	349,432	342,738	302,570	322,710

REVIEW OF THE GROUP'S FINANCIAL PERFORMANCE

1H2022 versus 1H2021

The Group's sales for 1H2022 increased to S\$158.88 million from S\$140.96 million in 1H2021. The increase was mainly due to higher revenue generated by the Construction and Building Materials division and Real Estate division. With increased construction activities, the Group's gross profit increased to S\$11.69 million in 1H2022 from S\$8.17 million in 1H2021.

Other income, which mainly comprised interest income, increased marginally from S\$0.71 million in 1H2021 to S\$0.77 million in 1H2022. Other gains increased from S\$6.71 million in 1H2021 to S\$7.93 million in 1H2022 mainly due to higher gain recognised from disposal of property, plant and equipment, and partially offset by lower fair value gain from investment properties.

Distribution expenses increased from S\$0.79 million in 1H2021 to S\$1.48 million in 1H 2022 mainly due to higher sales and marketing expenses incurred for development properties. Administrative expenses increased from S\$6.67 million in 1H2021 to S\$8.47 million in 1H2022 mainly due to professional fees incurred for the listing of a subsidiary in early this year and lower government grant income. Other expenses decreased from S\$1.19 million in 1H2021 to S\$0.92 million in 1H2022 mainly due to lower impairment on loans to joint ventures. Finance expenses decreased from S\$4.55 million in 1H2021 to S\$4.42 million in 1H2022 mainly due to decrease in bank borrowings. Depreciation expenses decreased from S\$8.19 million in 1H2021 to S\$4.27 million in 1H2022 mainly due to decrease in depreciable assets.

Share of profit of associated companies and joint ventures decreased from S\$1.46 million in 1H2021 to S\$1.16 million in 1H2022 mainly due to the absence of contribution from a property development project in South Korea, which has been completed last year.

Overall, the Group's profit before tax increased from S\$3.84 million in 1H2021 to S\$6.25 million in 1H2022, and the Group's net profit attributable to shareholder increased from S\$1.99 million in 1H2021 to S\$5.00 million in 1H2022.

FY2021 compared with FY2020

The Group's sales increased from S\$243.07 million in FY2020 to S\$252.62 million in FY2021. The increase was largely due to the low base in FY2020 when most of construction progress ceased during the Circuit Breaker from 7 April 2020.

The Group's gross profit increased from S\$1.46 million in FY2020 to S\$21.57 million in FY2021, this was mainly due to improved gross profit margin from the Construction and Building Materials division, as more construction activities gradually resumed in 2021.

Other income decreased from S\$2.74 million in FY2020 to S\$1.83 million in FY2021 mainly due to decrease in interest income. Other gains increased from S\$3.12 million in FY2020 to S\$8.66 million in FY2021 mainly due to fair value gain on investment properties.

Distribution expenses decreased from S\$2.95 million in FY2020 to S\$1.23 million in FY2021 mainly due to write-back of allowance made for impairment on trade receivables and lower marketing expenses. Administrative expenses increased from S\$13.14 million in FY2020 to S\$14.39 million in FY2021 mainly due to increase in staff costs as a result of lower government grants received in FY2021. Other expenses decreased from S\$2.39 million in FY2020 to S\$1.45 million in FY2021 mainly due to lower impairment on sundry creditors, loans to joint ventures and property, plant and equipment. Finance

expenses decreased from S\$10.83 million in FY2020 to S\$9.20 million in FY2021 mainly due to decrease in bank borrowings and interest rate for the Group. Depreciation expenses decreased from S\$21.74 million in FY2020 to S\$15.94 million in FY2021 mainly due to decrease in depreciable assets.

Share of profit of associated companies and joint ventures decreased from S\$5.77 million in FY2020 to S\$3.04 million in FY2021 mainly due to lower contribution from a property development project in South Korea, which was completed in the second half of 2020.

Overall, the Group recorded profit before income tax and net profit attributable to shareholder of S\$8.83 million and S\$6.90 million in FY2021, reversed from loss before income tax and net loss attributable to shareholders of S\$16.22 million and S\$14.81 million in FY2020 respectively.

FY2020 compared with FY2019

The Group's sales for FY2020 decreased to S\$243.07 million from S\$353.71 million in FY2019. The decrease was primarily due to lower revenue recognition from the Construction and Building Materials division, and partially offset by higher contribution from the Real Estate division which launched a new residential development project in January 2020. The Group's gross profit decreased from S\$17.16 million in FY2019 to S\$1.46 million in FY2020 due to lower revenue recognition and lower margin contributed by the Construction and Building Materials division.

Other income decreased from S\$3.32 million in FY2019 to S\$2.74 million in FY2020 mainly due to decrease in interest income. Other gains increased from S\$1.16 million in FY2019 to S\$3.12 million in FY2020 mainly due to higher fair value gain on investment securities.

Distribution and marketing expenses increased from S\$2.66 million in FY2019 to S\$2.95 million in FY2020 mainly due to allowance made for impairment on trade and other receivables, and partially offset by lower sales and marketing expenses. Administrative expenses decreased from S\$17.39 million in FY2019 to S\$13.14 million in FY2020 mainly due to lower staff costs and more stringent cost control. Other expenses of S\$2.39 million in FY2020 mainly comprised allowance for impairment on loans to joint ventures. Finance expenses increased marginally from S\$10.27 million in FY2019 to S\$10.83 million in FY2020.

Share of financial results from associated companies and joint ventures decreased from S\$17.20 million in FY2019 to S\$5.77 million in FY2020 mainly due to absence of fair value gain and lower profit contribution from a joint venture.

Overall, the Group recorded a loss before income tax and net loss attributable to shareholders in FY2020 of S\$16.22 million and S\$14.81 million respectively.

REVIEW OF THE GROUP'S FINANCIAL POSITION

1H2022 versus FY2021

The Group's current assets increased by S\$4.52 million mainly due to increase in contract assets of S\$11.06 million, cash and bank balances of S\$8.74 million, and partially offset by the decrease in development properties of S\$6.05 million, and amount due from joint ventures of S\$2.73 million. The increase in contract assets was mainly due to revenue recognised during the period and timing of billing to the customers. The increase in cash and bank balances was mainly due to net cash generated from operating and investing activities. The decrease in development properties was mainly due to progressive billing to the customers. The decrease in amount due from joint ventures was mainly due to repayment from joint ventures.

The Group's non-current assets decreased by S\$0.72 million mainly due to decrease in property, plant and equipment of S\$2.12 million, and partially offset by the increase of investment in joint ventures of S\$1.15 million.

The Group's current liabilities decreased by S\$1.06 million mainly due to decrease in bank borrowing and lease liabilities of S\$19.21 million, and partially offset by the increase in trade and other payables of S\$18.04 million. The decrease in bank borrowing and lease liabilities was mainly due to repayment during the period. The increase in trade and other payables was mainly due to increased construction activities which lead to more purchases of goods and services during the period.

The Group's non-current liabilities decreased by S\$1.84 million mainly due to decrease in bank borrowings and lease liabilities.

FY2021 compared with FY2020

The Group's current assets increased by S\$19.41 million mainly due to increase in trade and other receivables of S\$16.35 million, inventories of S\$7.58 million, development properties of S\$6.35 million, property held-for-sale of S\$3.22 million, partially offset by the decrease in contract assets of S\$6.72 million and cash and bank balances of S\$6.70 million. The increase in trade and other receivables was mainly due to progressive billing to customers.

The Group's non-current assets decreased by S\$9.83 million mainly due to decrease in property, plant and equipment of S\$22.69 million and investment in joint ventures of S\$5.31 million, and partially offset by the increase in investment securities of S\$9.91 million and investment properties of S\$6.95 million. The decrease in property, plant and equipment was mainly due to depreciation charges and reclassification of property held-for-sale. The decrease in investment in joint ventures was mainly due to dividend received from joint ventures.

The Group's current liabilities increased by S\$43.11 million mainly due to the reclassification of notes payables of S\$70 million to current liabilities, partially offset by decrease in trade and other payables of S\$21.74 million resulting from settlement of amount owing to creditors.

The Group's non-current liabilities decreased by S\$73.70 million mainly due to the reclassification of notes payables to current liabilities as mentioned above.

FY2020 compared with FY2019

The main movements in assets and liabilities are as follows:

Current assets decreased by S\$46.35 million mainly due to decrease in trade and other receivables of S\$41.41 million and development properties of S\$14.48 million, and partially offset by increase in cash and bank balances of S\$16.65 million. The decrease in trade and other receivables was mainly due to collection from customers and reclassification to non-current assets due to extension of payment terms with certain debtors. The decrease in development properties was mainly due to progressive billing to customers.

Non-current assets increased by S\$6.95 million mainly due to increase in trade and other receivables of S\$29.39 million, and partially offset by decrease in property, plant and equipment of S\$17.44 million. The increase in trade and other receivables was due to reclassification from current assets mentioned above. The decrease in property, plant and equipment was mainly due to depreciation charges.

Current liabilities decreased by S\$11.47 million mainly due to decrease in trade and other payables of S\$25.63 million, and partially offset by increase in amount due to joint ventures of S\$19.84 million. The decrease in trade and other payables was mainly due to payment to subcontractors and suppliers. The increase in amount due to joint ventures was mainly due to loan from a joint venture.

Non-current liabilities decreased by S\$7.80 million mainly due to decrease in bank borrowing and lease liabilities because of repayments.

FINANCIAL RATIOS OF THE GROUP

Ratio ⁽¹⁾	As at / For the financial period ended 30 June 2022	As at / For the financial year ended 31 December 2021	As at / For the financial year ended 31 December 2020	As at / For the financial year ended 31 December 2019
Ratio of current assets to current liabilities (times)	1.72	1.70	1.93	2.03
Ratio of earnings before interest and tax expenses to interest expenses (times)	2.41	1.96	(0.50)	1.84
Ratio of net debt ⁽²⁾ to net tangible assets ⁽³⁾ (times)	0.74	0.85	0.87	0.91
Ratio of current assets to current borrowings (times)	3.58	3.10	4.97	5.41
Ratio of net debt to shareholders' funds (times)	0.76	0.88	0.90	0.95
Ratio of net debt to total equity (times)	0.63	0.73	0.86	0.89
Ratio of earnings before interest expense, tax expense, depreciation expense and amortisation expense to interest expense (times)	3.38	3.69	1.51	3.74

Notes:

- (1) The financial ratios presented in this Supplemental Information Memorandum are supplemental measures of the performance and liquidity of the Group that are not required by, or presented in accordance with, SFRS(I). These financial ratios are not measurements of financial performance or liquidity under SFRS(I) and should not be considered as alternatives to net income, operating income or any other performance measures derived in accordance with SFRS(I) or as alternatives to cash flow from operating activities as a measure of liquidity. The financial ratios have limitations as an analytical tool, and should not be considered in isolation from, or as a substitute for analysis of, the financial condition or results of operations of the Issuer and the Group, as reported under SFRS(I). In addition, the financial ratios are not standardized terms, hence a direct comparison between companies using such terms may not be possible.
- (2) Net debt refers to borrowings less cash and bank balances.
- (3) Net tangible assets refers to shareholders' fund excluding treasury shares and deferred income tax liabilities and deducting goodwill.

INVESTMENT CONSIDERATIONS

The section below supplements the section “INVESTMENT CONSIDERATIONS” appearing on pages 71 to 98 of the Original Information Memorandum.

1. The section headed “Singapore Tax Risk” appearing on page 94 of the Original Information Memorandum shall be deleted in its entirety and substituted therefor with the following:

“The Notes to be issued from time to time under the Programme, during the period from the date of this Supplemental Information Memorandum to 31 December 2023, are intended to be “qualifying debt securities” for the purposes of the ITA, subject to the fulfilment of certain conditions more particularly described in the section “*Singapore Taxation*” herein.

However, there is no assurance that that the conditions for “qualifying debt securities” will be met or such Notes will continue to enjoy the tax concessions in connection therewith should the relevant tax laws be amended or revoked at any time or should the required conditions cease to be fulfilled.”

2. There shall be inserted after the risk headed “*This Information Memorandum does not purport to nor does it contain all information that a prospective investor in or existing holder of the Notes may require in investigating the Issuer or the Group, prior to making an investment or divestment decision in relation to the Notes issued under the Programme*” appearing on page 71 of the Original Information Memorandum, the following risk:

Risks relating to the use of unaudited financial information and financial ratios

This Supplemental Information Memorandum includes the unaudited condensed interim financial statements of the Group for the financial period ended 30 June 2022. Such condensed interim financial information has not been audited, reviewed or subjected to any other procedures by the auditors of the Group. Accordingly, there can be no assurance that, if such financial information had been audited or reviewed, that there would be no change in the financial information and that such changes would not be material or that such financial information has been prepared and presented on a basis consistent with the accounting policies normally adopted by the Group and applied in preparing the consolidated financial statements of the Group. Consequently, such unaudited financial information may not provide the same quality of information associated with financial information that has been subject to an audit or a full review. Investors must therefore exercise caution when using such data to evaluate the Group’s financial condition, results of operations and results. Results for the interim period should not be considered indicative of results for any other period or for the full financial year.

The financial ratios presented in this Supplemental Information Memorandum are supplemental measures of the performance and liquidity of the Group that are not required by, or presented in accordance with, SFRS(I). These financial ratios are not measurements of financial performance or liquidity under SFRS(I) and should not be considered as alternatives to net income, operating income or any other performance measures derived in accordance with SFRS(I) or as alternatives to cash flow from operating activities as a measure of liquidity. The financial ratios have limitations as an analytical tool, and should not be considered in isolation from, or as a substitute for analysis of, the financial condition or results of operations of the Issuer and the Group, as reported under SFRS(I). In addition, the financial ratios are not standardized terms, hence a direct comparison between companies using such terms may not be possible.

3. There shall be inserted after the risk headed “*The Issuer may be required to withhold U.S. tax*

and a holder of the Notes may become subject to U.S. withholding tax” appearing on page 98 of the Original Information Memorandum, the following risks:

Commencement of proceedings under applicable Singapore insolvency or related laws may result in a material adverse effect on the holders of the Notes.

There can be no assurance that the Issuer will not become bankrupt, unable to pay its debts or insolvent, or the subject of judicial management, schemes of arrangement, winding-up or liquidation orders or other insolvency-related proceedings or procedures. In the event of an insolvency or near insolvency of the Issuer, the application of certain provisions of Singapore insolvency and related laws may have a material adverse effect on holders of the Notes. Without being exhaustive, below are some matters that could have a material adverse effect on holders of the Notes.

Where the Issuer is insolvent or close to insolvent and the Issuer undergoes certain insolvency procedures, there may be a moratorium against actions and proceedings which may apply in the case of judicial management, schemes of arrangement and/or winding-up in relation to the Issuer. It may also be possible that if a company related to the Issuer proposes a creditor scheme of arrangement and obtains an order for a moratorium, the Issuer may also seek a moratorium even if the Issuer is not in itself proposing a scheme of arrangement. These moratoriums can be lifted with court permission and in the case of judicial management, additionally with the permission of the judicial manager. Accordingly, if for instance there is any need for the Trustee to bring an action against the Issuer, the need to obtain court permission and (in the case of judicial management) the judicial manager’s consent may result in delays in being able to bring or continue legal proceedings that may be necessary in the process of recovery.

Further, holders of the Notes may be made subject to a binding scheme of arrangement where the majority in number representing 75% in value of creditors and the court approve such scheme. In respect of company-initiated creditor schemes of arrangement, there are cram-down provisions that may apply to a dissenting class of creditors. The court may notwithstanding a single class of dissenting creditors approve a scheme provided an overall majority in number representing 75% in value of the creditors meant to be bound by the scheme have agreed to it and provided that the scheme does not unfairly discriminate and is fair and equitable to each dissenting class and the court is of the view that it is appropriate to approve the scheme. In such scenarios, holders of the Notes may be bound by a scheme of arrangement to which they may have dissented.

The Insolvency, Restructuring and Dissolution Act 2018 of Singapore (the “**IRD Act**”) was passed in the Parliament of Singapore on 1 October 2018 and has come into force on 30 July 2020. The IRD Act includes a prohibition against terminating, amending or claiming an accelerated payment or forfeiture of the term under, any agreement (including a security agreement) with a company that commences certain insolvency or rescue proceedings (and before the conclusion of such proceedings), by reason only that the proceedings are commenced or that the company is insolvent. This prohibition is not expected to apply to any contract or agreement that is, or that is directly connected with a debenture. However, it may apply to other related contracts that are not found to be directly connected to the Notes.

The Series 3 Notes are illiquid investment instruments and there is uncertainty as to the trading market for the Series 3 Notes

The expected final maturity of the Series 3 Notes is approximately three and a half years following its issuance and the issuance size of the Notes is relatively small. The Series 3 Notes will be a new issue of securities for which there is no existing trading market. Although the Issuer intends to apply for the listing of, and quotation for, the Series 3 Notes on the SGX-ST, there

can be no assurance that such listing will be obtained or that any active trading market for the Series 3 Notes will develop or be sustained or whether, or at what price, holders of the Series 3 Notes will be able to sell or otherwise transfer their Series 3 Notes. Therefore, a market for the Series 3 Notes is not expected to develop at any time. None of the Issuer, the Relevant Dealer, the Trustee or the Exchange Agent has any duty to make a market in the Series 3 Notes and any such market making, if commenced, may be discontinued at any time at the sole discretion of the Relevant Dealer. No assurance can be given as to the liquidity of, or trading market for, the Series 3 Notes.

If an active trading market for the Series 3 Notes does not develop or is not sustained, the market price and liquidity of the Series 3 Notes may be adversely affected and holders of the Series 3 Notes may be unable to resell the Series 3 Notes or may only be able to sell them at a substantial discount. The Series 3 Notes are intended for investors who purchase and hold the Series 3 Notes to maturity. Under normal circumstances, holders of the Series 3 Notes will be able to redeem their investment only upon the maturity of the Series 3 Notes.

4. There shall be inserted after the risk headed “*The Group may be affected by outbreaks of severe communicable diseases, epidemics, acts of God, war and terrorist attacks*” appearing on page 83 of the Original Information Memorandum, the following risks:

Geo-political conditions around the world could adversely affect the Group’s businesses, financial condition and results of operations

The Group is exposed to changes in geo-political conditions around the world which may affect the Group’s businesses, financial condition and results of operations, particularly given that the Group has overseas operations in countries such as Malaysia, Indonesia and South Korea.

The UK officially withdrew from the European Union on 31 January 2020. The potential ramifications of such withdrawal and the extent of its impact on the fiscal, monetary and regulatory landscape within the UK, the European Union and globally remains unpredictable. This may lead to an adverse impact and increased volatility in the global economy.

There are also trade tensions between various major economies which may lead to increased volatility in the global economy. For example, there are trade tensions between the U.S. and the PRC. Although U.S. trade measures target the PRC in particular, value chain linkages mean that other emerging markets, especially those in Asia and in the countries in which the Group operates in, may also be impacted. There are also trade tensions between the PRC and Australia due to the imposition of trade restrictions on Australian exports by the PRC arising from political differences. If these trade tensions between major economies continue to exist, this could adversely impact the stability of the global economy and lead to global supply chain disruptions.

In late February 2022, Russia launched a large-scale military attack on Ukraine. The invasion significantly amplified already existing geo-political tensions among Russia, Ukraine, Europe, the North Atlantic Treaty Organisation (NATO) and the West, including the U.S. In response to the military action by Russia, various countries, including the U.S., the UK, and countries in the European Union issued broad-ranging financial and/or economic sanctions against Russia. The protracted Russia-Ukraine conflict could therefore result in global economic slowdown, higher inflation, supply chain disruption, diminished access to commodities, such as oil and natural gas, leading to higher energy prices and financial market volatilities.

Geo-political tensions in East Asia have also continued to escalate in recent years. Military tensions between the PRC and Taiwan have worsened due to the recent visit by Nancy Pelosi, the Speaker of the U.S. House of Representatives, to Taiwan. Relations between the PRC and

Japan have also further deteriorated due to territorial disputes. To counter the growing nuclear and missile threats from North Korea, South Korea deployed the Terminal High Altitude Area Defence missile system, but this deployment was opposed strongly by the PRC and has led to economic retaliation by the PRC on South Korea, further increasing the tensions between the PRC and South Korea. If the tensions between East Asian countries continue to escalate, this may lead to a protracted slowdown of the global economy and greater volatility in the financial markets.

The consequences of such geo-political conditions around the world are unpredictable, and the Group may not be able to foresee events that could have an adverse effect on the Group's businesses, financial condition and results of operations.

The Group's businesses, financial condition, results of operations and prospects may be adversely affected by outbreaks of infectious diseases or other serious public health concerns

The financial and operating performance of the Group's businesses and the businesses of its clients could be materially and adversely affected by the risks, or the public perception of the risks, related to a pandemic or other health crisis, such as the recent outbreak of COVID-19, or other infectious diseases in the region or around the world. In particular, the global economy is projected to be impacted by the containment measures implemented by various countries to slow down the spread of COVID-19, such as travel restrictions, the shutdown of non-essential services and forced business closures. If the impact of an outbreak continues for an extended period, it could materially and adversely impact the Group's businesses, financial condition, results of operations and prospects.

By way of illustration, the outbreak of the contagious disease, COVID-19, which has affected countries including Singapore, Malaysia, Indonesia and South Korea, was declared as a pandemic by the World Health Organisation on 11 March 2020. Globally, the governments of multiple countries have undertaken drastic action to limit the spread of COVID-19 including, safe distancing measures, lockdowns, travel restrictions and various travel advisories. As the world is entering into a third year of the COVID-19 pandemic and many countries have rolled out vaccination for the general population, most parts of the world are showing signs of entering into an endemic stage with COVID-19. Singapore has eased its COVID-19 restrictions within the country and its restrictions relating to cross-border travel, with minimal travel restrictions on visitors entering Singapore.

The Group's businesses have been and will continue to be impacted in a number of ways due to COVID-19 including without limitation:

- (a) adverse impacts on rental revenue in relation to the Group's investment properties;
- (b) decreases in rental or occupancy rates;
- (c) impacts on the valuation of the Group's properties as a result of deteriorating operating cash flow and/or widening capitalisation rates;
- (d) solvency issues experienced by the Group's tenants as well as counterparties to the Group's contractual arrangements;
- (e) adverse legislative changes (such as the suspension of contractual rights and obligations and mandatory rental relief);

- (f) changes to employee working arrangements resulting in a reduction in demand for workspaces and retail units;
- (g) adverse impacts on the demand for the Group's properties in the hospitality segment due to the substantial decrease in the number of travellers;
- (h) increases to the Group's labour, construction, operation and other costs as a result of shortages of manpower and supply chain disruptions;
- (i) increases in counterparty risk;
- (j) the insolvency of sub-contractors resulting in construction delays in the Group's projects;
- (k) adverse impacts to its existing and potential projects (including delays to and/or suspension of any planned or potential development, redevelopment and/ or asset enhancement initiatives as well as acquisitions or divestments of assets or businesses by the Group and shutdowns of the Group's development sites and workplaces);
- (l) renegotiation of terms (as well as claims) in relation to any existing projects and/or contractual arrangements (including tenancies); and
- (m) civil unrest in the countries in which the Group's properties are located.

Any or a combination of all of the above may have a material and adverse impact on the Group's businesses, results of operations, financial condition and prospects.

The extent and duration of the impact of COVID-19 on the Group's businesses over the long term remains highly unpredictable and is dependent on future developments that cannot be accurately predicted, such as the severity and transmission rate of COVID-19, the extent and effectiveness of containment actions taken, the efficacy of vaccines, the mutation of COVID-19 and its impact. Although there has been a gradual relaxation of travel restrictions by governments around the world, it is difficult to predict how quickly travel and economic activity will normalise or whether they will recover to pre-pandemic levels.

Furthermore, there can be no assurance that there will not be future outbreaks of mutant variants of COVID-19 which the general population may not have been vaccinated for or developed an immunity to, which may result in the reintroduction of travel restrictions, lockdowns and other measures. Should there be new restrictions in the movement of manpower and goods, travel restrictions, or a sustained downturn in the industries that the Group operates in, the businesses, financial condition, results of operations and prospects of the Group may be materially and adversely affected.

As the COVID-19 pandemic is ongoing and evolving, the actual extent of the COVID-19 outbreak and its impact on the domestic, regional and global economy remains uncertain. The actual extent of its impact on the Group's businesses, results of operations, financial condition and prospects is dependent on, among other things, the duration and impact of the COVID-19 outbreak.

High interest rates may adversely impact the Group's businesses and the cost of acquiring the Group's properties which may also affect demand for the Group's properties

High interest rates may increase the costs of acquiring and holding real estate assets and could also result in slower economic growth and impact the demand for the Group's properties. High

interest rates could also increase the cost of borrowing and financing for the Group and may in turn, affect the Group's ability to expand its businesses by way of acquisitions or reduce the Group's potential investments.

Inflation rates may spike due to various reasons such as supply chain disruptions, release of pent-up consumer demand as economies reopen from the easing of COVID-19 restrictions or loose monetary and fiscal policies, as well as the optimistic outlook on the global economy due to the easing of COVID-19 restrictions and COVID-19 vaccines available. Some or a combination of all of these factors may cause inflation to be elevated for long periods of time, at levels which exceed targets set by policymakers and central banks. As a result, this may cause policymakers and central banks to increase interest rates to curb inflation, since interest rate and inflation are inversely linked.

In March 2022, the Federal Open Market Committee of the U.S. announced an increase in the federal funds rate by 0.25 per cent and indicated there would be six more federal funds rate hikes in 2022. Subsequently, in May 2022, the federal funds rate increased by 0.5 per cent and in each of June 2022 and July 2022, the federal funds rate increased by 0.75 per cent. An increase in the federal funds rate could influence and may have influenced global interest rates. Further, an increase in long-term interest rates could be caused by changes to the monetary policies by central banks. A rise in long-term interest rates may have a negative impact on the real estate sector. An increase in interest rates in Singapore and/or any of the countries in which the Group operates may also adversely impact the demand for the Group's properties. Higher interest rates may make it more expensive and difficult for potential purchasers to secure financing, which can lead to a decrease in the demand for the Group's properties.

The Group is subject to risks associated with new and potential investments

The Group will continue to look out for opportunities to expand its existing business. The ability of the Group to implement such future plans and to improve its financial performance is dependent on various factors, including but not limited to the customers' needs, industry and regulatory requirements, and sufficiency of financial and human resources.

In the event that such expansion (including any capital expenditures), investments and/or acquisitions are not commercially successful, the financial performance of the Group may be materially and adversely affected. Further, significant time and effort may be required to successfully integrate the new investments within the Group. If the Group is unable to manage the development and/or integration of the new investments and businesses efficiently and effectively, this could have a material and adverse impact on the Group's businesses, financial condition, results of operations and prospects.

There is no assurance that the Group's business strategies and future plans will be commercially successful or that the Group will be able to manage its growth effectively

There is no assurance that the Group's business strategies and future plans will be commercially successful or that the expected results or outcome achieved will be commensurate with the Group's investment costs. If unanticipated events or circumstances occur or if the Group's future plans are not successfully implemented, the Group's business operations, financial position, results of operations and prospects may be materially and adversely affected. The success and viability of the Group's future plans also depend on many factors, some of which are not within the Group's control, such as existence of favourable economic and political conditions, the demand and needs of its customers, and the commercial viability of the Group's future plans.

For instance, the Group may seek growth opportunities through mergers and acquisitions, joint ventures and/or strategic alliances to strengthen its market position in the industries that the Group operates in, enhance the value-add in the Group's services and/or access new markets. These growth opportunities may involve a certain amount of business or operating risks including, among others:

- (a) inability of the Group to exert control over the actions of its partners, including any non-performance, default, or bankruptcy of its partners;
- (b) unidentified issues not discovered in the Group's due diligence process, such as hidden liabilities and contingencies;
- (c) difficulties and costs in integrating management, operations, services and personnel;
- (d) strain on resources in order to coordinate internal systems, controls, procedures and policies;
- (e) exposure to unknown liabilities incurred by the Group's partners;
- (f) diversion of the management's attention and Group resources from daily business operations during the investment process;
- (g) failure to realise anticipated synergies for revenue growth and cost benefits;
- (h) availability, terms, and costs of financing required to fund the Group's investments; and
- (i) unexpected delays and costs to the completion of investments.

In the event of any dispute with its partners on the business and day-to-day operations of the Group's joint ventures and/or strategic alliances, there is no assurance that the Group will be able to arrive at a resolution that is favourable to the Group. Furthermore, its partners may take actions contrary to the Group's instructions, requests, or policies and/or be unable or unwilling to fulfil its obligations which may affect the operations of the joint venture and/or strategic alliance. In such event, the Group may not be able to complete projects within the stipulated budget and time schedule and the Group's financial performance, businesses and reputation may be materially and adversely affected.

The Group's continued success and growth depend substantially on the efforts of the Group's key management personnel and other skilled personnel

The success of the Group is attributable to the leadership and contributions of the Group's key management personnel, each of whom has invaluable and extensive experience and knowledge relevant to the Group's businesses.

The Group's continued success is dependent on its ability to retain the services of the Group's key management personnel. The Group will continue to develop its talent pool to ensure management continuity, however, in the event of the loss of the services of any member of the management team without suitable and timely replacement, this may have a material and adverse effect on the Group's businesses, financial condition, results of operations and prospects.

In addition, the Group is also dependent on the continued services of executive officers and management, as well as other skilled personnel such as project managers and engineers. Having a team of experienced management staff and skilled personnel is critical in fulfilling the Group's contractual obligations and maintaining its relationships with its clients. The Group's continued success depends to a significant extent on its experienced management team and skilled personnel. The loss of any of these personnel without timely and suitable replacement, and the inability to attract and retain qualified and experienced personnel may have a material and adverse impact on the Group's businesses, financial condition, results of operations and prospects. Competition for such personnel may be fierce and there is no assurance that the Group will be able to hire and retain an adequate number of such personnel in the future. Any shortfall in qualified management personnel may hinder the Group's business growth and profitability. In the event that the Group needs to increase employee compensation levels substantially to attract, retain and motivate any key management personnel, the Group's costs may increase significantly which may in turn hurt the Group's profitability.

Further, if any of the Group's key management personnel joins a competitor or forms a competing company, the Group may lose customers, suppliers, expertise, key professionals and/or staff, and there is no assurance that the departure will not cause disruption to the Group's operations or customer relationships, or materially and adversely impact the Group's businesses, financial condition, results of operations and prospects.

The Group is exposed to the credit risks of its customers

The Group's financial performance and position are dependent, to a certain extent, on the creditworthiness of its customers. If there are any unforeseen circumstances affecting the ability or willingness of the Group's customers to pay the Group, the Group may experience payment delays or non-payment.

The payment terms granted to the Group's customers vary and are dependent on various factors such as the contract value, past transactions, financial standing, and the length of the Group's relationship with the customers. The payment terms are also subject to the Group's internal credit review in accordance with the Group's internal control policies and procedures, which may involve the requisite management approvals. Unless the new customers are accredited, the payment terms granted to new customers are generally based on cash terms, advance payments or secured financial instruments, such as a letter of credit, until they have demonstrated a prompt payment track record, following which the Group may extend the relevant credit terms. For the Group's existing and recurring customers, the credit term granted is typically 30 to 60 days.

The Group's customers may be affected by events or circumstances which are difficult to foresee or anticipate, such as a decline in the customer's business or an economic downturn and they may therefore not be able to meet their contractual payment obligations to the Group, either in a timely manner or at all. The Group is also exposed to the risk of bad debts when its customers encounter financial difficulties, insolvency, bankruptcy, or liquidation or if they dispute or fail to fulfil their payment obligations to the Group. There is no assurance that the Group will be able to collect its trade receivables fully or within a reasonable period of time. In the event of any failure to collect its trade receivables fully or in a timely manner, the Group may be required to make full or partial allowances for impairment of trade receivables or write-off bad debts and this may have a material and adverse impact on the Group's businesses, financial condition, results of operations and prospects.

In any of such events, the Group's businesses may be materially and adversely affected.

If the Group fails to secure or protect its intellectual property rights, competitors may be able to use the Group's technologies, which could weaken the Group's competitive position, reduce the Group's revenue or increase costs

The Group relies on trade secrets and its intellectual property rights for its manufacturing processes. The Group's efforts to protect its intellectual property may not be effective and may be challenged by third parties. In addition, other parties may independently develop similar or competing technologies. The Group competes in industries with rapid development and technological innovation. If the Group fails to protect its proprietary rights adequately, competitors could offer similar products using processes or technologies developed by the Group and thereby potentially harm the Group's competitive position and financial condition.

The Group may also engage in litigation to counter infringement or unauthorised use of its intellectual property rights. At the same time, claims for infringement of intellectual property rights, whether with or without merit, may be brought against the Group. Litigation is a time-consuming and costly process and may divert the management's attention from the Group's core businesses and reduce the resources available for the Group's business activities and have a material and adverse impact on the Group's businesses, financial condition, results of operations and prospects, regardless of the outcome. There is no assurance that the outcome of any litigation will be favourable to the Group and, even if the Group is successful, the damages or other remedies awarded, if any, may not be commercially meaningful. Uncertainties resulting from such litigation or other proceedings could also have a material and adverse impact on the Group's businesses, financial condition, results of operations and prospects.

CLEARING AND SETTLEMENT

The section below replaces the section “CLEARING AND SETTLEMENT” appearing on pages 100 and 101 of the Original Information Memorandum in its entirety.

Clearing and Settlement under the Depository System

In respect of Notes which are accepted for clearance by CDP in Singapore, clearance will be effected through an electronic book-entry clearance and settlement system for the trading of debt securities (“**Depository System**”) maintained by CDP. Notes that are to be listed on the SGX-ST may be cleared through CDP.

CDP, a wholly-owned subsidiary of Singapore Exchange Limited, is incorporated under the laws of Singapore and acts as a depository and clearing organisation. CDP holds securities for its accountholders and facilitates the clearance and settlement of securities transactions between accountholders through electronic book-entry changes in the securities accounts maintained by such accountholders with CDP.

In respect of Notes which are accepted for clearance by CDP, the entire issue of the Notes is to be held by CDP in the form of a Global Note for persons holding the Notes in securities accounts with CDP (“**Depositors**”). Delivery and transfer of Notes between Depositors is by electronic book-entries in the records of CDP only, as reflected in the securities accounts of Depositors.

Settlement of over-the-counter trades in the Notes through the Depository System may only be effected through securities sub-accounts held with corporate depositors (“**Depository Agents**”). Depositors holding the Notes in direct securities accounts with CDP, and who wish to trade Notes through the Depository System, must transfer the Notes to a securities sub-account with a Depository Agent for trade settlement.

CDP is not involved in money settlement between the Depository Agents (or any other persons) as CDP is not a counterparty in the settlement of trades of debt securities. However, CDP will make payment of interest and repayment of principal on behalf of issuers of debt securities.

Although CDP has established procedures to facilitate transfers of interests in the Notes in global form among Depositors, it is under no obligation to perform or continue to perform such procedures, and such procedures may be discontinued at any time. None of the Issuer, the Issuing and Paying Agent or any other agent will have the responsibility for the performance by CDP of its obligations under the rules and procedures governing its operations.

Clearing and Settlement under Euroclear and/or Clearstream, Luxembourg

Euroclear and Clearstream, Luxembourg each holds securities for participating organisations and facilitates the clearance and settlement of securities transactions between their respective participants through electronic book-entry changes in the accounts of such participants, thereby eliminating the need for physical movements of certificates and any risks from lack of simultaneous transfer. Euroclear and Clearstream, Luxembourg provide to their respective participants, among other things, services for safekeeping, administration, clearance and settlement of internationally-traded securities and securities lending and borrowing. Euroclear and Clearstream, Luxembourg each also deals with domestic securities markets in several countries through established depository and custodial relationships. The respective systems of Euroclear and Clearstream, Luxembourg have established an electronic bridge between their two systems which enables their respective participants to settle trades with one another. Euroclear and Clearstream, Luxembourg participants are financial institutions throughout the world, including underwriters, securities brokers and dealers, banks, trust companies, clearing corporations and certain other organisations. Indirect access to Euroclear or Clearstream, Luxembourg is also available to other financial institutions, such as banks, brokers, dealers and trust companies which clear through or maintain a custodial relationship with a Euroclear or Clearstream, Luxembourg participant,

either directly or indirectly.

A participant's overall contractual relations with either Euroclear or Clearstream, Luxembourg are governed by the respective rules and operating procedures of Euroclear or Clearstream, Luxembourg and any applicable laws. Both Euroclear and Clearstream, Luxembourg act under those rules and operating procedures only on behalf of their respective participants, and have no record of, or relationship with, persons holding any interests through their respective participants. Distributions of principal with respect to book-entry interests in the Notes held through Euroclear or Clearstream, Luxembourg will be credited, to the extent received by the Issuing and Paying Agent or, as the case may be, the Non-CDP Paying Agent, to the cash accounts of the relevant Euroclear or Clearstream, Luxembourg participants in accordance with the relevant system's rules and procedures.

Clearance and Settlement under Other Clearing System(s)

For Notes to be cleared in a clearing system other than Euroclear, Clearstream, Luxembourg and/or CDP, the clearance and settlement of such Notes will be effected in accordance with the relevant clearing system's documentary requirements and procedures.

SINGAPORE TAXATION

This section replaces the section "SINGAPORE TAXATION" appearing on pages 102 to 106 of the Original Information Memorandum in its entirety.

The statements made herein regarding taxation are general in nature and are based on certain aspects of current tax laws and regulations in Singapore, and administrative guidelines and circulars issued by the Inland Revenue Authority of Singapore ("IRAS") and the MAS in force as at the date of this Information Memorandum and are subject to any changes in such laws, regulations, administrative guidelines or circulars, or in the interpretation of those laws, regulations, guidelines or circulars, occurring after such date, which changes could be made on a retroactive basis. These laws, regulations, guidelines and circulars are also subject to various interpretations and the relevant tax authorities or the courts could later disagree with the explanations or conclusions set out below. Neither the statements below nor any other statements in this Information Memorandum are intended or are to be regarded as advice on the tax position of any holder of the Notes or of any person acquiring, selling or otherwise dealing with the Notes or on any tax implications arising from the acquisition, sale or other dealings in respect of the Notes. The statements made herein do not purport to be a comprehensive or exhaustive description of all the tax considerations that may be relevant to a decision to subscribe for, purchase, own or dispose of the Notes and do not purport to deal with the tax consequences applicable to all categories of investors, some of which (such as dealers in securities or financial institutions in Singapore which have been granted the relevant Financial Sector Incentive(s)) may be subject to special rules or tax rates. The statements should not be regarded as advice on the tax position of any person and should be treated with appropriate caution. Prospective holders of the Notes are advised to consult their own professional tax advisers as to the Singapore or other tax consequences of the subscription for, ownership of or disposal of the Notes, including, in particular, the effect of any foreign, state or local tax laws to which they are subject. It is emphasised that none of the Issuer, the Arranger(s) and any other persons involved in the Programme or the issuance of the Notes, accepts responsibility for any tax effects or liabilities resulting from the subscription for, purchase, holding or disposal of the Notes.

1. Interest and Other Payments

Subject to the following paragraphs, under Section 12(6) of the ITA, the following payments are deemed to be derived from Singapore:

- (a) any interest, commission, fee or any other payment in connection with any loan or indebtedness or with any arrangement, management, guarantee, or service relating to any loan or indebtedness which is (i) borne, directly or indirectly, by a person resident in Singapore or a permanent establishment in Singapore (except in respect of any business carried on outside Singapore through a permanent establishment outside Singapore or any immovable property situated outside Singapore) or (ii) deductible against any income accruing in or derived from Singapore; or
- (b) any income derived from loans where the funds provided by such loans are brought into or used in Singapore.

Such payments, where made to a person not known to the paying party to be a resident in Singapore for tax purposes, are generally subject to withholding tax in Singapore. The rate at which tax is to be withheld for such payments (other than those subject to the 15.0 per cent. final withholding tax described below) to non-resident persons (other than non-resident individuals) is currently 17.0 per cent. The applicable rate for non-resident individuals is currently 22.0 per cent., and is proposed to be increased to 24.0 per cent. from the year of assessment 2024 pursuant to the Singapore Budget Statement 2022. However, if the payment is derived by a person not resident in Singapore otherwise than from any trade,

business, profession or vocation carried on or exercised by such person in Singapore and is not effectively connected with any permanent establishment in Singapore of that person, the payment is subject to a final withholding tax rate of 15.0 per cent. The rate of 15.0 per cent. may be reduced by applicable tax treaties.

However, certain Singapore-sourced investment income derived by individuals from financial instruments is exempt from tax, including:

- (a) interest from debt securities derived on or after 1 January 2004;
- (b) discount income (not including discount income arising from secondary trading) from debt securities derived on or after 17 February 2006; and
- (c) prepayment fee, redemption premium or break cost from debt securities derived on or after 15 February 2007,

except where such income is derived through a partnership in Singapore or is derived from the carrying on of a trade, business or profession.

From the time of establishment of the Programme to 3 October 2017, The Hongkong and Shanghai Banking Corporation Limited, Singapore Branch has been the sole arranger under the Programme and was a Financial Sector Incentive (Bond Market) (“**FSI-BM**”) Company, Financial Sector Incentive (Capital Market) Company (“**FSI-CM**”) or Financial Sector Incentive (Standard Tier) Company (“**FSI-ST**”) (as defined in the ITA) at such time of establishment of the Programme. The Hongkong and Shanghai Banking Corporation Limited, Singapore Branch has resigned as the sole arranger under such Programme with effect from 3 October 2017, and from 3 October 2017, DBS Bank Ltd. has been appointed as the sole arranger under the Programme and is an FSI-CM or FSI-ST Company.

As the Programme as a whole is arranged by FSI-BM, FSI-CM or FSI-ST Companies (as defined in the ITA), any Tranche of the Notes (“**Relevant Notes**”) issued as debt securities under the Programme during the period from the date of the Information Memorandum to 31 December 2023 would be qualifying debt securities (“**QDS**”) for the purposes of the ITA, to which the following treatment shall apply:

- (a) subject to certain prescribed conditions having been fulfilled (including the furnishing by the Issuer, or such other person as the MAS may direct, to the MAS of a return on debt securities for the Relevant Notes in the prescribed format within such period as the MAS may specify and such other particulars in connection with the Relevant Notes as the MAS may require, and the inclusion by the Issuer in all offering documents relating to the Relevant Notes of a statement to the effect that where interest, discount income, prepayment fee, redemption premium or break cost from the Relevant Notes is derived by a person who is not resident in Singapore and who carries on any operation in Singapore through a permanent establishment in Singapore, the tax exemption available for QDS shall not apply if the non-resident person acquires the Relevant Notes using the funds and profits of such person’s operations through the Singapore permanent establishment), interest, discount income (not including discount income arising from secondary trading), prepayment fee, redemption premium and break cost (collectively, the “**Qualifying Income**”) from the Relevant Notes, paid by the Issuer and derived by a holder who is not resident in Singapore and who (i) does not have any permanent establishment in Singapore or (ii) carries on any operation in Singapore through a permanent establishment in Singapore but the funds used by that person to acquire the Relevant Notes are not obtained from such person’s operation through a permanent establishment in Singapore, are exempt from Singapore tax;

- (b) subject to certain conditions having been fulfilled (including the furnishing by the Issuer, or such other person as the MAS may direct, to the MAS of a return on debt securities for the Relevant Notes in the prescribed format within such period as the MAS may specify and such other particulars in connection with the Relevant Notes as the MAS may require), Qualifying Income from the Relevant Notes paid by the Issuer and derived by any company or body of persons (as defined in the ITA) in Singapore is subject to income tax at a concessionary rate of 10.0 per cent. (except for holders of the relevant Financial Sector Incentive(s) who may be taxed at different rates); and
- (c) subject to:
 - (i) the Issuer including in all offering documents relating to the Relevant Notes a statement to the effect that any person whose interest, discount income, prepayment fee, redemption premium or break cost derived from the Relevant Notes is not exempt from tax shall include such income in a return of income made under the ITA; and
 - (ii) the furnishing by the Issuer, or such other person as the MAS may direct, to the MAS of a return on debt securities for the Relevant Notes in the prescribed format within such period as the MAS may specify and such other particulars in connection with the Relevant Notes as the MAS may require,

payments of Qualifying Income derived from the Relevant Notes are not subject to withholding of tax by the Issuer.

For the purposes of the foregoing, the term “offering documents” means the prospectuses, offering circulars, information memoranda, pricing supplements or other documents issued to investors in connection with an issue of securities.

Notwithstanding the foregoing:

- (A) if during the primary launch of any tranche of Relevant Notes, the Relevant Notes of such tranche are issued to fewer than four persons and 50.0 per cent. or more of the issue of such Relevant Notes is beneficially held or funded, directly or indirectly, by related parties of the Issuer, such Relevant Notes would not qualify as QDS; and
- (B) even though a particular tranche of Relevant Notes are QDS, if, at any time during the tenure of such tranche of Relevant Notes, 50.0 per cent. or more of such Relevant Notes which are outstanding at any time during the life of their issue is beneficially held or funded, directly or indirectly, by any related party(ies) of the Issuer, Qualifying Income derived from such Relevant Notes held by:-
 - (i) any related party of the Issuer; or
 - (ii) any other person where the funds used by such person to acquire such Relevant Notes are obtained, directly or indirectly, from any related party of the Issuer,

shall not be eligible for the tax exemption or concessionary rate of tax as described above.

The term “**related party**”, in relation to a person (A), means any other person who, directly or indirectly, controls A, or is controlled, directly or indirectly, by A, or where A and that other person, directly or indirectly, are under the control of a common person.

The terms “**break cost**”, “**prepayment fee**” and “**redemption premium**” are defined in the ITA as follows:

“break cost”, in relation to debt securities and qualifying debt securities, means any fee payable by the issuer of the securities on the early redemption of the securities, the amount of which is determined by any loss or liability incurred by the holder of the securities in connection with such redemption;

“prepayment fee”, in relation to debt securities and qualifying debt securities, means any fee payable by the issuer of the securities on the early redemption of the securities, the amount of which is determined by the terms of the issuance of the securities; and

“redemption premium”, in relation to debt securities and qualifying debt securities, means any premium payable by the issuer of the securities on the redemption of the securities upon their maturity.

References to “break cost”, “prepayment fee” and “redemption premium” in this Singapore tax disclosure have the same meaning as defined in the ITA.

Where interest, discount income, prepayment fee, redemption premium or break cost (i.e. the Qualifying Income) is derived from any of the Relevant Notes by any person who is not resident in Singapore and who carries on any operations in Singapore through a permanent establishment in Singapore, the tax exemption available for QDS under the ITA (as mentioned above) shall not apply if such person acquires such Relevant Notes using the funds and profits of such person’s operations through a permanent establishment in Singapore. Any person whose interest, discount income, prepayment fee, redemption premium or break cost (i.e. the Qualifying Income) derived from the Relevant Notes is not exempt from tax (including for the reasons described above) shall include such income in a return of income made under the ITA.

2. Capital Gains

Any gains considered to be in the nature of capital made from the sale of the Notes will not be taxable in Singapore. However, any gains derived by any person from the sale of the Notes which are gains from any trade, business, profession or vocation carried on by that person, if accruing in or derived from Singapore, may be taxable as such gains are considered revenue in nature.

Holders of the Notes who apply or who are required to apply Singapore Financial Reporting Standard (“FRS”) 39, FRS 109 or Singapore Financial Reporting Standard (International) 9 (“SFRS(I) 9”) (as the case may be) may, for Singapore income tax purposes, be required to recognise gains or losses (not being gains or losses in the nature of capital) on the Notes, irrespective of disposal, in accordance with FRS 39, FRS 109 or SFRS(I) 9 (as the case may be). Please see the section below on “Adoption of FRS 39, FRS 109 or SFRS(I) 9 for Singapore Income Tax Purposes”.

3. Adoption of FRS 39, FRS 109 or SFRS(I) 9 for Singapore Income Tax Purposes

Section 34A of the ITA provides for the tax treatment for financial instruments in accordance with FRS 39 (subject to certain exceptions and “opt-out” provisions) to taxpayers who are required to comply with FRS 39 for financial reporting purposes. The IRAS has also issued a circular entitled “Income Tax Implications Arising from the Adoption of FRS 39 - Financial Instruments: Recognition & Measurement”.

FRS 109 or SFRS(I) 9 (as the case may be) is mandatorily effective for annual periods beginning on or after 1 January 2018, replacing FRS 39. Section 34AA of the ITA requires taxpayers who comply or who are required to comply with FRS 109 or SFRS(I) 9 for financial reporting purposes to calculate their profit, loss or expense for Singapore income tax purposes in respect of financial instruments in accordance with FRS 109 or SFRS(I) 9 (as the case may be), subject to certain exceptions. The IRAS

has also issued a circular entitled “Income Tax: Income Tax Treatment Arising from Adoption of FRS 109 – Financial Instruments”.

Holders of the Notes who may be subject to the tax treatment under Sections 34A or 34AA of the ITA should consult their own accounting and tax advisers regarding the Singapore income tax consequences of their acquisition, holding or disposal of the Notes.

4. Estate Duty

Singapore estate duty has been abolished with respect to all deaths occurring on or after 15 February 2008.

SUBSCRIPTION, PURCHASE AND DISTRIBUTION

This section supplements the section “SUBSCRIPTION, PURCHASE AND DISTRIBUTION” appearing on pages 107 to 109 of the Original Information Memorandum.

1. the following paragraphs after the section headed “*United States*” appearing on pages 107 and 108 of the Original Information Memorandum as follows:

“PRIIPs Regulation - Prohibition of Sales to EEA Retail Investors

The Relevant Dealer has represented and agreed that it has not offered, sold or otherwise made available and will not offer, sell or otherwise make available any Notes which are the subject of the offering contemplated by the Information Memorandum as completed by the Pricing Supplement in relation thereto to any retail investor in the European Economic Area. For the purposes of this provision:

- (i) the expression “**retail investor**” means a person who is one (or more) of the following:
 - (a) a retail client as defined in point (11) of Article 4(1) of MiFID II; or
 - (b) a customer within the meaning of Directive (EU) 2016/97 (as amended or superseded, the “Insurance Distribution Directive”), where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II; or
 - (c) not a qualified investor as defined in the Prospectus Regulation (as defined below); and
- (ii) the expression “offer” includes the communication in any form and by any means of sufficient information on the terms of the offer and the Notes to be offered so as to enable an investor to decide to purchase or subscribe for the Notes.

United Kingdom

Prohibition of Sales to UK Retail Investors

The Relevant Dealer has represented and agreed that it has not offered, sold or otherwise made available and will not offer, sell or otherwise make available any Notes which are the subject of the offering contemplated by the Information Memorandum as completed by the Pricing Supplement in relation thereto to any retail investor in the United Kingdom. For the purposes of this provision:

- (i) the expression “**retail investor**” means a person who is one (or more) of the following:
 - (a) a retail client, as defined in point (8) of Article 2 of Regulation (EU) No 2017/565 as it forms part of domestic law by virtue of the European Union (Withdrawal) Act 2018 (the “**EUWA**”); or
 - (b) a customer within the meaning of the provisions of the Financial Services and Markets Act (the “**FSMA**”) and any rules or regulations made under the FSMA to implement Directive (EU) 2016/97, where that customer would not qualify as a professional client, as defined in point (8) of Article 2(1) of Regulation (EU) No 600/2014 as it forms part of domestic law by virtue of the EUWA; or

- (c) not a qualified investor as defined in Article 2 of the UK Prospectus Regulation; and
- (ii) the expression an “offer” includes the communication in any form and by any means of sufficient information on the terms of the offer and the Notes to be offered so as to enable an investor to decide to purchase or subscribe for the Notes.

Other Regulatory Restrictions

The Relevant Dealer has represented and agreed that:

- (i) in relation to any Notes which have a maturity of less than one year, (a) it is a person whose ordinary activities involve it in acquiring, holding, managing or disposing of investments (as principal or agent) for the purposes of its business and (b) it has not offered or sold and will not offer or sell any Notes other than to persons whose ordinary activities involve them in acquiring, holding, managing or disposing of investments (as principal or agent) for the purposes of their businesses or who it is reasonable to expect will acquire, hold, manage or dispose of investments (as principal or agent) for the purposes of their businesses where the issue of the Notes would otherwise constitute a contravention of Section 19 of the FSMA by the Issuer;
 - (ii) it has only communicated or caused to be communicated and will only communicate or cause to be communicated any invitation or inducement to engage in investment activity (within the meaning of Section 21 of the FSMA) received by it in connection with the issue or sale of any Notes in circumstances in which Section 21(1) of the FSMA does not apply to the Issuer; and
 - (iii) it has complied and will comply with all applicable provisions of the FSMA with respect to anything done by it in relation to any Notes in, from or otherwise involving the United Kingdom.”
2. the section headed “*Singapore*” appearing on page 108 of the Original Information Memorandum shall be deleted in its entirety and substituted therefor with the following:

“Singapore

The Relevant Dealer has acknowledged that the Information Memorandum has not been and will not be registered as a prospectus with the MAS under the SFA. Accordingly, the Relevant Dealer has represented and agreed that it has not offered or sold any Notes or caused the Notes to be made the subject of an invitation for subscription or purchase and will not offer or sell any Notes or cause the Notes to be made the subject of an invitation for subscription or purchase, and has not circulated or distributed, nor will it circulate or distribute, the Information Memorandum or any other document or material in connection with the offer or sale, or invitation for subscription or purchase, of the Notes, whether directly or indirectly, to any person in Singapore other than (a) to an institutional investor (as defined in Section 4A of the SFA) pursuant to Section 274 of the SFA, (b) to a relevant person (as defined in Section 275(2) of the SFA) pursuant to Section 275(1) of the SFA, or to any person pursuant to Section 275(1A) of the SFA, and in accordance with the conditions specified in Section 275 of the SFA and (where applicable) Regulation 3 of the Securities and Futures (Classes of Investors) Regulations 2018 of Singapore, or (c) otherwise pursuant to, and in accordance with the conditions of, any other applicable provision of the SFA.

Any reference to the “**SFA**” is a reference to the Securities and Futures Act 2001 of Singapore and a reference to any term as defined in the SFA or any provision in the SFA is a reference to

that term or provision as modified or amended from time to time including by such of its subsidiary legislation as may be applicable at the relevant time.”

GENERAL AND OTHER INFORMATION

INFORMATION ON DIRECTORS

1. The name and position of each of the Directors are set out below:

<u>Name</u>	<u>Position</u>
Koh Tiat Meng	Executive Chairman
Koh Teak Huat	Executive Deputy Chairman
Koh Keng Siang	Managing Director and Group CEO
Koh Keng Hiong	Executive Director and Deputy CEO (Real Estate and Leisure and Hospitality divisions)
Lee Sok Khian John	Executive Director
Quek Chee Nee	Non-Executive and Non-Independent Director
Er Dr Lee Bee Wah	Lead Independent Director
Lai Mun Onn	Independent Director
Ow Yong Thian Soo	Independent Director
Low Yee Khim	Independent Director
Ong Seet Joon	Independent Director
Ong Keng Chye	Independent Director
Goh Mou Lih	Independent Director

2. Save as disclosed below, the Directors are not related by blood or marriage to one another nor are they related to any substantial shareholder of the Issuer:

- (a) Mr Koh Tiat Meng and Mr Koh Teak Huat are siblings;
- (b) Mdm Quek Chee Nee is the spouse of Mr Koh Tiat Meng; and
- (c) Mr Koh Keng Siang and Mr Koh Keng Hiong are siblings and are the children of Mr Koh Tiat Meng and Mdm Quek Chee Nee.

3. As at the date of this Supplemental Information Memorandum, no Director of the Issuer is or was involved in any of the following events:

- (a) a petition under any bankruptcy laws filed in any jurisdiction against such person or any partnership in which he was a partner or any corporation of which he was a director or an executive officer;
- (b) a conviction of any offence, other than a traffic offence, or judgment, including findings in relation to fraud, misrepresentation or dishonesty, given against him in any civil proceedings in Singapore or elsewhere, or being a named subject to any pending proceedings which may lead to such a conviction or judgment, or so far as such person is aware, any criminal investigation pending against him; or
- (c) being the subject of any order, judgment or ruling of any court of competent jurisdiction, tribunal or government body, permanently or temporarily enjoining him from acting as an investment adviser, dealer in securities, director or employee of a financial institution and engaging in any type of business practice or activity.

4. As at the date of this Supplemental Information Memorandum, there is no outstanding option to subscribe for shares in the Issuer by any Director or employees of the Group.
5. The interests of the Directors and the substantial shareholders of the Issuer in the Shares as at the Latest Practicable Date are as follows:

Directors

	Direct Interest		Deemed Interest	
	Number of Shares	%⁽¹⁾	Number of Shares	%⁽¹⁾
Koh Tiat Meng ⁽²⁾	8,908,654	2.16	Nil	Nil
Koh Teak Huat ⁽²⁾	35,713,088	8.66	325,000 ⁽³⁾	0.08
Koh Keng Siang ⁽²⁾	30,272,535	7.34	60,020,000 ⁽⁴⁾	14.55
Koh Keng Hiong ⁽²⁾	55,260,100	13.40	10,000 ⁽⁵⁾	0.00
Lee Sok Khian John	Nil	Nil	Nil	Nil
Quek Chee Nee ⁽²⁾	25,896,814	6.28	Nil	Nil
Er Dr Lee Bee Wah	605,000	0.15	Nil	Nil
Lai Mun Onn	100,000	0.02	Nil	Nil
Ow Yong Thian Soo	Nil	Nil	Nil	Nil
Low Yee Khim	Nil	Nil	Nil	Nil
Ong Seet Joon	Nil	Nil	Nil	Nil
Ong Keng Chye	Nil	Nil	Nil	Nil
Goh Mou Lih	Nil	Nil	Nil	Nil

Notes:

- (1) Based on the issued share capital of 412,459,100 Shares (excluding 25,540,900 Shares being held as treasury shares by the Issuer) as at the Latest Practicable Date.
- (2) Mr Koh Tiat Meng and Mr Koh Teak Huat are brothers. Mr Koh Keng Siang and Mr Koh Keng Hiong are the sons of Mr Koh Tiat Meng and Mdm Quek Chee Nee, and the nephews of Mr Koh Teak Huat.
- (3) Mr Koh Teak Huat is deemed interested in the shares held by his spouse, Mdm Quek Siew Lang.
- (4) Mr Koh Keng Siang is deemed interested in (i) 60,000,000 shares held by Kohs Investment Pte Ltd, and (ii) 20,000 shares held by his spouse, Mdm Phua Siew Gaik.
- (5) Mr Koh Keng Hiong is deemed interested in 10,000 shares held by his spouse, Mdm Erliana Sutadi.

Substantial Shareholders

	Direct Interest		Deemed Interest	
	Number of Shares	%	Number of Shares	%
Koh Teak Huat	35,713,088	8.66	325,000 ⁽¹⁾	0.08
Koh Keng Siang	30,272,535	7.34	60,020,000 ⁽²⁾⁽⁴⁾	14.55
Koh Keng Hiong	55,260,100	13.40	10,000 ⁽³⁾	0.00
Quek Chee Nee	25,896,814	6.28	Nil	Nil
Kohs Investment Pte Ltd ⁽⁴⁾	60,000,000	14.55	Nil	Nil

Notes:

- (1) Mr Koh Teak Huat is deemed interested in the shares held by his spouse, Mdm Quek Siew Lang.

- (2) Mr Koh Keng Siang is deemed interested in (i) 60,000,000 shares held by Kohs Investment Pte Ltd, and (ii) 20,000 shares held by his spouse, Mdm Phua Siew Gaik.
- (3) Mr Koh Keng Hiong is deemed interested in 10,000 shares held by his spouse, Mdm Erliana Sutadi.
- (4) Kohs Investment Pte Ltd is wholly owned by Mr Koh Keng Siang.

SHARE CAPITAL

6. As at the date of this Supplemental Information Memorandum, there is only one class of ordinary shares in the Issuer. The rights and privileges attached to the Shares are stated in the Constitution of the Issuer.
7. No shares of the Issuer have been issued, as fully or partly paid up, for cash or for a consideration other than cash, within the two years preceding the date of this Supplemental Information Memorandum.
8. The issued share capital of the Issuer as at the date of this Supplemental Information Memorandum is as follows:

Share Designation	Issued Share Capital	
	Number of Shares '000	Amount S\$'000
Ordinary Shares	438,000 ⁽¹⁾	S\$36,981

Note:

- (1) Including 25,540,900 Shares being held as treasury shares by the Issuer.

BORROWINGS

9. Save as disclosed in Appendix III, the Group had as at 31 December 2021 no other borrowings or indebtedness in the nature of borrowings including bank overdrafts and liabilities under acceptances (other than normal trading bills) or acceptance credits, mortgages, charges, hire purchase commitments, guarantees or other material contingent liabilities.

WORKING CAPITAL

10. The Directors are of the opinion that, after taking into account the present banking facilities and the net proceeds of the issue of the Series 3 Notes, the Issuer will have adequate working capital for its present requirements.

CHANGES IN ACCOUNTING POLICIES

11. As at the date of this Supplemental Information Memorandum, there has been no significant change in the accounting policies of the Issuer since its audited consolidated financial statements for the financial year ended 31 December 2021.

LITIGATION

12. There are no legal or arbitration proceedings pending or, to the best of the Issuer's knowledge and belief having made reasonable enquiries, threatened against the Issuer or any of its subsidiaries the outcome of which is reasonably expected to have or have had during the 12 months prior to the date of this Supplemental Information Memorandum a material adverse effect on the financial position of the Issuer or the Group taken as a whole.

MATERIAL ADVERSE CHANGE

13. Save as disclosed in this Supplemental Information Memorandum, there has been no material adverse change in the financial condition or business of the Issuer or the Group taken as a whole since 31 December 2021.

CONSENT

14. PricewaterhouseCoopers LLP has given and has not withdrawn its written consent to the issue of this Supplemental Information Memorandum with the references herein to its name and, where applicable, reports in the form and context in which they appear in this Supplemental Information Memorandum.

INFORMATION TO TRUSTEE

15. Under the Trust Deed, the Trustee shall not (unless ordered to do so by a court of competent jurisdiction in which case the Issuer shall be notified as soon as practicable of the receipt of such order by the Trustee) be required to disclose to any Noteholder or Couponholder any confidential, financial, price sensitive or other information made available to the Trustee by the Issuer or its subsidiaries in connection with any of the Issue Documents (as defined in the Trust Deed) and no Noteholder or Couponholder shall be entitled to take any legal action to obtain from the Trustee any such information.

DOCUMENTS AVAILABLE FOR INSPECTION

16. Copies of the following documents may be inspected at the registered office of the Issuer at 11 Lorong Pendek, Koh Brothers Building, Singapore 348639 during normal business hours for a period of six months from the date of this Supplemental Information Memorandum:
 - (a) the Constitution of the Issuer;
 - (b) the Trust Deed;
 - (c) the letter of consent referred to in paragraph 14 above;
 - (d) the audited consolidated financial statements of the Issuer and its subsidiaries for the financial years ended 31 December 2020 and 31 December 2021; and
 - (e) the condensed interim financial statements of the Issuer and its subsidiaries for the six months period ended 30 June 2022.

FUNCTIONS, RIGHTS AND OBLIGATIONS OF THE TRUSTEE

17. The functions, rights and obligations of the Trustee are set out in the Trust Deed.

**AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF KOH BROTHERS
GROUP LIMITED AND ITS SUBSIDIARIES FOR THE FINANCIAL YEAR ENDED
31 DECEMBER 2020**

The information in this Appendix II has been reproduced from the annual report of Koh Brothers Group Limited for the financial year ended 31 December 2020 and has not been specifically prepared for inclusion in this Supplemental Information Memorandum. Investors should read the consolidated financial data in conjunction with the related notes.

DIRECTORS' STATEMENT

For the financial year ended 31 December 2020

The directors present their statement to the members together with the audited financial statements of the Group for the financial year ended 31 December 2020 and the balance sheet of the Company as at 31 December 2020.

In the opinion of the directors,

- (a) the balance sheet of the Company and the consolidated financial statements of the Group as set out on pages 46 to 117 are drawn up so as to give a true and fair view of the financial position of the Company and of the Group as at 31 December 2020 and the financial performance, changes in equity and cash flows of the Group for the financial year covered by the consolidated financial statements; and
- (b) at the date of this statement, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they fall due.

Directors

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

Koh Tiat Meng
Koh Teak Huat
Koh Keng Siang
Koh Keng Hiong
Lee Sok Khian John
Quek Chee Nee
Er Dr Lee Bee Wah
Lai Mun Onn
Gn Hiang Meng
Ow Yong Thian Soo
Low Yee Khim

Arrangements to enable directors to acquire shares and debentures

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

DIRECTORS' STATEMENT

For the financial year ended 31 December 2020

Directors' interests in shares or debentures

According to the register of directors' shareholdings, none of the directors holding office at the end of the financial year had any interest in the shares or debentures of the Company or its related corporations, except as follows:

	Holdings registered in name of director or nominee		Holdings in which director is deemed to have an interest	
	At 31.12.2020	At 1.1.2020	At 31.12.2020	At 1.1.2020
Koh Brothers Group Limited				
<u>Ordinary shares</u>				
Koh Tiat Meng	8,908,654	8,908,654	—	—
Koh Teak Huat	32,213,088	32,213,088	325,000	325,000
Koh Keng Siang	30,007,035	29,822,535	60,020,000	60,020,000
Koh Keng Hiong	55,260,100	55,260,100	10,000	10,000
Quek Chee Nee	25,896,814	25,896,814	—	—
Er Dr Lee Bee Wah	605,000	605,000	—	—
Lai Mun Onn	100,000	100,000	—	—
Gn Hiang Meng	—	—	200,000	200,000
<u>S\$70 million 5.1% fixed rate notes due 2022</u>				
Koh Teak Huat	S\$1,000,000	S\$1,000,000	—	—
Koh Keng Siang	—	—	S\$250,000	S\$250,000
Lee Sok Khian John	—	—	S\$500,000	S\$500,000
Quek Chee Nee	S\$500,000	S\$500,000	—	—
Er Dr Lee Bee Wah	S\$250,000	S\$250,000	—	—
Koh Brothers Eco Engineering Limited				
<u>Ordinary shares</u>				
Koh Tiat Meng	2,134,800	3,134,800	—	—
Koh Teak Huat	6,764,746	6,764,746	32,500	32,500
Koh Keng Siang	13,120,000	13,120,000	1,544,629,607	1,314,369,607
Koh Keng Hiong	3,026,010	3,026,010	1,211,000	1,211,000
Quek Chee Nee	2,589,681	2,589,681	—	—
Lai Mun Onn	14,000	14,000	—	—
Gn Hiang Meng	—	—	28,000	28,000
<u>Warrants 2017</u>				
Koh Teak Huat	1,457,448	1,457,448	—	—
Koh Keng Siang	2,815,195	2,815,195	218,444,432	218,444,432
Lai Mun Onn	4,524	4,524	—	—
Gn Hiang Meng	—	—	9,048	9,048
<u>Warrants 2018</u>				
Koh Teak Huat	2,254,915	2,254,915	—	—
Koh Keng Siang	4,388,846	4,388,846	—	233,000,000

Koh Keng Siang, who by virtue of his interest of not less than 20% of the issued capital of the Company, is deemed to have an interest in the whole of the share capital of the Company's subsidiaries.

The directors' interests in the ordinary shares of the Company as at 21 January 2021 were the same as those as at 31 December 2020, except for Koh Teak Huat's additional interest in 3,500,000 shares of the Company registered in his own name.

DIRECTORS' STATEMENT

For the financial year ended 31 December 2020

Share options

There were no options granted during the financial year to subscribe for unissued shares of the Company or its subsidiaries.

No shares have been issued during the financial year by virtue of the exercise of options to take up unissued shares of the Company or its subsidiaries.

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

Audit and Risk Committee

The members of the Audit and Risk Committee at the end of the financial year are as follows:

Er Dr Lee Bee Wah (Chairperson)
Lai Mun Onn
Gn Hiang Meng
Ow Yong Thian Soo

All members of the Audit and Risk Committee are independent and non-executive directors.

The Audit and Risk Committee carried out its functions in accordance with Section 201B(5) of the Singapore Companies Act. In performing those functions, the Committee reviewed:

- the scope and the results of internal audit procedures with the internal auditor;
- the audit plan of the Company's independent auditor and any recommendations on internal accounting controls arising from the statutory audit;
- the assistance given by the Company's management to the independent auditor; and
- the balance sheet of the Company and the consolidated financial statements of the Group for the financial year ended 31 December 2020 before their submission to the Board of Directors.

The Audit and Risk Committee has recommended to the Board that the independent auditor, PricewaterhouseCoopers LLP, be nominated for re-appointment at the forthcoming Annual General Meeting of the Company.

Independent Auditor

The independent auditor, PricewaterhouseCoopers LLP, has expressed its willingness to accept re-appointment.

On behalf of the directors

Koh Keng Siang
Director

7 April 2021

Koh Keng Hiong
Director

INDEPENDENT AUDITOR'S REPORT

To the Members of Koh Brothers Group Limited

Report on the Audit of the Financial Statements

OUR OPINION

In our opinion, the accompanying consolidated financial statements of Koh Brothers Group Limited (the "Company") and its subsidiaries (the "Group") and the balance sheet of the Company are properly drawn up in accordance with the provisions of the Companies Act, Chapter 50 (the "Act") and Singapore Financial Reporting Standards International ("SFRS(I)s") so as to give a true and fair view of the consolidated financial position of the Group and the financial position of the Company as at 31 December 2020 and of the consolidated financial performance, consolidated changes in equity and consolidated cash flows of the Group for the financial year ended on that date.

What we have audited

The financial statements of the Company and the Group comprise:

- the consolidated statement of comprehensive income of the Group for the financial year ended 31 December 2020;
- the balance sheets of the Group and the Company as at 31 December 2020;
- the consolidated statement of changes in equity of the Group for the financial year then ended;
- the consolidated statement of cash flows of the Group for the financial year then ended; and
- the notes to the financial statements, including a summary of significant accounting policies.

BASIS FOR OPINION

We have conducted our audit in accordance with Singapore Standards on Auditing ("SSAs"). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report.

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

Independence

We are independent of the Group in accordance with the Accounting and Corporate Regulatory Authority Code of Professional Conduct and Ethics for Public Accountants and Accounting Entities ("ACRA Code") together with the ethical requirements that are relevant to our audit of the financial statements in Singapore, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ACRA Code.

OUR AUDIT APPROACH

As part of designing our audit, we determined materiality and assessed the risks of material misstatement in the accompanying financial statements. In particular, we considered where management made subjective judgements; for example, in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain. As in all of our audits, we also addressed the risk of management override of internal controls, including among other matters consideration of whether there was evidence of bias that represented a risk of material misstatement due to fraud.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements for the financial year ended 31 December 2020. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

INDEPENDENT AUDITOR'S REPORT

To the Members of Koh Brothers Group Limited

OUR AUDIT APPROACH (continued)

Key Audit Matters (continued)

Key Audit Matter	How our audit addressed the Key Audit Matter
Accounting for construction contracts <i>Refer to Note 3(a) and Note 4</i> During the financial year ended 31 December 2020, revenue from construction contracts amounted to S\$178.6 million and it represented 73.5% of the total revenue of the Group. The COVID-19 pandemic has significantly slowed down the progress of the Group's construction projects due to ongoing measures being adopted to address the outbreak during the financial year. The delay may lead to potential liquidated damage claims by customers and costs overrun, resulting in loss-making contracts. The uncertainty and judgement involved in determining budgeted costs and profit margins have a significant impact on the revenue and profit recognised by the Group. The Group uses the input method (i.e. "cost-to-cost" method) to measure project progress and recognise contract revenue in accordance with SFRS(I) 15 <i>Revenue from Contracts with Customers</i>. We focused on the accuracy of revenue recognition and recoverability of contract assets due to the significant management judgment required in determining the total contract sums and the total contract costs.	We obtained an understanding of the projects under construction through discussions with management and project managers, assessed the appropriateness of the method selected for individual projects to measure project progress and recognise contract revenue, and examined project documentation (including contracts, correspondences with customers on delays or extension of time). In relation to total contract sums for projects in progress, our audit procedures include the following on a sampling basis: • agreed total contract sums to contract entered into by the Group and its customer; • inspected correspondences with customers and supporting documents by the Group's specialists relating to variation orders included in the total contract; • obtained and reviewed legal opinion from the Group's external legal counsels in relation to their contractual rights to claim for variation orders for certain projects; • agreed variation orders with agreed prices included in total contract sums recognised to surveyor/architect's certification; • inspected progress billings to customers subsequent to year end and compared amounts to contract asset balances at year end; and • assessed the adequacy of the amount of liquidated damages to be net off against contract sums, based on our understanding of the projects. In relation to total contracts costs, our audit procedures include the following on a sampling basis: • traced the cost to complete for each project by substantiating costs that have been committed to quotations and contracts entered; • tested the reasonableness of the cost to complete for selected projects, focusing on those with significant activities during the year; and • assessed the reasonableness of cost incurred against our understanding of the projects. Based on the audit procedures performed above, we have assessed management's estimates to be reasonable. We then recomputed the percentage of completion based on actual cumulative cost incurred as a portion of total contract costs, cumulative contract revenue and the contract revenue recognised for the current financial year as well as the amount of provision for onerous contracts (where relevant) for each project, and traced to the accounting records and found it to be appropriate. We have also assessed the adequacy of the disclosures of the key accounting estimates and sensitivity and found the disclosures in the financial statements to be appropriate.

INDEPENDENT AUDITOR'S REPORT

To the Members of Koh Brothers Group Limited

OUR AUDIT APPROACH (continued)

Key Audit Matters (continued)

Key Audit Matter	How our audit addressed the Key Audit Matter
Valuation of investment properties <i>Refer to Note 3(c) and Note 22</i> The Group's investment properties carried at fair value amount to S\$95.2 million at 31 December 2020 and accounted for 11.6% of the Group's total assets. The disclosures relating to these investment properties are included in Note 3(c) and Note 22 to the financial statements. Management uses external valuers to support its determination of the individual fair value of its investment properties annually. The valuation of investment properties is significant to our audit due to the complexity involved in the valuation techniques. The judgement relating to the assumptions used in the valuation techniques, including the monthly rental per square metre, yield rate, cost per square metre and market value per square metre, impact the valuation. Uncertainty arises as a result of having to consider long-term trends and market conditions in the assumptions.	Our procedures included the following: - assessed the competency, capabilities and objectivity of the external valuers engaged by the Group; - obtained an understanding of the techniques used by the external valuers in determining the valuation of individual investment properties; - discussed the critical assumptions made by the external valuers for the key inputs used in the valuation techniques; - tested the integrity of information, including underlying lease and financial information provided to the external valuers; and - assessed the reasonableness of the rental rate and market value of comparable property by benchmarking these against those of comparable properties and prior year inputs. We found that the external valuers are members of recognised professional bodies for external valuers. We also found that the valuation methodologies used were appropriate in the context of the Group's investment properties and the critical assumptions used for the key inputs were within the range of market data. We have also assessed the adequacy of the disclosures relating to the assumptions as we consider them as likely to be significant to users of the financial statements given the estimation uncertainty and sensitivity of the valuations.
Impairment assessment of goodwill <i>Refer to Note 3(b) and Note 26</i> The goodwill of S\$5.1 million at 31 December 2020 relates to the "Bio-Refinery and Renewable Energy" cash-generating unit ("CGU"). In accordance with SFRS(I), the Group performs an impairment test for the CGU to assess whether the goodwill might be impaired. The test performed by the Group did not result in an impairment of goodwill as the recoverable amount based on the value-in-use calculation exceeded the carrying amount of the CGU. The assumptions, sensitivities and results of the test performed are disclosed in Note 26 to the financial statements. We focused on this area because management had applied significant judgement and assumptions in determining the key inputs used in the impairment test, as well as future market circumstances.	In respect of the inputs which were most sensitive to the estimation of the recoverable amount of the CGU, our procedures included the following: - involved internal specialists in assessing the appropriateness of the discount rate; - validated terminal growth rate used by corroborating against the long-term average growth rate in the country which the CGU operates in; and - corroborated gross margin used against historical margin of the CGU. Based on the audit procedures performed above, we have assessed management's inputs to be appropriate. We have also assessed the adequacy of the disclosures relating to key inputs and the sensitivities and found the disclosures in the financial statements to be appropriate.

INDEPENDENT AUDITOR'S REPORT

To the Members of Koh Brothers Group Limited

OTHER INFORMATION

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

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

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

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

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

RESPONSIBILITIES OF MANAGEMENT AND DIRECTORS FOR THE FINANCIAL STATEMENTS

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

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

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

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

INDEPENDENT AUDITOR'S REPORT

To the Members of Koh Brothers Group Limited

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

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

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

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

The engagement partner on the audit resulting in this independent auditor's report is Lee Chian Yorn.

PricewaterhouseCoopers LLP
Public Accountants and Chartered Accountants
Singapore
7 April 2021

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME*For the financial year ended 31 December 2020*

	Note	2020 S\$'000	2019 S\$'000
Sales	4(a)	243,066	353,712
Cost of sales	7	(241,606)	(336,550)
Gross profit		1,460	17,162
Other income	5	2,741	3,315
Other gains - net	6	3,116	1,158
Expenses			
- Distribution and marketing			
- (Allowance for)/write-back of allowance for impairment of trade receivables	7	(645)	1,100
- Others	7	(2,303)	(3,757)
- Administrative	7	(13,141)	(17,385)
- Finance	9	(10,833)	(10,271)
- Other			
- (Allowance for)/write-back of allowance for impairment of loans to joint ventures	7	(1,469)	563
- (Allowance for)/write-back of allowance for impairment of sundry debtors	7	(238)	–
- Others	7	(680)	(410)
Share of (loss)/profit of associated companies	19	(1,071)	135
Share of profit of joint ventures	20	6,844	17,068
(Loss)/profit before income tax		(16,219)	8,678
Income tax expense	10(a)	(500)	(552)
(Loss)/profit after income tax		(16,719)	8,126
(Loss)/profit attributable to:			
Equity holders of the Company		(14,806)	5,766
Non-controlling interests		(1,913)	2,360
		(16,719)	8,126
(Loss)/earnings per share for profit attributable to equity holders of the Company:			
- Basic (loss)/earnings per share (in cents)	11(a)	(3.59)	1.40
- Diluted (loss)/earnings per share (in cents)	11(b)	(3.59)	1.40
(Loss)/profit after income tax		(16,719)	8,126
Other comprehensive (loss)/income:			
<i>Items that may be reclassified subsequently to profit or loss:</i>			
Currency translation arising from consolidation			
- Gain/(loss)	31(d)	305	(473)
- Reclassification	31(d)	(248)	–
Fair value loss on debt financial assets, at FVOCI	31(b)	(200)	(40)
		(143)	(513)
<i>Items that may not be reclassified subsequently to profit or loss:</i>			
Fair value (loss)/gain on equity financial assets, at FVOCI	31(b)	(1,181)	14,925
Other comprehensive (loss)/income, net of tax		(1,324)	14,412
Total comprehensive (loss)/income		(18,043)	22,538
Total comprehensive (loss)/income attributable to:			
Equity holders of the Company		(16,020)	20,403
Non-controlling interests		(2,023)	2,135
		(18,043)	22,538

The accompanying notes form an integral part of these financial statements.

BALANCE SHEETS

As at 31 December 2020

		GROUP		COMPANY	
	Note	2020 S\$'000	2019 S\$'000	2020 S\$'000	2019 S\$'000
ASSETS					
Current assets					
Cash and bank balances	12	101,849	85,195	186	59
Investment securities	13	3,489	3,709	218	2,272
Trade and other receivables	14	40,947	82,354	7	443
Contract assets	4(b)	130,089	139,224	—	—
Amounts due from subsidiaries	21	—	—	42,193	54,240
Amounts due from joint ventures	15	44,009	38,159	—	535
Inventories	16	2,709	5,433	—	—
Development properties	17	122,057	136,538	—	—
Income tax receivables	10(b)	730	1,282	—	—
Other current assets	18	5,940	6,275	—	—
		451,819	498,169	42,604	57,549
Non-current assets					
Trade and other receivables	14	29,393	—	—	—
Contract assets	4(b)	3,869	2,161	—	—
Investment securities	13	792	2,158	—	—
Investment in subsidiaries	21	—	—	156,479	143,250
Investments in associated companies	19	280	1,351	—	—
Investments in joint ventures	20	99,516	104,453	—	—
Investment properties	22	95,224	94,564	—	—
Property, plant and equipment	23	133,404	150,844	—	—
Goodwill	26	5,078	5,078	—	—
		367,556	360,609	156,479	143,250
Total assets		819,375	858,778	199,083	200,799
LIABILITIES					
Current liabilities					
Trade and other payables	27	97,523	123,154	1,706	1,740
Contract liabilities	4(b)	7,347	12,448	—	—
Amounts due to subsidiaries	21	—	—	10,934	11,397
Amounts due to joint ventures	15	38,340	18,498	—	—
Current income tax liabilities	10(b)	463	461	—	—
Bank borrowings and lease liabilities	28	90,164	90,743	—	—
		233,837	245,304	12,640	13,137
Non-current liabilities					
Trade and other payables	27	4,649	3,820	—	—
Amount due to a subsidiary	21	—	—	19,011	19,011
Bank borrowings and lease liabilities	28	200,544	208,820	—	—
Notes payables	30	70,000	70,000	70,000	70,000
Deferred income tax liabilities	10(c)	7,775	8,124	—	—
		282,968	290,764	89,011	89,011
Total liabilities		516,805	536,068	101,651	102,148
NET ASSETS		302,570	322,710	97,432	98,651
EQUITY					
Capital and reserves attributable to equity holders of the Company					
Share capital	31(a)	36,981	36,981	36,981	36,981
Treasury shares	31(a)	(7,983)	(7,983)	(7,983)	(7,983)
Other reserves	31(b)	(2,311)	(974)	—	—
Retained profits	31(c)	270,633	283,247	68,434	69,653
Currency translation reserve	31(d)	(9,432)	(9,475)	—	—
		287,888	301,796	97,432	98,651
Non-controlling interests		14,682	20,914	—	—
Total equity		302,570	322,710	97,432	98,651

The accompanying notes form an integral part of these financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the financial year ended 31 December 2020

		← Attributable to equity holders of the Company →							
	Note	Share capital S\$'000	Treasury shares S\$'000	Other reserves S\$'000	Retained profits S\$'000	Currency translation reserve S\$'000	Total S\$'000	Non-controlling interests S\$'000	Total equity S\$'000
Balance at 1 January 2020		36,981	(7,983)	(974)	283,247	(9,475)	301,796	20,914	322,710
Loss for the financial year		–	–	–	(14,806)	–	(14,806)	(1,913)	(16,719)
Other comprehensive (loss)/ income for the financial year		–	–	(1,332)	–	118	(1,214)	(110)	(1,324)
Total comprehensive (loss)/ income for the financial year		–	–	(1,332)	(14,806)	118	(16,020)	(2,023)	(18,043)
Change in ownership interests in subsidiaries	21	–	–	(29)	3,242	(75)	3,138	(3,138)	–
Share based payment pursuant to Performance Share Plan by a subsidiary	31(b)	–	–	5	–	–	5	19	24
Disposal of subsidiaries	31(b)	–	–	19	(19)	–	–	(23)	(23)
Dividend relating to 2019 paid	32	–	–	–	(1,031)	–	(1,031)	(91)	(1,122)
Dividend relating to 2020 paid		–	–	–	–	–	–	(976)	(976)
Total transactions with owners, recognised directly in equity		–	–	(5)	2,192	(75)	2,112	(4,209)	(2,097)
Balance at 31 December 2020		36,981	(7,983)	(2,311)	270,633	(9,432)	287,888	14,682	302,570
Balance as at 1 January 2019		36,981	(7,983)	(6,796)	267,016	(9,134)	280,084	23,297	303,381
Profit for the financial year		–	–	–	5,766	–	5,766	2,360	8,126
Other comprehensive income/ (loss) for the financial year		–	–	14,897	–	(260)	14,637	(225)	14,412
Total comprehensive income/ (loss) for the financial year		–	–	14,897	5,766	(260)	20,403	2,135	22,538
Change in ownership interests in subsidiaries	21	–	–	(31)	3,067	(81)	2,955	(2,955)	–
Transfer upon disposal of equity financial assets, at FVOCI	31(b)	–	–	(8,936)	8,936	–	–	–	–
Realised negative goodwill from disposal of subsidiaries	31(b)	–	–	(112)	112	–	–	–	–
Share based payment pursuant to Performance Share Plan by a subsidiary	31(b)	–	–	4	–	–	4	55	59
Dividend relating to 2018 paid	32	–	–	–	(1,650)	–	(1,650)	(453)	(2,103)
Dividend relating to 2019 paid		–	–	–	–	–	–	(1,165)	(1,165)
Total transactions with owners, recognised directly in equity		–	–	(9,075)	10,465	(81)	1,309	(4,518)	(3,209)
Balance at 31 December 2019		36,981	(7,983)	(974)	283,247	(9,475)	301,796	20,914	322,710

The accompanying notes form an integral part of these financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

For the financial year ended 31 December 2020

	2020 S\$'000	2019 S\$'000
Cash flows from operating activities		
(Loss)/profit after income tax	(16,719)	8,126
Adjustments for:		
- Income tax expense	500	552
- Allowance for inventory obsolescence	627	—
- Depreciation of property, plant and equipment	21,744	19,491
- Dividend income	(78)	—
- Impairment of property, plant and equipment	224	—
- Property, plant and equipment written off	172	17
- Fair value loss/(gain) on investment properties	317	(209)
- Gain on disposal of property, plant and equipment	(1,081)	(1,476)
- Gain on disposal of subsidiaries	(286)	—
- Fair value gain on financial assets, at fair value through profit or loss	(1,717)	—
- Fair value loss on settled financial liability	—	370
- Share of loss/(profit) of associated companies	1,071	(135)
- Share of profit of joint ventures	(6,844)	(17,068)
- Finance expense	10,833	10,271
- Interest income	(1,986)	(2,717)
- Unrealised translation loss/(gain)	38	(188)
	6,815	17,034
Change in working capital, net of effects from disposal of subsidiaries:		
- Trade and other receivables	13,452	19,350
- Inventories	2,097	1,519
- Contract assets and liabilities	2,326	(5,861)
- Development properties	14,481	(6,120)
- Other current assets	335	(3,046)
- Trade and other payables	(24,677)	(15,225)
- Amount due from/to associated companies	—	45
- Amount due from/to joint ventures	13,991	700
Cash generated from operations	28,820	8,396
Income tax paid	(302)	(1,054)
Net cash generated from operating activities	28,518	7,342
Cash flows from investing activities		
Purchase of property, plant and equipment	(2,303)	(21,578)
Purchase of financial assets, at fair value through profit or loss	(10,000)	—
Proceeds from disposal of property, plant and equipment	1,398	2,503
Proceeds from disposal of financial assets, at FVOCI	205	57,974
Proceeds from disposal of financial assets, at fair value through profit or loss	11,717	1,000
Proceeds from disposal of a subsidiary, net of cash disposed of	34	—
Proceeds from disposal of an associated company	—	460
Additions to investment properties	(1,373)	(816)
Dividends received from associated companies and joint ventures	12,028	3,840
Dividends received from other investments	78	—
Interest received	567	1,051
Net cash provided by investing activities	12,351	44,434

The accompanying notes form an integral part of these financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

For the financial year ended 31 December 2020

	2020 S\$'000	2019 S\$'000
Cash flows from financing activities		
Proceeds from bank borrowings	24,200	39,608
Principal payment of lease liabilities	(8,033)	(11,146)
Repayment of bank borrowings	(27,223)	(11,860)
Restricted cash released	—	200
Dividends paid to equity holders of the Company	(1,031)	(1,650)
Dividends paid to non-controlling interests	(741)	(1,618)
Interest paid	(11,289)	(12,464)
Net cash (used in)/provided by financing activities	(24,117)	1,070
Net change in cash and bank balances	16,752	52,846
Beginning of financial year	85,195	32,478
Effects of currency translation on cash and bank balances	(98)	(129)
End of financial year (Note 12)	101,849	85,195

Reconciliation of liabilities arising from financing activities

	Non-cash changes							
	Beginning of financial year S\$'000	Net cash flows S\$'000	Interest expense S\$'000	Additions to property, plant and equipment S\$'000	Modification of lease liabilities S\$'000	Foreign exchange movement S\$'000	Conversion of bank borrowings to lease liabilities S\$'000	End of financial year S\$'000
2020								
Bank borrowings (Note 28 and 29)	262,696	(3,023)	—	148	—	(3)	—	259,818
Lease liabilities (Note 28)	36,867	(9,025)	992	553	1,503	—	—	30,890
Notes payables (Note 30)	70,000	(3,570)	3,570	—	—	—	—	70,000
Accrued interest expense within trade and other payables - Accruals for operating expenses (Note 27)	1,408	(6,727)	6,118	—	—	—	—	799
2019								
Bank borrowings (Note 28 and 29)	246,772	27,748	—	—	—	15	(11,839)	262,696
Lease liabilities (Note 28)	21,681	(12,135)	989	14,493	—	—	11,839	36,867
Notes payables (Note 30)	70,000	(3,570)	3,570	—	—	—	—	70,000
Accrued interest expense within trade and other payables - Accruals for operating expenses (Note 27)	1,092	(7,905)	8,221	—	—	—	—	1,408

The accompanying notes form an integral part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2020

These notes form an integral part of and should be read in conjunction with the accompanying financial statements.

1. General information

Koh Brothers Group Limited (the “Company”) is listed on the Singapore Exchange and incorporated and domiciled in Singapore. The address of its registered office is 11 Lorong Pendek, Koh Brothers Building, Singapore 348639.

The principal activities of the Company are investment holding and provision of management services.

The principal activities of its significant subsidiaries, joint ventures, joint operations and associated companies are set out in Note 37 of the financial statements.

2. Significant accounting policies

2.1 Basis of preparation

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

The preparation of financial statements in conformity with SFRS(I) requires management to exercise its judgement in the process of applying the Group’s accounting policies. It also requires the use of certain critical accounting estimates and assumptions. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in Note 3.

Impact of COVID-19

The COVID-19 pandemic has affected almost all countries of the world, and resulted in border closures, production stoppages, workplace closures, movement controls and other measures imposed by the various governments. The Group’s significant operations are mainly in Singapore and Malaysia, both of which have been affected by the spread of COVID-19 in 2020.

Set out below is the impact of COVID-19 on the Group’s financial performance reflected in this set of financial statements for the financial year ended 31 December 2020:

- (a) The Group has assessed that the going concern basis of preparation for this set of financial statements remains appropriate.
- (b) Border closures, production stoppages and workplace closures during 2020 have resulted in periods where the Group’s operations were temporarily suspended to adhere to the respective governments’ movement control measures. These have negatively impacted business production and volume in 2020, resulting in a negative impact on the Group’s financial performance for 2020.
- (c) The Group has received rental concessions for its leasehold lands. The effects of such rental concessions received are disclosed in Notes 2.1 and 7 respectively.
- (d) The Group has received government grants during 2020 mainly from the Singapore Government as part of the relief measures to help businesses deal with the impact from COVID-19. The effects of such government grants received are disclosed in Notes 7 and 8.
- (e) The Group has considered the market conditions (including the impact of COVID-19) as at the balance sheet date, in making estimates and judgements on the total contract sum and contract cost for construction contracts and recoverability of assets as at 31 December 2020. The significant estimates and judgement applied on the total contract sum and contract costs for construction contracts, impairment of trade receivables, impairment of goodwill and valuation of investment properties are disclosed in Notes 3(a), 3(b) and 3(c) respectively.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2020

2. Significant accounting policies (continued)

2.1 Basis of preparation (continued)

Impact of COVID-19 (continued)

As the global COVID-19 situation remains very fluid as at the date these financial statements were authorised for issuance, the Group cannot reasonably ascertain the full extent of the probable impact of the COVID-19 disruptions on its operating and financial performance for the financial year ending 31 December 2021. If the situation persists beyond management's current expectations, the Group's assets may be subject to further write downs in the subsequent financial periods.

Interpretations and amendments to published standards effective in 2020

On 1 January 2020, the Group adopted the new or amended SFRS(I) and Interpretations of SFRS(I) ("INT SFRS(I)") that are mandatory for application for the financial year. Changes to the Group's accounting policies have been made as required, in accordance with the transitional provisions in the respective SFRS(I) and INT SFRS(I).

The adoption of these new or amended SFRS(I) and INT SFRS(I) did not result in substantial changes to the Group's accounting policies and had no material effect on the amounts reported for the current or prior financial years except for the following:

Early adoption of amendment to SFRS(I) 16 Leases

The Group has elected to early adopt the amendments to SFRS(I) 16 which introduced a practical expedient for a lessee to elect not to assess whether a rent concession is a lease modification, if all the following conditions are met:

- (a) the change in lease payments results in revised consideration for the lease that is substantially the same as, or less than, the consideration for the lease immediately preceding the change;
- (b) any reduction in lease payments affects only payments originally due on or before 30 June 2021; and
- (c) there is no substantive change to other terms and conditions of the lease.

The Group has elected to apply this practical expedient to all property leases. As a result of applying the practical expedient, rent concessions of S\$540,000 [Note 7(a)] was recognised as negative variable lease payments (i.e. reduction in the rental expenses) in the profit or loss during the year.

2.2 Revenue recognition

(a) Contract revenue

The Group provides engineering and construction services to customers through fixed-price contracts. Contract revenue is recognised when the Group's performance creates or enhance an asset that the customer controls as the asset is created or enhanced.

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

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

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2020

2. Significant accounting policies (continued)

2.2 Revenue recognition (continued)

(a) Contract revenue (continued)

Contract modifications that do not add distinct goods or services are accounted for as a continuation of the original contract and the change is recognised as a cumulative adjustment to revenue at the date of modification.

Based on the Group's experience with similar types of contracts, variable consideration is typically constrained and is included in the transaction price only to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognised will not occur when the uncertainty associated with the variable consideration is resolved.

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

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

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

For costs incurred in fulfilling the contract which are within the scope of another SFRS(I) (eg. *Inventories*), these have been accounted for in accordance with those other SFRS(I). If these are not within the scope of another SFRS(I), the Group will capitalise these as contract costs assets only if (i) these cost relate directly to a contract or an anticipated contract which the Group can specifically identify; (ii) these cost generate or enhance resources of the Group that will be used in satisfying (or in continuing to satisfy) performance obligations in the future; and (iii) these costs are expected to be recovered. Otherwise, such costs are recognised as an expense immediately.

(b) Sale of goods

Revenue from sale of goods is recognised at a point in time when the Group has delivered the products to the customer and the customer has accepted the products.

For sale of certain products from the Construction and Building Materials segment with no alternative use to the Group, the Group has assessed at contract inception that it does not have an enforceable right to payment for performance completed to date in relation to such goods.

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

(c) Rendering of services

Revenue from services is recognised in the accounting period when services are rendered.

(d) Revenue from property development sales

Revenue from property development sales is recognised as disclosed in Note 2.8 "Development properties".

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2020

2. Significant accounting policies (continued)

2.2 Revenue recognition (continued)

(e) Rental income

Rental income is recognised as disclosed in Note 2.12(b) "Leases - when the Group is the lessor".

(f) Dividend income

Dividend income is recognised when the right to receive payment is established.

(g) Interest income

Interest income is recognised using the effective interest method.

2.3 Government grants

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

Government grants receivable are recognised in profit or loss over the periods necessary to match them with the related costs which they are intended to compensate, on a systematic basis.

2.4 Group accounting

(a) Subsidiaries

(i) Consolidation

Subsidiaries are all entities (including structured entities) over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date on that control ceases.

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

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

(ii) Acquisitions

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

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

Acquisition-related costs are expensed as incurred.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2020

2. Significant accounting policies *(continued)*

2.4 Group accounting *(continued)*

(a) Subsidiaries *(continued)*

(ii) Acquisitions (continued)

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.

In an acquisition-by-acquisition basis, the Group recognises any noncontrolling 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 identifiable net assets.

The excess of (a) the consideration transferred, the amount of any noncontrolling interest in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over the (b) fair value of the identifiable net assets acquired is recorded as goodwill. Please refer to Note 2.6 "Goodwill" for the subsequent accounting policy on goodwill.

(iii) Disposals

When a change in the Group's ownership interest in a subsidiary results in a loss of control over the subsidiary, the assets and liabilities of the subsidiary including any goodwill are derecognised. Amounts previously recognised in other comprehensive income in respect of that entity are also reclassified to profit or loss or transferred directly to retained profits 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 interest at the date when control is lost and its fair value is recognised in profit or loss.

Please refer to Note 2.9 "Investments in subsidiaries, joint ventures and associated companies" for the accounting policy on investments in subsidiaries in the separate financial statements of the Company.

(b) Transactions with non-controlling interests

Changes in the Group'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 Company. Any difference between the change in the carrying amounts of the non-controlling interest and the fair value of the consideration paid or received is recognised within equity attributable to the equity holders of the Company.

(c) Associated companies and joint ventures

Associated companies are entities over which the Group has significant influence, but not control, generally accompanied by a shareholding giving rise to voting rights of 20% and above.

Joint ventures are entities over which the Group has joint control as a result of contractual arrangements, and rights to the net assets of the entities.

Investments in associated companies and joint ventures are accounted for in the consolidated financial statements using the equity method of accounting less impairment losses, if any.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2020

2. Significant accounting policies (continued)

2.4 Group accounting (continued)

(c) Associated companies and joint ventures (continued)

(i) Acquisitions

Investments in associated companies and joint ventures are initially recognised at cost. The cost of an acquisition is measured at the fair value of the assets given, equity instruments issued or liabilities incurred or assumed at the date of exchange, plus costs directly attributable to the acquisition. Goodwill on associated companies and joint ventures represents the excess of the cost of acquisition of the associated company or joint venture over the Group's share of the fair value of the identifiable net assets of the associated company or joint venture and is included in the carrying amount of the investments.

(ii) Equity method of accounting

Under the equity method of accounting, the investments are initially recognised at cost and adjusted thereafter to recognise Group's share of its associated companies' or joint ventures' post-acquisition profits or losses of the investee in profit or loss and its share of movements in other comprehensive income of the investee's other comprehensive income. Dividends received or receivable from the associated companies or joint ventures are recognised as a reduction of the carrying amount of the investments. When the Group's share of losses in an associated company or joint venture equals to or exceeds its interest in the associated company or joint venture, the Group does not recognise further losses, unless it has legal or constructive obligations to make, or has made, payments on behalf of the associated company or joint venture. If the associated company or joint venture subsequently reports profits, the Group resumes recognising its share of those profits only after its share of the profits equals the share of losses not recognised. Interest in an associated company or joint venture includes any long-term loans for which settlement is never planned nor likely to occur in the foreseeable future.

Unrealised gains on transactions between the Group and its associated companies or joint ventures are eliminated to the extent of the Group's interest in the associated companies or joint ventures. Unrealised losses are also eliminated unless the transactions provide evidence of impairment of the assets transferred. The accounting policies of associated companies or joint ventures are changed where necessary to ensure consistency with the accounting policies adopted by the Group.

(iii) Disposals

Investments in associated companies or joint ventures are derecognised when the Group loses significant influence or joint control. If the retained equity interest in the former associated company or joint venture is a financial asset, the retained equity interest is measured at fair value. The difference between the carrying amount of the retained interest at the date when significant influence or joint control is lost, and its fair value and any proceeds on partial disposal, is recognised in profit or loss.

Please refer to Note 2.9 "Investments in subsidiaries, joint ventures and associated companies" for the accounting policy on investments in associated companies and joint ventures in the separate financial statements of the Company.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2020

2. Significant accounting policies *(continued)*

2.4 Group accounting *(continued)*

(d) Joint operations

The Group's joint operations are joint arrangements whereby the parties (the joint operators) that have joint control of the arrangement have rights to the assets, and obligations for the liabilities, relating to the arrangement.

The Group recognises, in relation to its interest in the joint operation:

- its assets, including its share of any assets held jointly;
- its liabilities, including its share of any liabilities incurred jointly;
- its revenue from the sale of its share of the output arising from the joint operation;
- its share of the revenue from the sale of the output by the joint operation; and
- its expenses, including its share of any expenses incurred jointly.

When the Group sells or contributes assets to a joint operation, the Group recognises gains or losses on the sale or contribution of assets that is attributable to the interest of the other joint operators. The Group recognises the full amount of any loss when the sale or contribution of assets provides evidence of a reduction in the net realisable value, or an impairment loss, of those assets.

When the Group purchases assets from a joint operation, it does not recognise its share of the gains and losses until it resells the assets to an independent party. However, a loss on the transaction is recognised immediately if the loss provides evidence of a reduction in the net realisable value of the assets to be purchased or an impairment loss.

The accounting policies of the assets, liabilities, revenue and expenses relating to the Group's interest in a joint operation have been changed where necessary to ensure consistency with the accounting policies adopted by the Group.

2.5 Property, plant and equipment

(a) Measurement

Property, plant and equipment are initially recognised at cost and subsequently carried at cost less accumulated depreciation and accumulated impairment losses except for certain buildings and leasehold premises, which are subsequently carried at revalued amount less accumulated depreciation and accumulated impairment losses.

The cost of an item of property, plant and equipment initially recognised includes its purchase price and any cost that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Cost also includes borrowing costs (refer to Note 2.20 on borrowing costs).

Increases in carrying amounts arising from revaluation, including currency translation differences, are recognised in other comprehensive income, unless they reverse a revaluation decrease of the same asset previously recognised in profit or loss. In this case, the increase are recognised in profit or loss. Decreases in carrying amounts are recognised in other comprehensive income to the extent of any credit balance existing in the equity in respect of that asset and reduces the amount accumulated in equity. All other decreases in carrying amounts are recognised in profit or loss.

The revaluation on certain freehold and leasehold properties was done in connection with the listing of the Company in 1993. The increase in carrying amount arising from the revaluation was taken to capital reserve.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2020

2. Significant accounting policies (continued)

2.5 Property, plant and equipment (continued)

(b) Depreciation

Freehold land and assets under construction are not depreciated. Depreciation on other items of property, plant and equipment is calculated using the straight-line method to allocate their depreciable amounts over their estimated useful lives as follows:

	Useful lives
Buildings on freehold land	99 years
Leasehold land and buildings	2 – 92 years
Plant and machinery	2 – 20 years
Motor vehicles	2 – 10 years
Furniture, fittings, office and hotel equipment	1 – 10 years

The residual values, estimated useful lives and depreciation method of property, plant and equipment are reviewed, and adjusted as appropriate, at each balance sheet date. The effects of any revision are recognised in profit or loss when the changes arise.

(c) Subsequent expenditure

Subsequent expenditure relating to property, plant and equipment that has already been recognised is added to the carrying amount of the asset only when it is probable that future economic benefits associated with the item will flow to the entity and the cost of the item can be measured reliably. All other repair and maintenance expenses are recognised in profit or loss when incurred.

(d) Disposal

On disposal of an item of property, plant and equipment, the difference between the disposal proceeds and its carrying amount is recognised in profit or loss within Note 6 “Other gains – net”. Any amount in capital reserve relating to that item is transferred to retained profits directly.

2.6 Goodwill

Goodwill on acquisitions of subsidiaries and businesses represents the excess of (a) the sum 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 (b) the fair values of the identifiable net assets acquired. Goodwill on subsidiaries is recognised separately as intangible assets and carried at cost less accumulated impairment losses.

Goodwill on acquisition of joint venture and associated company represents the excess of the cost of the acquisition over the Group's share of the fair value of the identifiable net assets acquired. Goodwill on associated company and joint venture is included in the carrying amount of the investments.

Gains and losses on disposal of subsidiaries include the carrying amount of goodwill relating to the entity sold.

2.7 Investment properties

Investment properties include those portions of commercial buildings that are held for long-term rental yields and/or for capital appreciation and right-of-use assets relating to leasehold land that is held for long term capital appreciation or for a currently indeterminate use. Investment properties include properties that are being constructed or developed for future use as investment properties.

Investment properties are initially recognised at cost and subsequently carried at fair value, determined annually by independent professional valuers on the highest and best use basis. Changes in fair values are recognised in profit or loss.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2020

2. Significant accounting policies *(continued)*

2.7 Investment properties *(continued)*

Investment property under construction is measured at fair value if the fair value is considered to be reliably determinable. Investment properties under construction for which the fair value cannot be determined reliably, but for which the Company expects the fair value of the property will be reliably determinable when construction is completed, are measured at cost less impairment until the fair value becomes reliably determinable or construction is completed - whichever is earlier.

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

On disposal of an investment property, the difference between the disposal proceeds and the carrying amount is recognised in profit or loss.

2.8 Development properties

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

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

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

For development properties where the Group is restricted contractually from directing the properties for another use as they are being developed and has an enforceable right to payment for performance completed to date, revenue is recognised over time, based on the Group's efforts or inputs to the satisfaction of the performance obligation, by reference to the stage of completion of the properties. The stage of completion is measured by reference to the professional quantity surveyor's certification of value of work done-to-date. Management has determined that a certification-based output method provides a faithful depiction of the Group's performance in transferring control of the development properties to the customers.

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

For costs incurred in fulfilling the contract which are within the scope of another SFRS(I) (eg. SFRS(I) 1-2 *Inventories*), these have been accounted for in accordance with those other SFRS(I). If these are not within the scope of another SFRS(I), the Group will capitalise these as contract costs assets only if the costs relate directly to the contract, generate or enhance resources used in satisfying the contract and are expected to be recovered. Other contract costs are expensed as incurred.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2020

2. Significant accounting policies (continued)

2.8 Development properties (continued)

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

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

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

2.9 Investments in subsidiaries, joint ventures and associated companies

Investments in subsidiaries (except for warrants in subsidiary, which are accounted for as financial assets at fair value through profit or loss), joint ventures and associated companies are carried at cost less accumulated impairment losses in the Company's balance sheet. On disposal of investments, the difference between disposal proceeds and the carrying amounts of the investments are recognised in profit or loss.

2.10 Impairment of non-financial assets

(a) Goodwill

Goodwill recognised separately as an intangible asset is tested for impairment annually and whenever there is indication that the goodwill may be impaired.

For the purpose of impairment testing of goodwill, goodwill is allocated to each of the Group's cash-generating units ("CGU") expected to benefit from synergies arising from the business combination.

An impairment loss is recognised when the carrying amount of a CGU, including the goodwill, exceeds the recoverable amount of the CGU. The recoverable amount of a CGU is the higher of the CGU's fair value less cost to sell and value-in-use.

The total impairment loss of a CGU is allocated first to reduce the carrying amount of goodwill allocated to the CGU and then to the other assets of the CGU pro-rata on the basis of the carrying amount of each asset in the CGU.

An impairment loss on goodwill is recognised as an expense and is not reversed in a subsequent period.

(b) Property, plant and equipment

Right-of-use assets

Investments in subsidiaries, joint ventures and associated companies

Property, plant and equipment, right-of-use assets and investments in subsidiaries, joint ventures and associated companies are tested for impairment whenever there is any objective evidence or indication that these assets may be impaired.

For the purpose of impairment testing, the recoverable amount (i.e. the higher of the fair value less cost to sell and the value-in-use) is determined on an individual asset basis unless the asset does not generate cash inflows that are largely independent of those from other assets. If this is the case, the recoverable amount is determined for the CGU to which the asset belongs.

If the recoverable amount of the asset (or CGU) is estimated to be less than its carrying amount, the carrying amount of the asset (or CGU) is reduced to its recoverable amount.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2020

2. Significant accounting policies *(continued)*

2.10 Impairment of non-financial assets *(continued)*

(b) Property, plant and equipment

Right-of-use assets

Investments in subsidiaries, joint ventures and associated companies *(continued)*

The difference between the carrying amount and the recoverable amount is recognised as an impairment loss in profit or loss, unless the asset is carried at revalued amount, in which case, such impairment loss is treated as a revaluation decrease. Please refer to Note 2.5 "Property, plant and equipment" for the treatment of a revaluation decrease.

An impairment loss for an asset other than goodwill is reversed only if, there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. The carrying amount of this asset is increased to its revised recoverable amount, provided that this amount does not exceed the carrying amount that would have been determined (net of any accumulated amortisation or depreciation) had no impairment loss been recognised for the asset in prior years.

A reversal of impairment loss for an asset other than goodwill is recognised in profit or loss, unless the asset is carried at revalued amount, in which case, such reversal is treated as a revaluation increase. However, to the extent that an impairment loss on the same revalued asset was previously recognised as an expense, a reversal of that impairment is also recognised in profit or loss.

2.11 Financial assets

(a) Classification and measurement

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

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

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

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

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

At initial recognition

At initial recognition, the Group measures a financial asset at its fair value plus transaction costs that are directly attributable to the acquisition of the financial asset, except for financial assets at fair value through profit or loss. Transaction costs of financial assets carried at fair value through profit or loss are expensed in profit or loss.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2020

2. Significant accounting policies (continued)

2.11 Financial assets (continued)

(a) Classification and measurement (continued)

At subsequent measurement

(i) Debt instruments

Debt instruments mainly comprise of cash and bank balances, trade and other receivables, amounts due from joint ventures, subsidiaries, and debt securities.

There are three subsequent measurement categories, depending on the Group's business model for managing the asset and the cash flow characteristics of the asset:

- **Amortised cost:** Debt instruments that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. A gain or loss on a debt instrument that is subsequently measured at amortised cost and is not part of a hedging relationship is recognised in profit or loss when the asset is derecognised or impaired. Interest income from these financial assets is included in interest income using the effective interest rate method.
- **FVOCI:** Debt instruments that are held for collection of contractual cash flows and for sale, and where the assets' cash flows represent solely payments of principal and interest, are classified as FVOCI. Movements in fair values are recognised in Other Comprehensive Income (OCI) and accumulated in fair value reserve, except for the recognition of impairment gains or losses, interest income and foreign exchange gains and losses, which are recognised in profit and loss. When the financial asset is derecognised, the cumulative gain or loss previously recognised in OCI is reclassified from equity to profit or loss and presented in "Other gains - net". Interest income from these financial assets is recognised using the effective interest rate method and presented in "interest income".
- **FVPL:** Debt instruments that are held for trading as well as those that do not meet the criteria for classification as amortised cost or FVOCI are classified as FVPL. Movement in fair values and interest income is recognised in profit or loss in the period in which it arises and presented in "Other gains - net" and "Other income" respectively.

(ii) Equity instruments

The Group subsequently measures all its equity investments at their fair values. Equity investments are classified as FVPL with movements in their fair values recognised in profit or loss in the period in which the changes arise and presented in Note 6 "Other gains - net", except for those equity securities which are not held for trading. The Group has elected to recognise changes in fair value of equity securities not held for trading in other comprehensive income as these are strategic investments for enhancement of return on capital and the Group considers this to be more relevant. Dividends from equity investments are recognised in profit or loss.

(b) Impairment

The Group assesses on a forward looking basis the expected credit losses associated with its debt financial assets carried at amortised cost and FVOCI. The impairment methodology applied depends on whether there has been a significant increase in credit risk. Note 34(b) details how the Group determines whether there has been a significant increase in credit risk.

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

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2020

2. Significant accounting policies *(continued)*

2.11 Financial assets *(continued)*

(c) Recognition and derecognition

Regular way purchases and sale of financial assets are recognised on trade date – the date on which the Group commits to purchase or sell the asset.

Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Group has transferred substantially all risks and rewards of ownership.

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

On disposal of an equity investment, the difference between the carrying amount and sale proceed is recognised in profit or loss if there was no election made to recognise fair value changes in other comprehensive income. If there was an election made, any difference between the carrying amount and sales proceed amount would be recognised in other comprehensive income and transferred to retained profits along with the amount previously recognised in other comprehensive income relating to that asset.

2.12 Leases

(a) When the Group is the lessee:

At the inception of the contract, the Group assesses if the contract contains a lease. A contract contains a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. Reassessment is only required when the terms and conditions of the contract are changed.

(i) *Right-of-use assets*

The Group recognised a right-of-use asset and lease liability at the date which the underlying asset is available for use. Right-of-use assets are measured at cost which comprises the initial measurement of lease liabilities adjusted for any lease payments made at or before the commencement date and lease incentive received. Any initial direct costs that would not have been incurred if the lease had not been obtained are added to the carrying amount of the right-of-use assets.

These right-of-use assets are subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term.

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

Right-of-use asset which meets the definition of an investment property is presented within "Investment properties" and accounted for in accordance with Note 2.7.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2020

2. Significant accounting policies (continued)

2.12 Leases (continued)

(a) When the Group is the lessee: (continued)

(ii) Lease liabilities

The initial measurement of lease liability is measured at the present value of the lease payments discounted using the implicit rate in the lease, if the rate can be readily determined. If that rate cannot be readily determined, the Group shall use its incremental borrowing rate.

Lease payments include the following:

- Fixed payment (including in-substance fixed payments), less any lease incentives receivables;
- Variable lease payment that are based on an index or rate, initially measured using the index or rate as at the commencement date;
- Amount expected to be payable under residual value guarantees;
- The exercise price of a purchase option if it is reasonably certain to exercise the option; and
- Payment of penalties for terminating the lease, if the lease term reflects the Group exercising that option.

For contracts that contain both lease and non-lease components, the Group allocates the consideration to each lease component on the basis of the relative stand-alone price of the lease and non-lease component. The Group has elected to not separate lease and non-lease component for property leases and account these as one single lease component.

Lease liability is measured at amortised cost using the effective interest method. Lease liability shall be remeasured when:

- There is a change in future lease payments arising from changes in an index or rate;
- There is a change in the Group's assessment of whether it will exercise an extension option; or
- There are modifications in the scope or the consideration of the lease that was not part of the original term.

Lease liability is remeasured with a corresponding adjustment to the right-of-use asset or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

(iii) Short term and low value leases

The Group has elected to not recognise right-of-use assets and lease liabilities for short-term leases that have lease terms of 12 months or less and leases of low value leases, except for sublease arrangements. Lease payments relating to these leases are expensed to profit or loss on a straight-line basis over the lease term.

(iv) Variable lease payments

Variable lease payments that are not based on an index or a rate are not included as part of the measurement and initial recognition of the lease liability. The Group shall recognise those lease payments in profit or loss in the periods that triggered those lease payments. There are no such variable lease payments for the Group.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2020

2. Significant accounting policies (continued)

2.12 Leases (continued)

(b) When the Group is the lessor:

(i) Operating leases

Leases of investment properties and property, plant and equipment 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 incentive given to the lessees) is recognised in profit or loss on a straight-line basis over the lease term. Income from leasing of equipment is recognised on its utilisation basis.

Initial direct costs incurred by the Group in negotiating and arranging operating leases are added to the carrying amount of the leased assets and recognised as an expense in profit or loss over the lease term on the same basis as the lease income.

Contingent rents are recognised as income in profit or loss when earned.

(ii) Subleases

In classifying a sublease, the Group as an intermediate lessor classifies the sublease as a finance or an operating lease with reference to the right-of-use asset arising from the head lease, rather than the underlying asset.

When the sublease is assessed as an operating lease, the Group recognise lease income from sublease in profit or loss within "Other income". The right-of-use asset relating to the head lease is not derecognised.

For contracts which contains lease and non-lease components, the Group allocates the consideration based on a relative stand-alone selling price basis.

2.13 Financial guarantees

The Company has issued corporate guarantees to banks for borrowings of its subsidiaries and joint ventures. These guarantees are financial guarantees as they require the Company to reimburse the banks if the subsidiaries and joint ventures fail to make principal or interest payments when due in accordance with the terms of their borrowings. Intra-group transactions are eliminated on consolidation.

Financial guarantees are initially recognised at their fair values plus transaction costs and subsequently measured at the higher of:

- (a) premium received on initial recognition less the cumulative amount of income recognised in accordance with the principles of SFRS(I) 15; and
- (b) the amount of expected loss computed using the impairment methodology under SFRS(I) 9.

2.14 Borrowings

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

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

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2020

2. Significant accounting policies (continued)

2.15 Trade and other payables

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

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

2.16 Inventories

Inventories are carried at the lower of cost and net realisable value. Cost is determined using either the first-in, first-out basis or the weighted average basis. The cost of finished goods and work-in-progress comprises raw materials, direct labour, other direct costs and related production overheads (based on normal operating capacity) but excludes borrowing costs. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and applicable variable selling expenses.

2.17 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 balance sheet date. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation and considers whether it is probable that a tax authority will accept an uncertain tax treatment. The Group measures its tax balances either based on the most likely amount or the expected value, depending on which method provides a better prediction of the resolution of the uncertainty.

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 nor 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, joint ventures and associated companies, except where the Group is able to control the timing of the reversal of the temporary differences and it is probable that the temporary differences 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:

- (a) 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 balance sheet date; and
- (b) based on the tax consequence that will follow from the manner in which the Group expects, at the balance sheet date, to recover or settle the carrying amounts of its assets and liabilities except for investment properties. Investment property measured at fair value is presumed to be recovered entirely through sale.

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

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2020

2. Significant accounting policies *(continued)*

2.18 Provisions

Provisions are recognised when the Group has a present legal or constructive obligation as a result of past events, it is more likely than not that an outflow of resources will be required to settle the obligation and the amount has been reliably estimated. Provisions are not recognised for future operating losses.

Present obligations arising under onerous contracts are recognised and measured as provisions. An onerous contract is considered to exist where the Group has a contract under which the unavoidable costs of meeting the obligations under the contract exceed the economic benefits expected to be received under it.

2.19 Employee compensation

Employee benefits are recognised as an expense, unless the cost qualifies to be capitalised as an asset.

(a) Defined contribution plans

Defined contribution plans are post-employment benefit plans under which the Group pays fixed contributions into separate entities such as the Central Provident Fund on a mandatory, contractual or voluntary basis. The Group has no further payment obligations once the contributions have been paid.

(b) Employee leave entitlement

Employee entitlements to annual leave are recognised when they accrue to employees. A provision is made for the estimated liability for annual leave as a result of services rendered by employees up to the balance sheet date.

(c) Share-based compensation

A listed subsidiary of the Group operates an equity-settled, share-based performance share plan. The value of the employee services received in exchange for the grant of shares of the listed subsidiary is recognised as an expense with a corresponding increase in the share-based payment reserve over the vesting period. The total amount to be recognised over the vesting period is determined by reference to the fair value of the shares granted on grant date.

At each balance sheet date, the Group revises its estimates of the number of shares under the performance share plan that are expected to be awarded on the vesting date and recognises the impact of the revision of the estimates in profit or loss, with a corresponding adjustment to the share-based payment reserve over the remaining vesting period.

When shares of the listed subsidiary are awarded, this is accounted for as a transaction with non-controlling interests [Note 2.4(b)]. Any difference between the change in the carrying amounts of non-controlling interests and the related balance previously recognised in the share-based payment reserve is recognised within equity attributable to the equity holders of the Company.

2.20 Borrowing costs

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

The actual borrowing costs incurred during the period up to the date when the qualifying asset is ready for its intended use or sale less any investment income on temporary investment of these borrowings, are capitalised in the cost of the property under development. Borrowing costs on general borrowings are capitalised by applying a capitalisation rate to construction or development expenditures that are financed by general borrowings.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2020

2. Significant accounting policies (continued)

2.21 Currency translation

(a) 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 financial statements are presented in Singapore Dollar, which is the functional currency of the Company.

(b) 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 exchange differences resulting 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 balance sheet date are recognised in profit or loss. 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.

When a foreign operation is disposed of or any loan forming part of the net investment of the foreign operations is repaid, a proportionate share of the accumulated currency translation differences is reclassified to profit or loss, as part of the gain or loss on disposal.

Foreign exchange gains and losses impacting profit or loss are presented in the income statement within Note 6 "Other gains - net".

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

(c) Translation of Group entities' financial statements

The results and financial position of all the Group entities (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the presentation currency are translated into presentation currency as follows:

- (i) assets and liabilities are translated at the closing exchange rates at the reporting date;
- (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 other comprehensive income and accumulated in the currency translation reserve. These currency translation differences are reclassified to profit or loss on disposal or partial disposal of the entity giving rise to such reserve.

Goodwill and fair value adjustments arising on the acquisition of foreign operations are treated as assets and liabilities of the foreign operations and translated at the closing rates at the reporting date.

2.22 Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the Executive Committee whose members are responsible for allocating resources and assessing performance of the operating segments.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2020

2. Significant accounting policies *(continued)*

2.23 Cash and bank balances

For the purpose of presentation in the consolidated statement of cash flows, cash and bank balances include cash on hand and deposits with financial institutions which are subject to an insignificant risk of change in value. For cash subjected to restriction, assessment is made on the economic substance of the restriction and whether they meet the definition of cash and bank balances.

2.24 Share capital and treasury shares

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

When any entity within the Group purchases the Company's ordinary shares ("treasury shares"), the carrying amount which includes the consideration paid and any directly attributable transaction cost is presented as a component within equity attributable to the Company's equity holders, until they are cancelled, sold or reissued.

When treasury shares are subsequently cancelled, the cost of treasury shares are deducted against the share capital account if the shares are purchased out of capital of the Company, or against the retained profits of the Company if the shares are purchased out of earnings of the Company.

2.25 Dividends

Dividends to the Company's shareholders are recognised when the dividends are approved for payment.

3. Critical accounting estimates and assumptions

Estimates and assumptions are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

(a) Estimation of total contract sum and contract costs for construction contracts

The Group has significant ongoing construction contracts as at 31 December 2020 that are non-cancellable. For these contracts, revenue is recognised over time by reference to the Group's progress towards completion of the contract. The measure of progress is determined based on the proportion of contract costs incurred to date to the estimated total contract costs ("input method").

Management has to estimate the total contract sum and total contract costs to complete, which are used in the input method to determine the Group's recognition of construction revenue. When it is probable that the total contract costs will exceed the total construction revenue, a provision for onerous contracts is recognised immediately.

Significant assumptions are used to estimate the total contract sum and the total contract costs which affect the accuracy of revenue recognition based on the percentage-of-completion and recoverability of contract assets recognised.

Estimation of total contract sum includes variation orders where management had assessed to be recoverable from the customers. In making this assessment, management has relied on its past experience, the work of specialists and advice from external legal counsels to consider if they are recoverable as well as the recoverable amount. The estimates will be revised until an agreement has been reached with the customers.

If the estimated value of the variation orders that are recoverable decreases by 5% from management's estimates, the Group's loss before income tax will increase by approximately S\$3,361,000.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2020

3. Critical accounting estimates and assumptions *(continued)*

(a) Estimation of total contract sum and contract costs for construction contracts *(continued)*

Total contract cost includes the estimated remaining cost to complete. Management has estimated the remaining cost to complete based on its past experience, use of specialists, as well as taking into account estimated changes to costs arising from market conditions, and the measures required to adhere to the applicable COVID-19 workplace safety measures of the respective governments in the countries the Group operate in as at 31 December 2020.

If the remaining estimated contract costs increase by 1% from management's estimates, the Group's loss before income tax will increase by approximately S\$1,679,000.

(b) Assessment on impairment of goodwill

Goodwill is tested for impairment annually and whenever there is indication that the goodwill may be impaired. In performing the impairment test, the recoverable amount of the "Bio-Refinery and Renewable Energy" cash-generating unit ("CGU") in which goodwill has been attributable to as at 31 December 2020, is determined using value-in-use ("VIU") calculation.

Significant judgements are used to estimate the gross margin, terminal growth rate and discount rate applied in computing the VIU of the CGU as at 31 December 2020. In making these estimates, management has relied on past performance, its expectation of market developments in Malaysia, and the industry trends for the CGU. Specific estimates are disclosed in Note 26. Based on the estimated VIU calculation, no impairment loss is recognised against the carrying value of the CGU as at 31 December 2020.

(c) Valuation of investment properties

Investment properties are stated at their fair values based on valuations performed by independent professional valuers, using valuation methods that involve certain estimates (Note 22).

Valuation methods used are direct comparison method, income method and cost method. Direct comparison method involves the comparison of recent sales transactions of similar properties. Income method involves estimation of income and expenses, taking into account expected future changes in economic and social conditions, which may affect the value of the properties. Cost method involves the estimation of the current cost required to replace the property.

The most significant inputs to the valuation methods would be monthly rental per square metre, yield rate, market value per square metre, and cost per square metre respectively. Management is of the view that the valuation methods and estimates are reflective of the current market conditions.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2020

4. Revenue

(a) Disaggregation of revenue

Group	Construction & Building Materials		Real Estate		Leisure & Hospitality		Total	
	2020	2019	2020	2019	2020	2019	2020	2019
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
Contract revenue – over time	178,637	286,538	–	–	–	–	178,637	286,538
Revenue from sale of products – point in time	47,286	58,543	–	–	–	–	47,286	58,543
Revenue from sale of development properties – over time	–	–	10,893	–	–	–	10,893	–
Revenue from services rendered – over time	–	–	2,028	2,463	2,010	3,269	4,038	5,732
Revenue from contracts with customers	225,923	345,081	12,921	2,463	2,010	3,269	240,854	350,813
Rental income from investment properties (Note 22)	–	–	2,212	2,899	–	–	2,212	2,899
Total revenue	225,923	345,081	15,133	5,362	2,010	3,269	243,066	353,712

(b) Contract assets and liabilities

	Group		
	31 December		1 January
	2020	2019	2019
	S\$'000	S\$'000	S\$'000
Contract assets			
<u>Current</u>			
Construction contracts	115,164	131,686	105,313
Sale of products	4,032	7,538	11,870
Sale of development properties	10,893	—	—
	130,089	139,224	117,183
<u>Non-current</u>			
Construction contracts	3,869	2,161	10,882
	133,958	141,385	128,065
Contract liabilities			
<u>Current</u>			
Construction contracts	7,347	12,448	4,989

Contract assets primarily relates to the Group's right to consideration for work completed but not yet billed at reporting date on construction contracts, sale of products, and sale of development properties. The decrease in contract assets for construction contracts and sales of products was mainly due to billing to customers during the financial year, and the increase in contracts assets for sales of development properties was mainly due to sales recognised on launch during the financial year, but yet to be billed as at the end of the financial year.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2020

4. Revenue (continued)

(b) Contract assets and liabilities (continued)

Contract liabilities primarily relates to the Group's obligation to transfer goods or services to customers for which the Group has received advances from customers for construction contracts. The decrease in contract liabilities was mainly due to less advances received from customers during the financial year.

(i) Revenue recognised in relation to contract liabilities

	Group	
	2020	2019
	S\$'000	S\$'000
Revenue recognised in current period that was included in the contract liability balance at the beginning of the period		
- Construction contracts	8,778	3,599

(ii) Unsatisfied performance obligations

Aggregate amount of the transaction price allocated to contracts that are partially or fully unsatisfied as at 31 December

- Construction contracts	570,401	669,259
- Sale of development properties	36,644	—

Management expects that the aggregate amount of the transaction price allocated to unsatisfied performance obligations as of 31 December 2020 will be recognised as revenue as the Group continue to perform to complete the construction, which is expected to occur over the next few years up to 2028 (2019: 2027). The amount disclosed above does not include variable consideration which is subject to significant risk of reversal.

As permitted under the SFRS(I) 15, the aggregated transaction price allocated to unsatisfied contracts of periods one year or less, or are billed based on time incurred, is not disclosed.

(c) Trade receivables from contracts with customers

	Group		
	31 December		1 January
	2020	2019	2019
	S\$'000	S\$'000	S\$'000
Current assets			
Trade receivables from contracts with customers	27,838	46,688	72,126
Less: Allowance for impairment	(787)	(2,012)	(4,741)
	27,051	44,676	67,385

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2020

5. Other income

	Group	
	2020 S\$'000	2019 S\$'000
Interest income		
- Investment securities		
- measured at FVOCI	89	50
- measured at fair value through profit or loss	174	403
- Amortisation of other receivables [Note 14(ii)]	1,419	1,667
- Loans to a joint venture	58	—
- Bank deposits and others	246	597
	1,986	2,717
Other income	755	598
	2,741	3,315

6. Other gains – net

Fair value gain on investment securities [Note 13(a)]	1,717	—
Fair value loss on settled financial liability	—	(370)
Fair value (loss)/gain on investment properties (Note 22)	(317)	209
Gain on disposal of property, plant and equipment	1,081	1,476
Gain on disposal of subsidiaries	286	—
Net foreign exchange gain/(loss)	349	(157)
	3,116	1,158

7. Expenses by nature

Allowance for/(write-back of allowance for) impairment of trade receivables [Note 14(ii)]	645	(1,100)
Allowance for impairment of sundry debtors	238	—
Allowance for/(write-back of allowance for) impairment of loans to joint ventures [Note 15(ii)]	1,469	(563)
Changes in inventories of raw materials and finished goods	2,724	1,518
Contractor and material costs	144,895	210,237
Depreciation of property, plant and equipment (Note 23)	21,744	19,491
Employee compensation (Note 8)	38,625	66,344
Freight, shipping, transport and travelling expenses	1,926	3,893
Impairment of property, plant and equipment (Note 23)	224	—
Purchases of raw material, finished goods and consumables	33,161	40,955
Rental expenses	1,940	2,359
Repair and maintenance expenses	2,371	2,889
Utilities	849	1,394
Other expenses	9,271	9,022
	260,082	356,439

Included within rental expenses in 2020 are COVID-19 related rent concessions received from lessors of S\$540,000 to which the Group accounted for in accordance with Note 2.1.

Government grant income of S\$281,000 relating to property tax rebates have been received from the Singapore Government to help businesses deal with the impact from COVID-19. These property tax rebates have been offset against other expenses during the financial year.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2020

8. Employee compensation

	Group	
	2020	2019
	S\$'000	S\$'000
Salaries, bonus and other costs	35,807	62,923
Share-based compensation expense [Note 31(b)(iii)]	24	59
Employer's contribution to defined contribution plans including Central Provident Fund	2,794	3,362
	38,625	66,344

During 2020, government grant income of S\$7,313,000 under the Jobs Support Scheme (the "JSS"), S\$3,176,000 relating to foreign worker levy rebates and waivers ("FWRW") and S\$453,000 relating to Construction Restart Booster ("CRB") were recognised and presented as an offset against salaries, bonus and other costs. The JSS is a temporary scheme introduced in the Singapore Budget 2020 to help enterprises retain local employees. Under the JSS, employers will receive cash grants in relation to the gross monthly wages of eligible employees. The FWRW were also introduced in the Singapore Budget 2020 to ease the labour costs of business employers who hire foreign workers amid the COVID-19 pandemic. The CRB is part of the Construction Support Package announced by the Singapore Government in June 2020 to help construction firms defray costs incurred on workforce-based measures to comply with COVID-safe requirements.

The compensation to key management personnel, including directors' remuneration, is separately disclosed in Note 35(b).

9. Finance expenses

Interest expenses		
- Bank borrowings	5,653	8,221
- Lease liabilities [Note 24(c)]	992	989
- Notes payables	3,570	3,570
- Joint venture	465	388
- Amortisation of other payables [Note 27(ii)]	153	264
	10,833	13,432
Less: Interest capitalised in property, plant and equipment and development properties	—	(3,161)
	10,833	10,271

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2020

10. Income taxes

(a) Income tax expense

	Group	
	2020	2019
	S\$'000	S\$'000
Tax expense attributable to profit is made up of:		
- Current income tax [Note 10(b)]	1,171	827
- Deferred income tax [Note 10(c)]	(349)	(74)
	822	753
Over provision of current income tax in prior financial years	(322)	(201)
	500	552

The tax on the Group's (loss)/profit before tax differs from the theoretical amount that would arise using the Singapore standard rate of income tax as follows:

(Loss)/profit before income tax	(16,219)	8,678
Share of loss/(profit) of associated companies	1,071	(135)
Share of profit of joint ventures	(6,844)	(17,068)
(Loss)/profit before tax and share of profit of associated companies and joint ventures	(21,992)	(8,525)
Tax calculated at a tax rate of 17% (2019: 17%)	(3,739)	(1,449)
Effects of:		
Expenses not deductible for tax purposes	830	1,177
Income not subject to tax	(1,349)	(90)
Unrecognised deferred tax benefits	5,075	1,664
Tax incentives	(7)	(10)
Utilisation of previously unrecognised:		
- Tax losses	(172)	(430)
- Capital allowances	(109)	(135)
- Others	—	(148)
Effect of different tax rates in other countries	584	241
Over provision of current income tax in prior financial years	(322)	(201)
Others	(291)	(67)
Tax charge	500	552

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2020

10. Income taxes (continued)

(b) Movement in the net current income tax (receivables)/liabilities

	Group		Company	
	2020	2019	2020	2019
	S\$'000	S\$'000	S\$'000	S\$'000
Balance at 1 January	(821)	(392)	–	82
Currency translation differences	7	(1)	–	–
Income tax paid	(302)	(1,054)	–	–
Utilisation of group relief	–	–	–	(110)
Tax expense [Note 10(a)]	1,171	827	–	–
(Over)/under provision in prior financial years [Note 10(a)]	(322)	(201)	–	28
Balance at 31 December	(267)	(821)	–	–

The amounts of current income tax (receivables)/liabilities are presented in the balance sheet as follows:

Current assets

Income tax receivables	(730)	(1,282)	–	–
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Current liabilities

Current income tax liabilities	463	461	–	–
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(c) Deferred income tax

The movement in the net deferred income tax is as follows:

	Group	
	2020	2019
	S\$'000	S\$'000
Balance at 1 January	8,124	8,199
Currency translation differences	–	(1)
Tax expense [Note 10(a)]	(349)	(74)
Balance at 31 December	7,775	8,124

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2020

10. Income taxes (continued)

(d) Movements in deferred income tax

The movements in the Group's deferred income tax liabilities and assets (prior to offsetting of balances within the same tax jurisdiction) during the financial year are as follows:

	Accelerated tax depreciation S\$'000	Revaluation reserve S\$'000	Fair value adjustment on investment properties S\$'000	Unrealised foreign exchange gain S\$000	Unremitted foreign sourced income S\$'000	Total S\$'000
Group						
Deferred income tax liabilities						
Balance at 1 January 2020	1,615	–	6,626	91	–	8,332
(Credited)/charged to profit or loss	(455)	–	(104)	(86)	138	(507)
Balance at 31 December 2020	1,160	–	6,522	5	138	7,825
Balance at 1 January 2019	1,697	189	6,574	62	–	8,522
(Credited)/charged to profit or loss	(82)	(189)	52	29	–	(190)
Balance at 31 December 2019	1,615	–	6,626	91	–	8,332

	Profits from construction contracts taxed in advance S\$'000	Provision S\$'000	Total S\$'000
Group			
Deferred income tax assets			
Balance at 1 January 2020	(116)	(92)	(208)
Charged to profit or loss	106	52	158
Balance at 31 December 2020	(10)	(40)	(50)
Balance at 1 January 2019	(116)	(207)	(323)
Currency translation differences	–	(1)	(1)
Charged to profit or loss	–	116	116
Balance at 31 December 2019	(116)	(92)	(208)

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

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2020

10. Income taxes (continued)

(d) Movements in deferred income tax (continued)

The amounts, determined after appropriate offsetting, are shown on the balance sheets as follows:

	Group	
	2020	2019
	S\$'000	S\$'000
Deferred income tax liabilities	7,775	8,124

(e) Unutilised tax losses and capital allowances

As at 31 December 2020, the Group has unutilised tax losses of approximately S\$80,976,000 (2019: S\$52,226,000) and unabsorbed capital allowances of approximately S\$774,000 (2019: S\$1,641,000) which can, subject to meeting certain statutory requirements by those companies with unrecognised tax losses and capital allowances in their respective countries of incorporation, be carried forward and utilised against future taxable profits. The unutilised tax losses and capital allowance do not have expiry dates. The deferred tax benefits on the unutilised tax losses and capital allowances of subsidiaries have not been recognised in the financial statements because of the uncertainty of future utilisation.

(f) There is no tax charge relating to each component of other comprehensive income.

11. (Loss)/earnings per share

(a) Basic (loss)/earnings per share

Basic (loss)/earnings per share is calculated by dividing the net (loss)/profit attributable to equity holders of the Company by the weighted average number of ordinary shares outstanding during the financial year.

	Group	
	2020	2019
Net (loss)/profit attributable to equity holders of the Company (S\$'000)	(14,806)	5,766
Weighted average number of ordinary shares in issue for computation of basic earnings per share ('000)	412,459	412,459
Basic (loss)/earnings per share (in cents)	(3.59)	1.40

(b) Diluted (loss)/earnings per share

Diluted and basic (loss)/earnings per share are the same for the financial years ended 31 December 2020 and 2019. Warrants of the Group's subsidiary, Koh Brothers Eco Engineering Limited, are not included in the calculation of diluted earnings per share above because they are antidilutive for the financial years presented.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2020

12. Cash and bank balances

	Group		Company	
	2020 S\$'000	2019 S\$'000	2020 S\$'000	2019 S\$'000
Cash and bank balances	85,768	39,371	186	59
Fixed deposits	16,081	45,824	—	—
	101,849	85,195	186	59

13. Investment securities

Financial assets, at fair value through profit or loss [Note 13(a)]	—	3,000	218	2,272
Financial assets, at FVOCI [Note 13(b)]	1,281	2,867	—	—
Financial assets, at amortised cost [Note 13(c)]	3,000	—	—	—
	4,281	5,867	218	2,272
Less: Current portion	3,489	3,709	218	2,272
Non-current portion	792	2,158	—	—

(a) Financial assets, at fair value through profit or loss

Balance at 1 January	3,000	4,000	2,272	3,913
Transfer to financial assets, at amortised cost [Note 13(c)]	(3,000)	—	—	—
Net disposal	(1,717)	(1,000)	—	—
Exercise of quoted warrants of a subsidiary (Note 21)	—	—	(1,398)	(600)
Fair value gain/(loss) during the financial year (Note 6)	1,717	—	(656)	(1,041)
Balance at 31 December	—	3,000	218	2,272

Financial assets, at fair value through profit and loss comprise the following:

Current

Quoted warrants of a subsidiary - Singapore	—	—	218	2,272
Unquoted convertible notes - Singapore	—	3,000	—	—
	—	3,000	218	2,272

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

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2020

13. Investment securities (continued)

(b) Financial assets, at FVOCI

	Group	
	2020	2019
	S\$'000	S\$'000
Balance at 1 January	2,867	46,326
Disposal	(205)	(57,974)
Disposal of quoted equity securities on settlement of financial liability (Note 6)	–	(370)
Fair value (loss)/gain recognised in other comprehensive income [Note 31(b)(i)]	(1,381)	14,885
Balance at 31 December	1,281	2,867
Less: Current portion	489	(709)
Non-current portion	792	2,158

Financial assets, at FVOCI are analysed as follows:

Listed securities

- SGD corporate fixed rate notes of 3.00% to 6.80% (2019: 3.00% to 6.08%) per annum due between July 2021 to October 2026 (2019: July 2021 to October 2026)
- Equity securities – Singapore

	1,281	1,686
	–	1,181
	1,281	2,867

During the previous financial year, the Group disposed of several listed equity securities as the underlying investments were no longer aligned with the Group's long-term investment strategy. These instruments were disposed for S\$57,974,000. The accumulated fair value gain on disposal amounted to S\$8,936,000 and was reclassified from fair value reserve to retained profits.

(c) Financial assets, at amortised cost

Balance at 1 January	–	–
Transfer from financial assets, at fair value through profit or loss [Note 13(a)]	3,000	–
Balance at 31 December	3,000	–

Financial assets, at amortised cost comprise the following:

Current

Unquoted SGD 10.00% fixed rate note	3,000	–
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During the financial year, the issuer of the unquoted convertible notes [Note 13(a)] negotiated with the Group to restructure the notes when it was due in 2020. This was accounted for as an extinguishment of the existing unquoted convertible note, and origination of a new SGD 10.00% fixed rate note due in 2021.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2020

14. Trade and other receivables

	Group		Company	
	2020	2019	2020	2019
	S\$'000	S\$'000	S\$'000	S\$'000
Current				
<u>Trade receivables</u>				
Due from non-related parties	29,005	46,688	–	–
Less: Allowance for impairment of trade receivables [Note 34(b)]	(1,487)	(2,012)	–	–
Trade receivables – net	27,518	44,676	–	–
<u>Other receivables</u>				
Deposit	5,325	4,248	7	6
Prepayments	3,214	198	–	–
Due from non-related parties [Note 14(ii)]	–	27,975	–	–
Sundry debtors	5,174	5,312	–	437
Less: Allowance for impairment of sundry debtors [Note 34(b)]	(284)	(55)	–	–
	40,947	82,354	7	443
Non-current				
<u>Other receivables</u>				
Due from non-related parties [Note 14(ii)]	29,393	–	–	–

- (i) Allowance for impairment of trade receivables of S\$645,000 (2019: write-back of allowance for impairment of S\$1,100,000) is recognised as an expense (2019: reversal of expense) and included in “distribution and marketing expenses”.
- (ii) As at 31 December 2020, the other receivables due from non-related parties are unsecured and bear interest at 3.50% (2019: 5.00%) per annum. During the financial year, the Group agreed to extend the maturity date to 31 December 2022 and revised the interest rate to 3.50% per annum.

In the previous financial year, the other receivables due from non-related parties were presented at amortised cost and computed based on cash flows discounted at market borrowing rate of 7.00% per annum, except for an amount of S\$2,500,000 which was unsecured and borne interest at 5.00% per annum.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2020

15. Amounts due from/(to) joint ventures

	Group	
	2020	2019
	S\$'000	S\$'000
Current assets		
Trade receivables from joint ventures	854	1,364
Loans to joint ventures [Note 15(i)]	49,055	41,226
Less: Allowance for impairment of loans [Note 15(ii)]	(5,900)	(4,431)
	43,155	36,795
	44,009	38,159
Current liabilities		
Amounts due to a joint venture (trade)	(945)	(1,551)
Amounts due to joint ventures (non-trade) [Note 15(iii)]	(37,395)	(16,947)
	(38,340)	(18,498)

	Company	
	2020	2019
	S\$'000	S\$'000
Current assets		
Amount due from a joint venture (indirectly held through a wholly owned subsidiary)	—	535

- (i) The loans to the joint ventures are unsecured, interest-free and repayable on demand, except for loan amounting to S\$11,554,000 (2019: S\$nil) which bears interest at 1.00% (2019: nil%) per annum and is repayable on demand.
- (ii) Allowance for impairment of loan to a joint venture of S\$1,469,000 (2019: Write-back of allowance for impairment of S\$563,000) is recognised as expense (2019: recognised as reversal of expense) and included in "other expenses".
- (iii) The current non-trade amounts due to joint ventures are unsecured, interest-free and repayable on demand, except for an amount of S\$36,500,000 (2019: S\$15,507,000) which bears interest at 1.50% (2019: 2.50%) per annum and is repayable on demand.

16. Inventories

	Group	
	2020	2019
	S\$'000	S\$'000
Raw materials	246	2,255
Finished goods	2,463	3,178
	2,709	5,433

The cost of inventories recognised as an expense and included in "cost of sales" amounted to S\$35,885,000 (2019: S\$ 42,473,000).

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2020

17. Development properties

	Group	
	2020	2019
	S\$'000	S\$'000
Development properties in progress	122,057	136,538

Details of the Group's major development properties in progress as at 31 December 2020 are as follows:

Property	Tenure of land	Percentage of completion at 31.12.2020/ expected date of completion	Site area/gross floor area (sq m)	Effective interest in property
Site for residential development at Holland Road, Singapore	Freehold	23%/2024	4,428/6,819	100%

18. Other current assets

	Group	
	2020	2019
	S\$'000	S\$'000
Project consumables	5,940	6,275

Project consumables are non-project specific consumables which can be used for the projects. These are carried at lower of cost or net realisable value.

19. Investment in associated companies

Balance at 1 January	1,351	1,676
Share of (loss)/profit	(1,071)	135
Disposal [Note 19(i)]	—	(460)
Balance at 31 December	280	1,351

- (i) In the previous financial year, the Group disposed of its entire interest of 35% in an associated company, Hi Con (S) Pte. Ltd., for a cash consideration of S\$460,000.
- (ii) There are no associated companies as at 31 December 2020 and 2019, which in the opinion of the directors, are individually material to the Group.
- (iii) During the financial year, SDK Consortium, an associated partnership of the Group, incurred loss due to the impact of COVID-19 on its construction project. At the date of these financial statements, the directors are of the view that the partnership still remains profitable on an overall project basis and is able to repay its bank borrowings in full, and hence it is not probable that the Group is required to settle its share of the partnership's total banking facility of S\$13,601,000.
- (iv) Details of the associated companies are set out in Note 37. The associated companies have share capital consisting solely of ordinary shares, which are held directly by the Group, except for SDK Consortium which is incorporated as a partnership. The country of incorporation is also their principal place of business.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2020

20. Investment in joint ventures

	Group	
	2020	2019
	S\$'000	S\$'000
Balance at 1 January	104,453	91,354
Share of profit	6,844	17,068
Dividends received during the year	(12,028)	(3,840)
Currency translation differences	247	(129)
Balance at 31 December	99,516	104,453

There are no contingent liabilities relating to the Group's interest in the joint ventures.

Details of the joint ventures are set out in Note 37. The joint ventures have share capital consisting solely of ordinary shares, which are held directly by the Group. The country of incorporation is also their principal place of business.

Summarised financial information of joint ventures

Set out below are the summarised financial information for material joint ventures. The information reflects the amounts presented in the financial statements of the joint ventures (and not the Group's share of those amounts), adjusted for differences in accounting policies between the Group and the joint ventures.

Material joint ventures have been aggregated by the businesses undertaken as they have similar risks and returns characteristics as follows:

- Property investment – Canberra Development Pte Ltd
- Property development – FEC Skypark Pte. Ltd., Phileap Pte. Ltd. and Daeryun Koh Brothers PFV Co. Ltd. (2019: KBD Westwood Pte. Ltd., Phileap Pte. Ltd. and Daeryun Koh Brothers PFV Co. Ltd.)

Summarised statement of comprehensive income

	Property Investment		Property Development		Total	
	For the financial year ended 31 December		For the financial year ended 31 December		For the financial year ended 31 December	
	2020	2019	2020	2019	2020	2019
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
Revenue	18,770	24,898	136,690	107,576	155,460	132,474
Expenses						
Include:						
- Interest expense	(4,433)	(7,167)	(3,352)	(2,831)	(7,785)	(9,998)
Profit before income tax	6,304	19,619	8,149	22,202	14,453	41,821
Income tax expense	(1,002)	(1,363)	(2,803)	(3,897)	(3,805)	(5,260)
Profit after tax and total comprehensive income	5,302	18,256	5,346	18,305	10,648	36,561
Dividends received from joint ventures	3,000	2,000	8,603	1,840	11,603	3,840

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2020

20. Investment in joint ventures (continued)

Summarised financial information of joint ventures (continued)

Summarised balance sheet

	Property Investment		Property Development		Total	
	2020	2019	2020	2019	2020	2019
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
Current assets	83,240	42,177	500,480	143,196	586,446	185,373
Include:						
- Cash and bank balances	8,106	7,813	26,661	27,344	34,767	35,157
Current liabilities	(6,479)	(9,967)	(155,183)	(83,887)	(161,662)	(93,854)
Include:						
- Financial liabilities (excluding trade and other payables)	—	—	—	(63,664)	—	(63,664)
Non-current assets	372,805	373,194	—	—	372,805	373,194
Non-current liabilities	(262,345)	(217,485)	(356,108)	(58,338)	(618,453)	(275,823)
Include:						
- Financial liabilities (excluding trade and other payables)	(260,000)	(217,000)	(317,660)	(190)	(577,660)	(217,190)
Net assets/(liabilities)	187,221	187,919	(10,811)	971	176,410	188,890

The information above reflects the amounts included in the financial statements of the joint ventures (and not the Group's share of those amounts).

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2020

20. Investment in joint ventures (continued)

Reconciliation of the summarised financial information

Reconciliation of the summarised financial information presented, to the carrying amount of the Group's interest in joint venture, is as follows:

	Property Investment		Property Development		Total	
	As at 31 December		As at 31 December		As at 31 December	
	2020	2019	2020	2019	2020	2019
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
Net assets/(liabilities) at beginning of the financial year	187,919	173,663	971	(14,748)	188,890	158,915
Reclassification from previously immaterial joint venture	—	—	2,792	—	2,792	—
Reclassification to immaterial joint venture	—	—	(1,569)	—	(1,569)	—
Profit after tax and total comprehensive income for the financial year	5,302	18,256	5,346	18,305	10,648	36,561
Dividends paid	(6,000)	(4,000)	(19,118)	(2,300)	(25,118)	(6,300)
Currency translation difference	—	—	767	(286)	767	(286)
Net assets/(liabilities) at end of the financial year	187,221	187,919	(10,811)	971	176,410	188,890
Interest in joint ventures	93,610	93,959	(79)	5,445	93,531	99,404
Impairment of loans to joint ventures	—	—	5,185	4,431	5,185	4,431
Carrying value	93,610	93,959	5,106	9,876	98,716	103,835
Add:						
Carrying value of individually immaterial joint ventures, in aggregate					800	618
Carrying value of Group's interest in joint ventures					99,516	104,453

The summarised financial information for property development is mainly attributable to Daeryun Koh Brothers PFV Co. Ltd. except for net liabilities, which is mainly attributable to Phileap Pte. Ltd.

Information about immaterial joint ventures

The following table summarises, in aggregate, the Group's share of net loss and other comprehensive loss of the individually immaterial joint ventures accounted for using the equity method:

	2020	2019
	S\$'000	S\$'000
Loss after tax and total comprehensive loss	(106)	(69)

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For the financial year ended 31 December 2020

21. Investment in subsidiaries and amounts due from/(to) subsidiaries

	Company	
	2020	2019
	S\$'000	S\$'000
Investment in subsidiaries		
Balance at 1 January		
- Quoted equity shares, at cost	60,082	49,482
- Unquoted equity shares, at cost	68,069	68,069
- Financial guarantee contracts	15,099	14,810
	143,250	132,361
Conversion of warrants into quoted shares in a subsidiary during the financial year	13,048	10,600
Increase in financial guarantee contracts	181	289
Balance at 31 December	156,479	143,250
Current assets		
Amounts due from subsidiaries (trade)	2,410	2,011
Amounts due from subsidiaries (non-trade) [Note 21(i)]	39,783	52,229
	42,193	54,240
Current liabilities		
Amounts due to subsidiaries (trade)	(1,841)	(2,806)
Amounts due to subsidiaries (non-trade) [Note 21(i)]	(9,093)	(8,591)
	(10,934)	(11,397)
Non-current liabilities		
Amount due to a subsidiary (non-trade) [Note 21(ii)]	(19,011)	(19,011)
(i) The current non-trade amounts due from/(to) subsidiaries are repayable on demand, unsecured and interest-free, except for the loans amounting to S\$33,808,000 (2019: S\$46,515,000) due from subsidiaries which bear interest rate ranging from 0.10% to 5.16% per annum (2019: 3.30% to 5.16% per annum). The current amounts due from/(to) subsidiaries are repayable on demand and their fair values approximate their carrying amount.		
(ii) The non-current non-trade amount due to a subsidiary is unsecured, interest-free and is not expected to be repaid within one year.		
(iii)		
	Group	
	2020	2019
	S\$'000	S\$'000
Carrying value of non-controlling interests		
Koh Brothers Eco Engineering Limited and its subsidiaries	14,682	20,856
Other subsidiaries with immaterial non-controlling interests	—	58
	14,682	20,914

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2020

21. Investment in subsidiaries and amounts due from/(to) subsidiaries (continued)

Summarised financial information of subsidiaries with material non-controlling interests

Set out below is the summarised financial information for Koh Brothers Eco Engineering Limited and its subsidiaries which has non-controlling interests that are material to the Group. These are presented before inter-company eliminations.

	2020 S\$'000	2019 S\$'000
Koh Brothers Eco Engineering Limited and its subsidiaries		
Summarised statement of comprehensive income		
Revenue	182,264	290,623
(Loss)/profit before income tax	(10,214)	6,925
Income tax expense	(755)	(748)
(Loss)/profit after tax	(10,969)	6,177
Other comprehensive loss	(299)	(1)
Total comprehensive (loss)/income	(11,268)	6,176
Total comprehensive income allocated to non-controlling interests	781	529
Dividends paid to non-controlling interests	(977)	(1,165)
Summarised balance sheet		
Current		
Assets	209,184	232,017
Liabilities	(143,558)	(178,164)
Total current net assets	65,626	53,853
Non-current		
Assets	68,545	82,825
Liabilities	(28,160)	(29,697)
Total non-current net assets	40,385	53,128
Net assets	106,011	106,981
Summarised cash flows		
Net cash provided by operating activities	6,215	17,461
Net cash provided by/(used in) investing activities	981	(19,441)
Net cash provided by financing activities	1,989	28,805

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2020

21. Investment in subsidiaries and amounts due from/(to) subsidiaries (continued)

Transactions with non-controlling interests

Change in ownership interest in subsidiaries due to stepped acquisition of remaining equity interest

On 29 January 2020, the Company exercised 233,000,000 warrants in Koh Brothers Eco Engineering Limited ("KBE") at the exercise price of S\$0.05 per warrant for a total cash consideration of S\$11,650,000. Following the warrants exercise, the Company's shareholding interest in KBE increased from 74.35% to 77.29%.

In the previous financial year, the Company exercised 200,000,000 warrants in KBE at the exercise price of S\$0.05 per warrant for a total cash consideration of S\$10,000,000. Following the warrants exercise, the Company's shareholding interest in KBE increased from 71.07% to 74.35%.

The effect of changes in the ownership interest of KBE on the equity attributable to owners of the Company is summarised as follows:

	Group	
	2020	2019
	S\$'000	S\$'000
Carrying amount of non-controlling interests acquired in KBE	3,138	2,955
Increase in parent's equity	3,138	2,955

22. Investment properties

Balance at 1 January	94,564	93,579
Addition	1,373	816
Fair value (loss)/gain recognised in profit or loss (Note 6)	(317)	209
Reclassification to property, plant and equipment (Note 23)	(523)	–
Currency translation difference	127	(40)
Balance at 31 December	95,224	94,564

The following amounts are recognised in profit or loss:

Rental income (Note 4)	2,212	2,899
Direct operating expenses arising from investment properties that generated rental income	(1,410)	(1,845)

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2020

22. Investment properties (continued)

- (i) Investment properties with carrying values totalling S\$87,200,000 (2019: S\$87,100,000) are mortgaged to banks for credit facilities granted (Notes 28 and 29).
- (ii) Details of the investment properties are set out below:

Property	Tenure of land	Site area/gross floor area (sq ft)
The First City Complex comprising commercial units, office units and service apartments at Pulau Batam, Indonesia	Right-of-use for 20 years from October 2018	200,456 186,066
11 shop units at Alocassia Apartments at 383 Bukit Timah Road, Singapore	Freehold	44,863* 22,895
45 apartment units at Alocassia Apartments at 383 Bukit Timah Road, Singapore	Freehold	44,863* 35,166
2 residential units at Lincoln Suites at 1 Khiang Guan Avenue, Singapore	Freehold	3,456
5 officetel units at 225-6, Nonhyeon-dong, Gangnam-gu, Seoul, South Korea	Freehold	3,834

* The 11 shop units and 45 apartment units are located within the same building.

Fair value hierarchy – Recurring fair value measurements

Description	Fair value measurements using		
	Quoted prices in active markets for identical assets (Level 1)	Significant other observable inputs (Level 2)	Significant unobservable inputs (Level 3)
	S\$'000	S\$'000	S\$'000
31 December 2020			
- Investment properties	—	—	95,224
31 December 2019			
- Investment properties	—	—	92,937

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2020

22. Investment properties (continued)

Valuation technique and inputs used in Level 3 fair value measurements

The following table represents the valuation techniques and key inputs that were used to determine the fair value of investment properties categorised under Level 3 of the fair value hierarchy:

Description	Fair value as at 31 December 2020 (S\$'000)	Valuation technique(s)	Unobservable inputs ¹	Range of unobservable inputs	Relationship of unobservable inputs to fair value
Investment properties - Singapore	87,200 (2019: 87,100)	Income method	Monthly rental per square metre	S\$90 to S\$120 (2019: S\$90 to S\$150) per square metre	The higher the rental value per square metre, the higher the fair value.
			Yield rate	4% (2019: 4%)	The lower the yield rate, the higher the fair value.
		Adjusted market comparison method	Market value per square metre	S\$20,000 to S\$30,000 (2019: S\$20,000 to S\$30,000) per square metre	The higher the market value per square metre, the higher the fair value.
Investment properties - Indonesia	5,420 (2019: 5,837)	Cost method	Cost per square metre	S\$375 to S\$516 (2019: S\$388 to S\$484) per square metre	The higher the replacement cost per square metre, the higher the fair value.
Investment properties - South Korea	2,604 (2019: nil)	Adjusted market comparison method	Market value per square metre	S\$20,000 (2019: S\$nil) per square metre	The higher the market value per square metre, the higher the fair value.

¹ There were no significant inter-relationships between unobservable inputs.

Valuation processes of the Group

The fair value of investment properties are determined annually by independent professional valuers at the end of every financial year based on the properties' highest and best use. They are carried at fair value at the balance sheet date.

At each financial year, management:

- provides all major inputs to the independent valuation report;
- assesses property valuation movements when compared to the prior year valuation reports; and
- holds discussions with the independent valuers.

Changes in Level 3 fair values are analysed at each reporting date during management meetings. As part of this discussion, a report is presented to the Audit and Risk Committee that explains the reasons for the fair value movements.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2020

23. Property, plant and equipment

Group	Freehold land S\$'000	Buildings on freehold land S\$'000	Leasehold land and buildings S\$'000	Plant and machinery S\$'000	Motor vehicles S\$'000	Furniture, fittings, office and hotel equipment S\$'000	Assets under construction S\$'000	Total S\$'000
Cost or valuation								
At 1 January 2020								
Cost	28,074	18,542	38,888	128,439	24,098	13,113	–	251,154
Independent valuation in 1993 [Note 23(ii)]	16,250	6,487	5,489	–	–	–	–	28,226
	44,324	25,029	44,377	128,439	24,098	13,113	–	279,380
Currency translation differences	–	–	(14)	(3)	(1)	(12)	–	(30)
Additions	–	–	1,733	237	358	513	163	3,004
Modification of lease liability [Note 23(i)]	–	–	1,503	–	–	–	–	1,503
Reclassification from investment properties (Note 22)	–	523	–	–	–	–	–	523
Disposals	–	–	(2,691)	(6,246)	(1,979)	(89)	–	(11,005)
Write off	–	–	–	(2,729)	–	(121)	–	(2,850)
At 31 December 2020	44,324	25,552	44,908	119,698	22,476	13,404	163	270,525
Represented by:								
Cost	28,074	19,065	39,419	119,698	22,476	13,404	163	242,299
Independent valuation in 1993 [Note 23(ii)]	16,250	6,487	5,489	–	–	–	–	28,226
	44,324	25,552	44,908	119,698	22,476	13,404	163	270,525
Accumulated depreciation and impairment losses								
At 1 January 2020	2,845	10,469	14,483	71,819	18,319	10,601	–	128,536
Currency translation differences	–	–	(14)	(1)	(1)	(1)	–	(17)
Disposals	–	–	(2,691)	(6,090)	(1,838)	(69)	–	(10,688)
Write off	–	–	–	(2,566)	–	(112)	–	(2,678)
Impairment loss [Note 7, Note 23(iii)]	224	–	–	–	–	–	–	224
Depreciation charge (Note 7)	–	187	4,830	13,882	2,149	696	–	21,744
At 31 December 2020	3,069	10,656	16,608	77,044	18,629	11,115	–	137,121
Net book value at 31 December 2020	41,255	14,373	28,823	42,654	3,847	2,289	163	133,404

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2020

23. Property, plant and equipment (continued)

Group	Freehold land S\$'000	Buildings on freehold land S\$'000	Leasehold land and buildings S\$'000	Plant and machinery S\$'000	Motor vehicles S\$'000	Furniture, fittings, office and hotel equipment S\$'000	Assets under construction S\$'000	Total S\$'000
Cost or valuation								
At 1 January 2019								
Cost	28,050	18,484	38,788	95,978	27,174	13,640	85	205,811
Independent valuation in 1993 [Note 23(ii)]	16,250	6,487	5,489	–	–	–	–	28,226
	44,300	24,971	44,277	95,978	27,174	13,640	85	250,425
Currency translation differences	24	7	5	6	3	13	–	58
Additions	–	–	95	41,154	193	269	–	41,711
Transfers	–	51	–	34	–	–	(85)	–
Disposals	–	–	–	(7,713)	(3,272)	(653)	–	(11,638)
Write off	–	–	–	(1,020)	–	(156)	–	(1,176)
At 31 December 2019	44,324	25,029	44,377	128,439	24,098	13,113	–	279,380
Represented by:								
Cost	28,074	18,542	38,888	128,439	24,098	13,113	–	251,154
Independent valuation in 1993 [Note 23(ii)]	16,250	6,487	5,489	–	–	–	–	28,226
	44,324	25,029	44,377	128,439	24,098	13,113	–	279,380
Accumulated depreciation and impairment losses								
At 1 January 2019	2,845	10,280	8,909	70,020	18,313	10,427	–	120,794
Currency translation differences	–	–	1	3	4	13	–	21
Disposals	–	–	–	(7,592)	(2,533)	(486)	–	(10,611)
Write off	–	–	–	(1,013)	–	(146)	–	(1,159)
Depreciation charge (Note 7)	–	189	5,573	10,401	2,535	793	–	19,491
At 31 December 2019	2,845	10,469	14,483	71,819	18,319	10,601	–	128,536
Net book value at 31 December 2019	41,479	14,560	29,894	56,620	5,779	2,512	–	150,844

- (i) Right-of-use of assets acquired under leasing arrangements are presented together with the owned assets of the same class. Details of such leased assets are disclosed in Note 24(a).

During the current financial year, the Group renegotiated and modified existing lease contracts for leasehold land by extending the lease terms at the revised lease payments. As the extensions are not part of the terms and conditions of the original lease contracts, they are accounted for as lease modifications with additions to the right-of-use assets, classified under 'Property, plant and equipment'. The corresponding remeasurement to lease liabilities are recorded under Bank borrowings and lease liabilities (Notes 28 and 29).

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2020

23. Property, plant and equipment (continued)

- (ii) The valuation made in 1993, in connection with the listing of the Company, was performed by Messrs Knight Frank, Cheong Hock Chye & Baillieu (Property Consultants) Pte Ltd, a firm of independent valuers based on an open market existing use basis as at 31 December 1993.
- (iii) An impairment charge of S\$224,000 (2019: S\$nil) is included in "Other expenses" in the statement of comprehensive income. The impairment charge during the financial year was due to the carrying amount of the affected freehold land exceeding its recoverable amount, based on fair value determined by an independent valuer less estimated cost of disposal.
- (iv) If the revalued property, plant and equipment had been included in the financial statements at cost less accumulated depreciation, their net book values would be as follows:

	Group	
	2020	2019
	S\$'000	S\$'000
Freehold land	15,293	15,293
Buildings on freehold land	3,287	3,332
Leasehold land and buildings	—	13

- (v) At 31 December 2020, freehold land, buildings on freehold land and leasehold land and buildings with a carrying value of S\$33,269,000 (2019: S\$57,380,000) are mortgaged to banks for credit facilities granted in respect of short-term bank loans and term loans (Notes 28 and 29).
- (vi) The Group's major properties included in property, plant and equipment are as follows:

Name and location	Description	Tenure
Koh Brothers Building 11 Lorong Pendek Singapore	Industrial building	Freehold
Oxford Hotel 218 Queen Street Singapore	Hotel	Freehold
65 Sungei Kadut Drive Singapore	Factory-cum-office building	35 years from 16 December 1990
50 Tuas Crescent Singapore	Factory-cum-office building	60 years from 16 July 1982
PTD 103250 Jalan Idaman3/9 Taman Perindustrian Senai Johor, Malaysia	Factory-cum-office building	Freehold
1 Tuas South Street 6 Singapore	Industrial building	22.5 years from 2 May 2013
15 Genting Lane Singapore	Industrial land	Freehold
1 Jalan Bioteknologi 3 Kawasan Perindustrian SiLC Johor, Malaysia	Industrial building	Freehold
Lot 6 Jalan Pasaran 23/5 Selangor Darul Ehsan, Malaysia	Factory-cum-office building	99 years from 15 August 1997

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2020

24. Leases – The Group as a lessee

Nature of the Group's leasing activities

Leasehold land

The Group leases various leasehold land from non-related parties under non-cancellable lease agreements. The leases have varying terms, escalation clauses and renewal rights. These land are recognised within Property, plant and equipment (Note 23).

There are no externally imposed covenants on these lease arrangements.

Plant and machinery, motor vehicles and office equipment

The Group leases certain plant and machinery, motor vehicles and office equipment from non-related parties under operating leases. Some of these lease arrangements prohibit the Group from subleasing the equipment to third parties.

(a) Carrying amounts of ROU assets classified within Property, plant and equipment

	Group	
	2020	2019
	S\$'000	S\$'000
Leasehold land and buildings	10,855	11,898
Plant and machinery	26,910	29,592
Motor vehicles	1,033	1,423
	38,798	42,913

(b) Depreciation charge during the year

Leasehold land and buildings	3,636	4,375
Plant and machinery	1,848	4,531
Motor vehicles	694	815
Office equipment	–	4
	6,178	9,725

(c) Interest expense

Interest expenses on lease liabilities (Note 9)	992	989
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(d) Lease expense not capitalised in lease liabilities

Lease expense – short-term leases	2,616	2,227
Lease expense – low-value leases	145	132
	2,761	2,359

(e) Total cash outflow for all the leases in 2020 was S\$11,786,000 (2019: S\$14,494,000).

(f) Addition of ROU assets during the financial year was S\$553,000 (2019: S\$14,493,000).

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2020

25. Leases – The Group as a lessor

Nature of the Group's leasing activities

The Group leases out commercial space to non-related parties under non-cancellable lease agreements. To reduce credit risk, the Group obtains security deposits from the lessees. The lessees are required to pay either absolute fixed annual increases to the lease payments or contingent rents computed based on their sales achieved during the lease period.

Rental income from investment properties are disclosed in Note 22.

Undiscounted lease payments from the operating leases to be received after the reporting date are as follows:

	Group	
	2020	2019
	S\$'000	S\$'000
Less than one year	864	847
One to two years	169	133
Total undiscounted lease payment	1,033	980

26. Goodwill

Cost

Balance at 1 January and 31 December	5,078	5,078
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Impairment tests for goodwill

Goodwill arising from the Group's acquisition of Koh Brothers Eco Engineering Limited and its subsidiaries is allocated to the "Bio-Refinery and Renewable Energy" cash-generating unit ("CGU").

The Group tests the CGU annually for impairment or more frequently if there are indicators that the goodwill might be impaired.

The recoverable amount of a CGU was determined based on value-in-use. Cash flow projections used in the value-in-use calculations were based on financial budgets approved by management covering a one-year period.

Key inputs used for value-in-use calculations

	Group	
	2020	2019
Gross margin ⁽¹⁾	21%	21%
Terminal growth rate ⁽²⁾	2%	2%
Discount rate ⁽³⁾	14%	14%

⁽¹⁾ Budgeted gross margin

⁽²⁾ Weighted average growth rate used to extrapolate cash flows beyond the budget period

⁽³⁾ Pre-tax discount rate applied to the pre-tax cash flow projections

Management determined budgeted gross margin based on past performance and its expectations of market developments. The weighted average growth rates used were consistent with forecasts included in industry reports. The discount rates used were pre-tax and reflected specific risks relating to the relevant segments. The sensitivity analysis of the recoverable amount of the CGU is set out in Note 3(b).

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2020

27. Trade and other payables

	Group		Company	
	2020	2019	2020	2019
	S\$'000	S\$'000	S\$'000	S\$'000
Current				
<u>Trade payables</u>				
Due to non-related parties	56,873	76,577	—	—
Retention due to subcontractors on construction contracts	18,760	24,134	—	—
<u>Other payables</u>				
Accruals for operating expenses	11,091	11,308	1,201	1,235
Sundry payables	244	1,011	—	—
Deposits and advances received	3,640	2,173	—	—
Due to directors [Note 27(i)]	683	799	505	505
Indirect taxes payable	1,139	1,706	—	—
Due to non-related parties [Note 27(ii)]	5,070	5,317	—	—
Provision for onerous contracts [Note 27(iii)]	23	129	—	—
	97,523	123,154	1,706	1,740
Non-current				
Retention due to subcontractors on construction contracts	4,649	3,820	—	—

- (i) The amounts due to directors are unsecured, interest-free and repayable on demand.
- (ii) The current other payables due to non-related parties are presented at amortised cost and computed based on cash flows discounted at market borrowing rates of equivalent instrument of 5.00% (2019: 5.00%) per annum.
- (iii) Provision for onerous contracts

	Group	
	2020	2019
	S\$'000	S\$'000
Balance at 1 January	129	340
Provision made	23	—
Provision utilised	(129)	(211)
Balance at 31 December	23	129

Provision for onerous contracts is in respect of remaining expected losses arising from non-cancellable construction contracts where the expected total contract costs exceeds the total contract sum and is expected to be utilised as these contracts progress towards completion.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2020

28. Bank borrowings and lease liabilities

	Group	
	2020	2019
	S\$'000	S\$'000
Current		
Short-term bank loans		
- Secured	23,894	23,744
- Unsecured	51,647	54,250
	75,541	77,994
Term loans payable within one year (Note 29)	4,948	4,254
Lease liabilities payable within one year	9,675	8,495
	90,164	90,743
Non-current		
Term loans payable after one year (Note 29)	179,329	180,448
Lease liabilities payable after one year	21,215	28,372
	200,544	208,820
Total bank borrowings and lease liabilities	290,708	299,563

Weighted average effective interest rates per annum of short-term bank loans at the balance sheet date is 1.71% (2019: 3.02%) per annum.

29. Bank borrowings

	Due within one year		Due after one year	
	2020	2019	2020	2019
Group	S\$'000	S\$'000	S\$'000	S\$'000
Term loans				
- Secured	999	1,527	171,005	173,175
- Unsecured	3,949	2,727	8,324	7,273
	4,948	4,254	179,329	180,448

Details of the term loans are as follows:

- (i) Terms loans amounting to S\$27,289,000 (2019: S\$27,336,000) are secured by way of a first legal mortgage on a freehold property [Note 23(v)]. Term Loan I amounting to S\$6,489,000 (2019: S\$6,536,000) is interest servicing only for the first 2.5 years and will subsequently be converted into a 19 years 9 months term loan repayable in equal instalment and mature on 29 June 2042. Term loan II amounting to S\$20,800,000 (2019: S\$20,800,000) is interest servicing only for the first 5 years (2019: 2.5 years) and will subsequently be converted into a 25 years term loan repayable in equal instalment thereafter and mature on 30 June 2047.
- (ii) Term loans of S\$15,200,000 (2019: S\$15,200,000) are secured by way of a first legal mortgage over an investment property of the Group [Note 22(i)], assignments of all rights, title, benefits and interests in connection with any insurance policies, leases, tenancy agreements and/or sale and purchase agreements with respect to the property. The loans are fully repayable by 24 January 2023.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2020

29. Bank borrowings

- (iii) A term loan of S\$24,800,000 (2019: S\$24,800,000) is secured by way of a first legal mortgage over an investment property of the Group [Note 22(i)], assignments of all rights, title, benefits and interests in connection with any insurance policies, leases, tenancy agreements and/or sale and purchase agreements with respect to the property. The loan is fully repayable on 24 January 2023.
- (iv) Term loans of S\$2,951,000 (2019: S\$3,226,000) are secured by way of a first legal mortgage over the Group's investment properties [Note 22(i)]. The loans are repayable for the first 24 instalments from the date of first partial disbursement of the loan and thereafter converted into a term loan with equal monthly instalment of 15 years up to 31 March 2030.
- (v) Term loans of S\$218,000 (2019: S\$954,000) are secured by way of a first legal mortgage on freehold land [Note 23(v)]. The loans are repayable in 60 monthly instalments commencing from January 2016 and subsequently extended to February 2021.
- (vi) A term loan of S\$99,000,000 (2019: S\$100,184,000) is secured by way of a first legal mortgage over the Group's development properties (Note 17). The term loan is fully repayable on 7 June 2022 or 6 months after the date of issuance of the Temporary Occupation Permit, whichever is earlier.
- (vii) A term loan of S\$2,546,000 (2019: S\$3,002,000) is secured by way of a first legal mortgage on freehold land [Note 23(v)]. It is repayable in 60 monthly instalments commencing from 5 December 2018.
- (viii) A term loan of S\$7,273,000 (2019: S\$10,000,000) is unsecured and repayable in 36 monthly instalments commencing from April 2020.
- (ix) A term loan of S\$5,000,000 (2019: S\$nil) is unsecured and interest servicing only for the first 12 months commencing October 2020 and will subsequently be converted into a 48 months term loan repayable in equal monthly instalments thereafter.
- (x) The carrying amounts of the non-current term loans approximate their fair values, as the term loans bear interest at variable rates, which are re-priced within a period of up to six months. These term loans can be contractually re-priced at one, two, three or six-monthly intervals.
- (xi) The weighted average effective interest rate at the balance sheet date is 1.80% (2019: 2.76%) per annum.

30. Notes payables

The Company has established a S\$250 million Multicurrency Medium Term Note programme, under which the Company may, from time to time, issue notes in series or tranches in Singapore Dollars or in other currencies, in various amounts and tenors and interest rates agreed between Company and the relevant dealer. The net proceeds arising from the issue of notes will be used for general corporate purposes, financing investments and general working capital of the Group.

The Company issued the second series of notes amounting to S\$70,000,000 in October 2017. The notes bear a fixed rate of 5.10% per annum payable semi-annually in arrear and are due on 27 October 2022.

At the balance sheet date, the fair value of the notes payables is S\$64,122,000 (2019: S\$68,994,000).

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2020

31. Share capital, treasury shares and reserves

(a) Share capital and treasury shares

Group and Company	No. of ordinary shares		Amount	
	Issued share capital '000	Treasury shares '000	Share capital S\$'000	Treasury shares S\$'000
2020				
Balance at 1 January and 31 December	<u>438,000</u>	<u>(25,541)</u>	<u>36,981</u>	<u>(7,983)</u>
2019				
Balance at 1 January and 31 December	<u>438,000</u>	<u>(25,541)</u>	<u>36,981</u>	<u>(7,983)</u>

All issued ordinary shares are fully paid. There is no par value for these ordinary shares. Fully paid ordinary shares carry one vote per share and carry a right to dividends as and when declared by the Company.

(b) Other reserves

	Group	
	2020 S\$'000	2019 S\$'000
<u>Composition</u>		
Fair value reserve	(3,916)	(2,555)
Capital reserve	1,596	1,577
Share-based payment reserve	9	4
	<u>(2,311)</u>	<u>(974)</u>

Other reserves are non-distributable.

Movements

(i)	<i>Fair value reserve</i>		
	Balance at 1 January	(2,555)	(8,485)
	Change in ownership interests in subsidiaries	(29)	(31)
	Transfer to retained profits upon disposal of equity financial assets, at FVOCI	–	(8,936)
	Fair value (loss)/gain on financial assets, at FVOCI [Note 13(b)]	(1,381)	14,885
	Less: Non-controlling interests	49	12
	Balance at 31 December	<u>(3,916)</u>	<u>(2,555)</u>
(ii)	<i>Capital reserve</i>		
	Balance at 1 January	1,577	1,689
	Transfer to retained profits upon disposal of a subsidiary	19	(112)
	Balance at 31 December	<u>1,596</u>	<u>1,577</u>

As at 31 December 2020 and 2019, capital reserve comprises goodwill in relation to acquisitions of subsidiaries prior to 1 January 2001.

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For the financial year ended 31 December 2020

31. Share capital, treasury shares and reserves (continued)

(b) Other reserves (continued)

	Group	
	2020	2019
	S\$'000	S\$'000
(iii) <i>Share-based payment reserve</i>		
Balance at 1 January	4	—
Performance Share Plan of a subsidiary		
- Value of employee services (Note 8)	24	59
- Performance shares awarded	(19)	(55)
Balance at 31 December	<u>9</u>	<u>4</u>

Performance Share Plan of a subsidiary

On 20 April 2017, the shareholders of a listed subsidiary, Koh Brothers Eco Engineering Limited ("KBE"), approved a new performance share plan to be known as the "Koh Brothers Eco Engineering Limited Performance Share Plan 2017 ("KBE PSP)". Under the KBE PSP, the total number of shares which may be delivered (whether in the form of shares or in the form of cash in lieu of shares) shall not exceed 20% of the total number of issued shares (excluding treasury shares) from time to time. The KBE PSP shall continue in force at the discretion of its Remuneration Committee subject to a maximum period of 10 years commencing on the date on which KBE PSP is adopted.

During the current financial year, KBE awarded 1,117,282 (2019: 1,888,278) new ordinary shares of KBE to its employees. The award comprised of (i) 328,702 (2019: 1,388,058) fully paid-up ordinary shares of KBE, free of payment, which vested on 29 December 2020 (2019: 26 July 2019); and (ii) 788,580 (2019: 500,220) fully paid-up ordinary shares of KBE, free of payment and will vest in accordance with the vesting schedule commencing on 29 December 2020 (2019: 22 July 2019) and ending on the ninth anniversary of the date of grant, subject to certain vesting conditions (including service condition).

Details of the Performance Share Plan granted by KBE are disclosed in KBE's audited consolidated financial statements for the financial year ended 31 December 2020, which is publicly available.

(c) Retained profits

Retained profits of the Group are distributable except for accumulated loss of associated companies amounting to S\$497,000 (2019: retained profit of S\$574,000). Retained profits of the Company are fully distributable.

(d) Currency translation reserve

Balance at 1 January	(9,475)	(9,134)
Change in ownership interests in subsidiaries	(75)	(81)
Net currency translation differences of financial statements of foreign operations	305	(473)
Reclassification on disposal of a subsidiary	(248)	—
Less: Non-controlling interests	61	213
Balance at 31 December	<u>(9,432)</u>	<u>(9,475)</u>

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For the financial year ended 31 December 2020

32. Dividend

	Company	
	2020	2019
	S\$'000	S\$'000
Final dividend paid in respect of the previous financial year of 0.25 cent (2019: 0.40 cent) per share	1,031	1,650

33. Commitments

Capital commitments

Capital expenditures contracted for at the balance sheet date but not recognised in the financial statements are as follows:

	Group	
	2020	2019
	S\$'000	S\$'000
Property, plant and equipment	245	145

The contracts are entered into with non-related parties.

34. Financial risk management

Financial risk factors

The Group's activities expose it to market risk (including currency risk, interest rate risk and price risk), credit risk and liquidity risk. The Group's overall risk management strategy seeks to minimise adverse effects from the unpredictability of financial markets on the Group's financial performance. Where possible, the Group seeks to match assets and liabilities of the same currency. Derivative financial instruments are only used where necessary to reduce exposure to fluctuation in foreign exchange rates and interest rates.

(a) Market risk

(i) Currency risk

The Group operates mainly in Asia with operations primarily in Singapore, Malaysia, Indonesia, and South Korea. Entities in the Group transact predominantly in their respective functional currencies, except for balances between entities in the Group.

Currency risk arises within entities in the Group when transactions are denominated in foreign currencies such as the Singapore Dollar ("SGD"), United States Dollar ("USD"), and others. The Group monitors the foreign currency exchange rate movements closely to ensure that its exposures are minimised. The Group also has investments in foreign subsidiaries and is exposed to currency translation risk.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2020

34. Financial risk management (continued)

(a) Market risk (continued)

(i) Currency risk (continued)

The Group's currency exposure is as follows:

Group	SGD S\$'000	USD S\$'000	Others S\$'000	Total S\$'000
At 31 December 2020				
Financial assets				
Cash and bank balances	80,884	10,626	10,339	101,849
Investment securities	4,281	—	—	4,281
Trade and other receivables	64,242	448	2,436	67,126
Amounts due from joint ventures	44,009	—	—	44,009
Inter-company balances	1,811	—	10,204	12,015
	195,227	11,074	22,979	229,280
Financial liabilities				
Notes payables, borrowings and lease liabilities	(357,451)	—	(3,257)	(360,708)
Trade and other payables	(91,754)	(1,411)	(8,984)	(102,149)
Amounts due to joint ventures	(38,340)	—	—	(38,340)
Inter-company balances	(1,811)	—	(10,204)	(12,015)
	(489,356)	(1,411)	(22,445)	(513,212)
Net financial assets/(liabilities)	(294,129)	9,663	534	(283,932)
Less: Net financial liabilities/(assets) denominated in the respective entities' functional currency	295,552	—	490	296,042
Net currency exposure	1,423	9,663	1,024	12,110
At 31 December 2019				
Financial assets				
Cash and bank balances	64,578	13,614	7,003	85,195
Investment securities	5,867	—	—	5,867
Trade and other receivables	75,443	1,379	5,334	82,156
Amounts due from joint ventures	36,221	—	1,938	38,159
Inter-company balances	69,062	—	718	69,780
	251,171	14,993	14,993	281,157
Financial liabilities				
Notes payables, borrowings and lease liabilities	(365,114)	—	(4,449)	(369,563)
Trade and other payables	(118,105)	(173)	(8,567)	(126,845)
Amounts due to joint ventures	(18,498)	—	—	(18,498)
Inter-company balances	(69,062)	—	(718)	(69,780)
	(570,779)	(173)	(13,734)	(584,686)
Net financial assets/(liabilities)	(319,608)	14,820	1,259	(303,529)
Less: Net financial liabilities denominated in the respective entities' functional currency	295,834	—	1,843	297,677
Net currency exposure	(23,774)	14,820	3,102	(5,852)

As at 31 December 2020 and 2019, the Company's business operations are not exposed to significant foreign currency risks as it has no significant transactions denominated in foreign currencies. All financial assets and financial liabilities are mainly denominated in SGD.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2020

34. Financial risk management (continued)

(a) Market risk (continued)

(i) Currency risk (continued)

If the USD changes against the SGD by 5% (2019: 5%) respectively with all other variables including tax rate being held constant, the effects arising from the net financial assets and liabilities on profit after tax and other comprehensive income will be as follows:

	Group	
	2020	2019
	S\$'000	S\$'000
Increase/(decrease)		
Profit after tax		
USD against SGD		
- Strengthened	401	615
- Weakened	(401)	(615)

(ii) Interest rate risk

Cash flow interest rate risk is the risk that the future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Fair value interest rate risk is the risk that the fair value of a financial instrument will fluctuate due to changes in market interest rates. The Group has no significant interest-bearing assets. The Group's exposure to cash flow interest rate risks arises mainly from the Group's debt obligations. The Group manages its cash flow interest rate risks by adopting a preference for fixed rate instruments over variable-rate instruments.

The Group's borrowings at variable rates are denominated mainly in SGD. If the SGD interest rates increase/decrease by 1% (2019: 1%) with all other variables including tax rate being held constant, the profit after tax will be lower/higher by S\$2,114,000 (2019: S\$2,180,000) as a result of higher/lower interest expense on these borrowings.

(iii) Price risk

The Group is exposed to equity and debt securities price risk arising from the quoted investments held by the Group which are classified either as financial assets, at fair value through profit or loss or financial assets, at FVOCI. These securities are listed in Singapore. The Group is not exposed to commodity price risk.

If prices for the equity and debt securities listed in Singapore change by 10% (2019: 10%) with all other variables including tax rate being held constant, the profit after tax and other comprehensive income will be:

	Group	
	2020	2019
	S\$'000	S\$'000
Increase/(decrease)		
Other comprehensive income		
Listed in Singapore		
- Increased by 10%	128	287
- Decrease by 10%	(128)	(287)

	Company	
	2020	2019
	S\$'000	S\$'000
Increase/(decrease)		
Profit after tax		
Listed in Singapore		
- Increased by 10%	22	227
- Decreased by 10%	(22)	(227)

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2020

34. Financial risk management (continued)

(b) Credit risk

Credit risk refers to the risk that the counterparty will default on its contractual obligations resulting in financial loss to the Group. The Group adopts the policy of dealing only with:

- Customers of appropriate credit standing and history, where cash term, advance payments, bankers' guarantees and performance bonds are required for customers of lower credit standing; and
- High credit quality counterparties.

The Group's investments in quoted debt instruments are considered to be low risk investments. The credit ratings of the investments are monitored for credit deterioration. The trade receivables of the Group comprise five debtors (2019: five debtors) that accounted for approximately 55% (2019: 63%) of the balance.

As the Group and the Company do 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 on the balance sheet, except for corporate guarantees as follows:

	2020 S\$'000	2019 S\$'000
Group		
Corporate guarantees provided to banks on		
- Joint ventures' loan	202,532	180,178
Company		
Corporate guarantees provided to banks on		
- Subsidiaries' loan	212,060	256,339
- Joint ventures' loan	202,532	180,178

Information on trade receivables provided to key management are as follows:

	Group	
	2020 S\$'000	2019 S\$'000
By geographical areas		
Singapore	25,082	36,617
Malaysia	1,383	5,093
Others	1,053	2,966
	27,518	44,676
By industry sectors		
Construction & Building Materials	27,022	44,013
Real Estate	477	505
Leisure & Hospitality	19	158
	27,518	44,676

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2020

34. Financial risk management (continued)

(b) Credit risk (continued)

The movement in credit loss allowance are as follows:

	Group	
	2020	2019
	S\$'000	S\$'000
Trade receivables ⁽¹⁾		
Balance at 1 January	2,012	4,741
Loss allowance recognised in profit or loss on:		
- Assets acquired/originated	645	295
- Reversal of unutilised amounts	—	(1,395)
	645	(1,100)
Currency translation difference	(49)	(25)
Allowance written off	(1,121)	(1,604)
Balance at 31 December	1,487	2,012

⁽¹⁾ Loss allowance measured at lifetime expected credit loss

The Group's contract assets and other receivables are subject to immaterial credit loss. Within other receivables are non-trade amounts due from non-related parties of S\$29,393,000 (2019: S\$27,975,000) [Note 14(ii)] which are considered to have low credit risk. This was based on management's assessment of the debtors' financial position and performance, cash flows, valuation of residential properties held and their ability to repay via realisation of these residential properties.

The Company's debt financial assets are subject to immaterial credit loss.

(i) Trade receivables and contract assets

In measuring the expected credit losses ("ECL"), trade receivables and contract assets are grouped based on shared credit risk characteristics and days past due. The contract assets relate mainly to unbilled work in progress, which have substantially the same risk characteristics as the trade receivables for the same type of contracts.

The Group has therefore concluded that the expected loss rates for trade receivables are a reasonable approximation of the loss rates for the contract assets.

In calculating the expected credit loss rates, the Group considers historical loss rates for each category of customers and adjusts for forward-looking macroeconomic data. The Group has identified the gross domestic product ("GDP") growth of the countries in which it sells goods and services to be the most relevant factor, and accordingly adjust the historical loss rates based on expected changes in this factor.

The Group considers a financial asset as in default when the counterparty fail to make contractual payments for a prolonged period of time when they fall due, and the Group may also consider internal and external information, such as significant adverse changes in business, financial or economic conditions that are expected to cause a significant change to the debtor's ability to meet its obligation. Financial assets are written off when there is no reasonable expectation of recovering the contractual cash flow, such as a debtor failing to engage in a repayment plan with the Group and it is becoming probable that the debtor will enter bankruptcy or other financial reorganisation. Where receivables have been written off, the Group continues to engage in enforcement activity to attempt to recover the receivables due. Where recoveries are made, these are recognised in profit or loss.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2020

34. Financial risk management (continued)

(b) Credit risk (continued)

(i) Trade receivables and contract assets (continued)

Management has assessed and concluded that the expected credit loss rate for trade receivables past due less than 1 year is immaterial, while the expected credit loss rate for trade receivables past due more than 1 year approximates 50% to 100%, except for specific cases where management has assessed the amount is still fully recoverable.

The Group's credit risk exposure in relation to trade receivables and contract assets under SFRS(I) 9 are set out as follows:

Group	Current S\$'000	Past due			Total S\$'000
		1 to 6 months S\$'000	7 to 12 months S\$'000	Over 12 months S\$'000	
At 31 December 2020					
Construction & Building Materials					
Contract assets	123,065	—	—	—	123,065
Trade receivables	19,138	7,176	708	788	27,810
Loss allowance	—	—	—	788	788
Real Estate					
Contract assets	10,893	—	—	—	10,893
Trade receivables	26	13	—	1,137	1,176
Loss allowance	—	—	—	699	699
Leisure & Hospitality					
Trade receivables	19	—	—	—	19
Loss allowance	—	—	—	—	—
At 31 December 2019					
Construction & Building Materials					
Contract assets	141,385	—	—	—	141,385
Trade receivables	33,590	7,957	301	3,471	45,319
Loss allowance	—	—	—	1,306	1,306
Real Estate					
Trade receivables	29	34	—	1,148	1,211
Loss allowance	—	—	—	706	706
Leisure & Hospitality					
Trade receivables	158	—	—	—	158
Loss allowance	—	—	—	—	—

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2020

34. Financial risk management (continued)

(b) Credit risk (continued)

(ii) Financial guarantee contracts

The Company has issued financial guarantees to banks for borrowings of its subsidiaries and joint ventures. These guarantees are subject to the impairment requirements of SFRS(I) 9. The Company has assessed that its subsidiaries have strong financial capacity to meet the contractual cash flow obligations in the near future and hence, does not expect significant credit losses arising from these guarantees.

(c) Liquidity risk

The table below analyses the maturity profile of the Group's and Company's financial liabilities based on contractual undiscounted cash flows.

	Less than 1 year S\$'000	Between 1 and 2 years S\$'000	Between 2 and 5 years S\$'000	Over 5 years S\$'000
Group				
At 31 December 2020				
Payables	135,840	—	4,649	—
Borrowings and lease liabilities	94,883	115,743	61,661	36,405
Notes payables	3,570	72,975	—	—
Financial guarantee contracts	202,532	—	—	—
At 31 December 2019				
Payables	141,523	—	3,820	—
Borrowings and lease liabilities	94,891	13,310	171,457	40,396
Notes payables	3,570	3,570	72,975	—
Financial guarantee contracts	180,178	—	—	—
Company				
At 31 December 2020				
Payables	1,706	—	—	—
Amounts due to subsidiaries	10,934	19,011	—	—
Notes payables	3,570	72,975	—	—
Financial guarantee contracts	414,592	—	—	—
At 31 December 2019				
Payables	1,740	—	—	—
Amounts due to subsidiaries	11,397	19,011	—	—
Notes payables	3,570	3,570	72,975	—
Financial guarantee contracts	436,517	—	—	—

The Group and Company manage the liquidity risk by maintaining sufficient cash and marketable securities to enable them to meet their normal operating commitments and having an adequate amount of committed credit facilities.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2020

34. Financial risk management (continued)

(d) Capital risk

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern and to maintain an optimal capital structure so as to maximise shareholder value. In order to maintain or achieve an optimal capital structure, the Group may adjust the amount of dividend payment, issue new shares, buy back issued shares, obtain new borrowings or sell assets to reduce borrowings.

The gearing ratio is calculated as net debt divided by shareholders' funds. Net debt is calculated as notes payables, bank borrowings and lease liabilities less cash and bank balances.

	Group	
	2020	2019
	S\$'000	S\$'000
Net debt	258,859	284,368
Shareholders' funds	287,888	301,796
Gearing ratio (times)	0.90	0.94

The Group and the Company are in compliance with all externally imposed capital requirements for the financial years ended 31 December 2020 and 2019.

(e) Fair value measurements

The following presents the assets and liabilities measured at fair value and classified by level of the following fair value measurement hierarchy:

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

See Note 22 for disclosure of the investment properties that are measured at fair value.

Group	Level 1 S\$'000	Level 2 S\$'000	Level 3 S\$'000	Total S\$'000
31 December 2020				
<i>Assets</i>				
Financial assets, at FVOCI	1,281	—	—	1,281
31 December 2019				
<i>Assets</i>				
Financial assets, at fair value through profit or loss	—	—	3,000	3,000
Financial assets, at FVOCI	2,867	—	—	2,867

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2020

34. Financial risk management (continued)

(e) Fair value measurements (continued)

Company	Level 1 S\$'000	Level 2 S\$'000	Level 3 S\$'000	Total S\$'000
31 December 2020				
<i>Assets</i>				
Financial assets, at fair value through profit or loss	218	–	–	218
31 December 2019				
<i>Assets</i>				
Financial assets, at fair value through profit or loss	2,272	–	–	2,272

The fair value of financial instruments traded in active markets (such as trading and available-for-sale securities) is based on quoted market prices at the balance sheet date. The quoted market price used for financial assets held by the Group is the current bid price. These instruments are included in Level 1.

The fair value of financial instruments that are not traded in active market is determined by using valuation techniques. The Group uses a variety of methods and makes assumptions that are based on market conditions existing at each balance sheet date. Quoted market prices or dealer quotes for similar instruments with adjustment on the market price of linked listed equity securities and interest rate curve are used to estimate the fair value of unquoted short-term structured notes. These instruments are classified as Level 2.

For unquoted convertible notes, the fair value is determined using discounted cash flow analysis which involves the use of significant unobservable inputs. These instruments are classified as Level 3.

Valuation techniques and inputs used in Level 3 fair value measurements

Description	Fair value at 31 December 2020 (S\$'000)	Unobservable inputs	Range of unobservable inputs	Relationship of unobservable inputs to fair value
Unquoted convertible notes	Not applicable (2019: 3,000)	Risk adjusted discount rate	Not applicable (2019: 9%-10%)	The higher the discount rate, the lower the fair value

(f) Financial instrument by category

The carrying amounts of financial assets measured at fair value (fair value through profit and loss and FVOCI) are disclosed in Note 13.

The aggregate carrying amounts of financial assets and liabilities at amortised cost are as follows:

	Group		Company	
	2020 S\$'000	2019 S\$'000	2020 S\$'000	2019 S\$'000
Financial assets at amortised cost	215,984	205,510	42,386	55,277
Financial liabilities at amortised cost	501,197	514,906	101,651	102,148

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35. Related party transactions

In addition to the related party information disclosed elsewhere in the financial statements, the Group has significant transactions with related parties on terms agreed between the parties concerned as shown below:

(a) Sales and purchases of goods and services

		Group
	2020	2019
	S\$'000	S\$'000
(i) Progressive billing to build residential properties for a joint venture	–	819
(ii) Progressive billing recognised from sale of residential property to related parties	698	–
(iii) Purchase of goods from an associated company	–	186
(iv) Disposal of club membership to a key management personnel	–	174
(v) Construction works performed by a related party	876	6,025

Related party comprises companies which are controlled or significantly influenced by the Group's key management personnel and their close family members.

Outstanding balances at 31 December 2020 and 2019, arising from sale/purchase of goods and services, are disclosed in Notes 14, 15, and 27.

(b) Key management personnel compensation

Key management personnel compensation is analysed as follows:

Salaries and other short-term employee benefits	6,234	7,000
Post-employment benefits – contribution to Central Provident Fund	207	312
	6,441	7,312

Included in the above was total directors' fees to directors of the Company amounting to S\$454,500 (2019: S\$505,000).

36. Segment information

Management has determined the operating segments based on the reports reviewed by the Executive Committee ("Exco") that are used to make strategic decisions. The Exco comprises the Chief Executive Officer and Executive Directors.

The Exco considers the business from a business segment perspective. Management manages and monitors the business in three main business segments which are Construction & Building Materials, Real Estate and Leisure & Hospitality. The Exco assesses the performance of these business segments based on sales, segment results, segment assets and segment liabilities.

- (a) Construction & Building Materials – This business segment undertakes construction activities for "Engineering and Construction", "Bio-Refinery and Renewable Energy" segments and sales of building materials. Management has aggregated the above businesses under Construction & Building Materials as they have similar economic growth prospects.
- (b) Real Estate – This business segment involves real estate development and rental of properties.
- (c) Leisure & Hospitality – This business segment involves hotel and leisure operations.

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36. Segment information (continued)

The segment information and the reconciliations of segment results to profit before tax and segment assets and liabilities to total assets and liabilities are as follows:

Group (S\$'000)	Construction & Building Materials	Real Estate	Leisure & Hospitality	Others	Total
2020					
Sales					
- External	225,923	15,133	2,010	–	243,066
- Inter-segment	4,213	548	–	563	5,324
	230,136	15,681	2,010	563	248,390
Elimination					(5,324)
					<u>243,066</u>
Results					
Segment results					
- Company and subsidiaries	(12,717)	(254)	(62)	(112)	(13,145)
- Associated companies	(1,071)	–	–	–	(1,071)
- Joint ventures	–	6,844	–	–	6,844
(Loss)/earnings before interest and tax	(13,788)	6,590	(62)	(112)	(7,372)
Interest income (Note 5)					1,986
Finance expenses (Note 9)					(10,833)
Loss before income tax					<u>(16,219)</u>
Other information					
Capital expenditure	3,796	1,793	291	–	5,880
Depreciation	20,875	379	490	–	21,744
Impairment of property, plant and equipment	–	224	–	–	224
As at 31 December 2020					
Segment assets	320,078	352,056	24,693	1,660	698,487
Associated companies	280	–	–	–	280
Joint ventures	–	99,516	–	–	99,516
<u>Unallocated assets:</u>					
Income tax receivables					730
Short-term bank deposits					16,081
Investment securities					4,281
Consolidated total assets					<u>819,375</u>
Segment liabilities	100,121	45,996	299	1,443	147,859
<u>Unallocated liabilities:</u>					
Current income tax liabilities					463
Deferred income tax liabilities					7,775
Bank borrowings, notes payables, and lease liabilities					360,708
Consolidated total liabilities					<u>516,805</u>

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For the financial year ended 31 December 2020

36. Segment information (continued)

Group (S\$'000)	Construction & Building Materials	Real Estate	Leisure & Hospitality	Others	Total
2019					
Sales					
- External	345,081	5,362	3,269	–	353,712
- Inter-segment	6,072	672	1	2,650	9,395
	351,153	6,034	3,270	2,650	363,107
Elimination					(9,395)
					<u>353,712</u>
Results					
Segment results					
- Company and subsidiaries	574	(1,921)	(295)	671	(971)
- Associated companies	135	–	–	–	135
- Joint ventures	–	17,068	–	–	17,068
Earnings/(loss) before interest and tax	709	15,147	(295)	671	16,232
Interest income (Note 5)					2,717
Finance expenses (Note 9)					(10,271)
Profit before income tax					<u>8,678</u>
Other information					
Capital expenditure	41,500	868	159	–	42,527
Depreciation	18,587	410	494	–	19,491
As at 31 December 2019					
Segment assets	343,926	329,174	25,091	1,810	700,001
Associated companies	1,351	–	–	–	1,351
Joint ventures	–	104,453	–	–	104,453
<u>Unallocated assets:</u>					
Income tax receivables					1,282
Short-term bank deposits					45,824
Investment securities					5,867
Consolidated total assets					<u>858,778</u>
Segment liabilities	128,386	27,606	851	1,077	157,920
<u>Unallocated liabilities:</u>					
Current income tax liabilities					461
Deferred income tax liabilities					8,124
Bank borrowings, notes payables, and lease liabilities					369,563
Consolidated total liabilities					<u>536,068</u>

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2020

36. Segment information (continued)

The measurement of segment sales, results, assets and liabilities are as follows:

- (a) Inter-segment transactions are determined on an arm's length basis. The sales from external parties reported to the Exco are measured in a manner consistent with that in the statement of comprehensive income.
- (b) The Exco assesses the performance of the business segments based on a measure of earnings before interest and tax for continuing operations. This measurement excludes the income or expenses that are not expected to recur regularly in every period. Interest income and finance expenses are not allocated to segments, as this type of activity is driven by the Group Treasury, which manages the cash performance of the Group.
 - (i) The amounts provided to the Exco with respect to total assets are measured in a manner consistent with that of the financial statements. All assets are allocated to reportable segments other than income tax receivables, short-term bank deposits and investment securities.
 - (ii) The amounts provided to the Exco with respect to total liabilities are measured in a manner consistent with that of the financial statements. All liabilities are allocated to the reportable segments other than current income tax liabilities, deferred income tax liabilities, bank borrowings, notes payables, and lease liabilities.

Geographical information

The Group's three business segments operate in four main geographical areas: Singapore, Malaysia, Indonesia and others.

The following table presents sales and non-current assets information for the main geographical areas for the financial years ended 31 December 2020 and 2019.

	Group	
	2020	2019
	S\$'000	S\$'000
Total sales		
Singapore	215,263	326,442
Malaysia	6,822	6,536
Indonesia	3,439	3,407
Others	17,542	17,327
	243,066	353,712
Total non-current assets		
Singapore	341,025	338,157
Malaysia	11,818	12,320
Others	14,713	10,132
	367,556	360,609

Information about major customers

Revenue of approximately 49% (2019: 72%) are derived from two (2019: four) major customers. These revenues are attributable to the Construction & Building Materials segment.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2020

37. Significant Group companies

The Group's significant subsidiaries, joint ventures, joint operations and associated companies at 31 December 2020 and 2019 are as follows:

Name of company	Country of incorporation and business	Principal activities	Effective holding by the Group	
			2020	2019
SUBSIDIARIES				
Held by the Company:				
Construction Consortium Pte. Ltd. ^a	Singapore	Investment holding	100%	100%
Koh Brothers Development Pte Ltd ^a	Singapore	Property development and management services	100%	100%
Koh Brothers Eco Engineering Limited ^a	Singapore	Investment holding and management services	77.27%	74.29%
Koh Brothers Holdings Pte Ltd ^a	Singapore	Investment holding and property investment	100%	100%
Koh Brothers Investment Pte Ltd ^a	Singapore	Hotel investment	100%	100%
Oxford Hotel Pte Ltd ^a	Singapore	Hotel management	100%	100%
Held by Subsidiaries:				
G & W Industrial Corporation Pte Ltd ^a	Singapore	Investment holding	100%	100%
G & W Precast Pte Ltd ^a	Singapore	Manufacture of precast products	100%	100%
G & W Ready-Mix Pte Ltd ^a	Singapore	Manufacture of building materials and rental of construction equipment	100%	100%
KBD Kosdale Pte. Ltd. ^a	Singapore	Property investment	100%	100%
KBD Holland Pte. Ltd. ^a	Singapore	Property Development	100%	100%
Koh Brothers Building & Civil Engineering Contractor (Pte.) Ltd. ^a	Singapore	Building and civil engineering contracting	77.27%	74.29%
Koh Eco Engineering Pte. Ltd. ^a	Singapore	Engineering and construction	77.27%	74.29%
Kosland Pte. Ltd. ^a	Singapore	Property investment	100%	100%
Oiltek Sdn. Bhd. ^b	Malaysia	Specialist engineers and commission agent	61.85%	59.46%
G & W Building Materials Sdn. Bhd. ^j	Malaysia	Manufacture of building materials	100%	100%
PT. Koh Brothers Indonesia ^d	Indonesia	Property investment and development	100%	100%

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2020

37. Significant Group companies (continued)

Name of company	Country of incorporation and business	Principal activities	Effective holding by the Group	
			2020	2019
JOINT VENTURE COMPANIES				
Held by Subsidiaries:				
Canberra Development Pte. Ltd. ^c	Singapore	Property investment	50%	50%
Phileap Pte. Ltd. ^c	Singapore	Property development	25%	25%
Daeryun Koh Brothers PFV Co., Ltd. ^h	South Korea	Property development	45%	45%
Atlantic Star Pte. Ltd. ^c	Singapore	Property management	50%	50%
FEC Skypark Pte. Ltd. ^a	Singapore	Property development	20%	20%
Global KB Venture Sdn. Bhd. ⁱ	Malaysia	Property development	25%	25%
JOINT OPERATIONS				
Held by Subsidiary:				
Samsung – Koh Brothers Joint Venture ^{f, #}	Singapore	Construction	23.18%	22.29%
POKB JV ^{a, #}	Singapore	Construction	27.04%	26.00%
Koh Brothers – China Harbour Joint Venture ^{a, #}	Singapore	Construction	46.36%	44.57%
ASSOCIATED COMPANIES				
Held by Subsidiaries:				
Tricaftan Environmental Technology Pte. Ltd. ^e	Singapore	Construction and project management	30.91%	29.72%
SDK Consortium ^g	Singapore	Construction	15.45%	14.86%

^a Audited by PricewaterhouseCoopers LLP, Singapore.

^b Audited by PricewaterhouseCoopers PLT, Malaysia.

^c Audited by Ernst & Young LLP, Singapore.

^d Audited by Riyanto, SE, Ak, Registered Public Accountants.

^e Audited by Reanda Adept Public Accounting Corporation, Singapore.

^f Audited by RSM Chio Lim LLP, Singapore.

^g Audited by Deloitte & Touche LLP, Singapore.

^h Audited by Seonjin Accounting Corporation.

ⁱ Audited by Chong Yew & Co. Malaysia.

^j Audited by Bakertilly HYT Malaysia.

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

[#] These partnerships are regarded as joint operations in accordance with SFRS(I) 11 Joint Arrangements as the joint venture agreements for these partnerships require unanimous consent from all parties and the partners have direct rights to the assets of the partnership and are jointly and severally liable for the liabilities incurred by the partnership. Therefore these partnerships are classified as joint operations and the Group recognise its direct right to the jointly held assets, liabilities, revenues and expenses as described in Note 2.4(d).

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2020

38. New or revised accounting standards and interpretations

Below are the mandatory standards, amendments and interpretations to existing standards that have been published, and are relevant for the Group's accounting periods beginning on or after 1 January 2021 and which the Group has not early adopted:

Interest Rate Benchmark Reform

The Phase 2 amendments to SFRS(I) 9, SFRS(I) 1-39, SFRS(I) 7 and SFRS(I) 16 are applicable for periods beginning on or after 1 January 2021 ("Phase 2 amendments"). The Phase 2 amendments provide further reliefs for hedge accounting as well as practical expedients for modifications of debts instruments and lease liabilities for lessees with Interbank Offer Rates ("IBOR") based terms. The Group has not early adopted the Phase 2 amendments.

Management is currently assessing the impact of the Phase 2 amendments on the Group which could impact the IBOR-based borrowings amounting to S\$254,670,000.

39. Events occurring after balance sheet date

On 15 March 2021, a subsidiary of the Group, KBE, announced that it had entered into a share subscription agreement (the "Subscription Agreement") with Penta-Ocean Construction Co. Ltd. ("POC"). Pursuant to the Subscription Agreement, POC will subscribe for, and KBE will allot and issue to POC 810,000,000 new ordinary shares in the capital of KBE (the "Subscription Shares") at an issue price of S\$0.047 per subscription share, amounting to an aggregate consideration of S\$38,070,000, which shall be satisfied by POC in cash. The completion of the proposed subscription is conditional upon, amongst others, (i) KBE obtaining the approval of its shareholders in a general meeting, (ii) the Company (as ultimate holding company of KBE) obtaining the approval of its shareholders at a general meeting, and (iii) the issuance of a listing and quotation notice from the SGX-ST for the listing and quotation of the Subscription Shares.

40. Authorisation of financial statements

These financial statements were authorised for issue in accordance with a resolution of the Board of Directors of Koh Brothers Group Limited on 7 April 2021.

**AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF KOH BROTHERS
GROUP LIMITED AND ITS SUBSIDIARIES FOR THE FINANCIAL YEAR ENDED
31 DECEMBER 2021**

The information in this Appendix II has been reproduced from the annual report of Koh Brothers Group Limited for the financial year ended 31 December 2021 and has not been specifically prepared for inclusion in this Supplemental Information Memorandum. Investors should read the consolidated financial data in conjunction with the related notes.

DIRECTORS' STATEMENT

For the financial year ended 31 December 2021

The directors present their statement to the members together with the audited financial statements of the Group for the financial year ended 31 December 2021 and the balance sheet of the Company as at 31 December 2021.

In the opinion of the directors,

- (a) the balance sheet of the Company and the consolidated financial statements of the Group as set out on pages 49 to 128 are drawn up so as to give a true and fair view of the financial position of the Company and of the Group as at 31 December 2021 and the financial performance, changes in equity and cash flows of the Group for the financial year covered by the consolidated financial statements; and
- (b) at the date of this statement, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they fall due.

DIRECTORS

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

Koh Tiat Meng
 Koh Teak Huat
 Koh Keng Siang
 Koh Keng Hiong
 Lee Sok Khian John
 Quek Chee Nee
 Er Dr Lee Bee Wah
 Lai Mun Onn
 Ow Yong Thian Soo
 Low Yee Khim
 Ong Seet Joon (Appointed on 1 January 2022)
 Ong Kheng Chye (Appointed on 1 January 2022)
 Goh Mou Lih (Appointed on 1 January 2022)

ARRANGEMENTS TO ENABLE DIRECTORS TO ACQUIRE SHARES AND DEBENTURES

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

DIRECTORS' STATEMENT

For the financial year ended 31 December 2021

DIRECTORS' INTERESTS IN SHARES OR DEBENTURES

According to the register of directors' shareholdings, none of the directors holding office at the end of the financial year had any interest in the shares or debentures of the Company or its related corporations, except as follows:

	Holdings registered in name of director or nominee		Holdings in which director is deemed to have an interest	
	At 31.12.2021	At 1.1.2021	At 31.12.2021	At 1.1.2021
Koh Brothers Group Limited				
<u>Ordinary shares</u>				
Koh Tiat Meng	8,908,654	8,908,654	-	-
Koh Teak Huat	35,713,088	32,213,088	325,000	325,000
Koh Keng Siang	30,007,035	30,007,035	60,020,000	60,020,000
Koh Keng Hiong	55,260,100	55,260,100	10,000	10,000
Quek Chee Nee	25,896,814	25,896,814	-	-
Er Dr Lee Bee Wah	605,000	605,000	-	-
Lai Mun Onn	100,000	100,000	-	-
<u>S\$70 million 5.1% fixed rate notes due 2022</u>				
Koh Teak Huat	S\$1,000,000	S\$1,000,000	-	-
Koh Keng Siang	-	-	S\$250,000	S\$250,000
Lee Sok Khian John	-	-	S\$500,000	S\$500,000
Quek Chee Nee	S\$500,000	S\$500,000	-	-
Er Dr Lee Bee Wah	S\$250,000	S\$250,000	-	-
Koh Brothers Eco Engineering Limited				
<u>Ordinary shares</u>				
Koh Tiat Meng	2,134,800	2,134,800	-	-
Koh Teak Huat	6,764,746	6,764,746	32,500	32,500
Koh Keng Siang	13,120,000	13,120,000	1,544,629,607	1,544,629,607
Koh Keng Hiong	3,026,010	3,026,010	1,211,000	1,211,000
Quek Chee Nee	2,589,681	2,589,681	-	-
Lai Mun Onn	14,000	14,000	-	-
<u>Warrants 2018</u>				
Koh Teak Huat	2,254,915	2,254,915	-	-
Koh Keng Siang	4,388,846	4,388,846	-	-

Koh Keng Siang, who by virtue of his interest of not less than 20% of the issued capital of the Company, is deemed to have an interest in the whole of the share capital of the Company's subsidiaries.

The directors' interests in the ordinary shares of the Company as at 21 January 2022 were the same as those as at 31 December 2021.

DIRECTORS' STATEMENT

For the financial year ended 31 December 2021

SHARE OPTIONS

There were no options granted during the financial year to subscribe for unissued shares of the Company or its subsidiaries.

No shares have been issued during the financial year by virtue of the exercise of options to take up unissued shares of the Company or its subsidiaries.

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

AUDIT AND RISK COMMITTEE

The members of the Audit and Risk Committee at the end of the financial year are as follows:

Er Dr Lee Bee Wah (Chairperson)
Lai Mun Onn
Ow Yong Thian Soo

All members of the Audit and Risk Committee are independent and non-executive directors.

The Audit and Risk Committee carried out its functions in accordance with Section 201B(5) of the Singapore Companies Act 1967. In performing those functions, the Committee reviewed:

- the scope and the results of internal audit procedures with the internal auditor;
- the audit plan of the Company's independent auditor and any recommendations on internal accounting controls arising from the statutory audit;
- the assistance given by the Company's management to the independent auditor; and
- the balance sheet of the Company and the consolidated financial statements of the Group for the financial year ended 31 December 2021 before their submission to the Board of Directors.

The Audit and Risk Committee has recommended to the Board that the independent auditor, PricewaterhouseCoopers LLP, be nominated for re-appointment at the forthcoming Annual General Meeting of the Company.

INDEPENDENT AUDITOR

The independent auditor, PricewaterhouseCoopers LLP, has expressed its willingness to accept re-appointment.

On behalf of the directors

Koh Keng Siang
Director

Koh Keng Hiong
Director

16 March 2022

INDEPENDENT AUDITOR'S REPORT

To the Members of Koh Brothers Group Limited

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

OUR OPINION

In our opinion, the accompanying consolidated financial statements of Koh Brothers Group Limited (the "Company") and its subsidiaries (the "Group") and the balance sheet of the Company are properly drawn up in accordance with the provisions of the Companies Act 1967 (the "Act") and Singapore Financial Reporting Standards International ("SFRS(I)s") so as to give a true and fair view of the consolidated financial position of the Group and the financial position of the Company as at 31 December 2021 and of the consolidated financial performance, consolidated changes in equity and consolidated cash flows of the Group for the financial year ended on that date.

What we have audited

The financial statements of the Company and the Group comprise:

- the consolidated statement of comprehensive income of the Group for the financial year ended 31 December 2021;
- the balance sheets of the Group and the Company as at 31 December 2021;
- the consolidated statement of changes in equity of the Group for the financial year then ended;
- the consolidated statement of cash flows of the Group for the financial year then ended; and
- the notes to the financial statements, including a summary of significant accounting policies.

BASIS FOR OPINION

We have conducted our audit in accordance with Singapore Standards on Auditing ("SSAs"). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report.

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

Independence

We are independent of the Group in accordance with the Accounting and Corporate Regulatory Authority Code of Professional Conduct and Ethics for Public Accountants and Accounting Entities ("ACRA Code") together with the ethical requirements that are relevant to our audit of the financial statements in Singapore, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ACRA Code.

OUR AUDIT APPROACH

As part of designing our audit, we determined materiality and assessed the risks of material misstatement in the accompanying financial statements. In particular, we considered where management made subjective judgements; for example, in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain. As in all of our audits, we also addressed the risk of management override of internal controls, including among other matters consideration of whether there was evidence of bias that represented a risk of material misstatement due to fraud.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements for the financial year ended 31 December 2021. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

INDEPENDENT AUDITOR'S REPORT

To the Members of Koh Brothers Group Limited

OUR AUDIT APPROACH *(continued)*

Key Audit Matters *(continued)*

Key Audit Matter	How our audit addressed the Key Audit Matter
Accounting for construction contracts <i>Refer to Note 3(a) and Note 4</i> During the financial year ended 31 December 2021, revenue from construction contracts amounted to S\$173.3 million and it represented 68.6% of the total revenue of the Group. The COVID-19 pandemic situation has remained arduous in 2021, with new challenges brought on by the highly transmissible COVID-19 Delta variant. Despite this, progress of construction projects has improved compared to the prior year as Circuit Breaker measures have loosen and stoppages of construction activities are not as frequent. The Group uses the input method (i.e. "cost-to-cost" method) to measure project progress and recognise contract revenue in accordance with SFRS(I) 15 <i>Revenue from Contracts with Customers</i>. This requires significant judgement in assessing the revenue from variation order, cost to complete and project margins. We focused on the accuracy of revenue recognition and recoverability of contract assets due to the significant management judgment required in determining the total contract sum and the total contract costs.	We obtained an understanding of the projects under construction through discussions with management and project managers, assessed the appropriateness of the method selected for individual projects to measure project progress and recognise contract revenue, and examined project documentation (including contracts, correspondences with customers on delays or extension of time). In relation to total contract sums for projects in progress, our audit procedures include the following on a sampling basis: • agreed total contract sums to contract entered into by the Group and its customer; • inspected correspondences with customers and supporting documents by the Group's specialists relating to variation orders included in the total contract; • obtained and reviewed legal opinions from the Group's external legal counsels in relation to their contractual rights to claim for variation orders for certain projects; • agreed variation orders with agreed prices included in total contract sums recognised to surveyor/architect's certification; • inspected progress billings to customers subsequent to year end and compared amounts to contract asset balances at year end; and • assessed the adequacy of the amount of liquidated damages to be net off against contract sums, based on our understanding of the projects. In relation to total contracts costs, our audit procedures include the following on a sampling basis: • traced the cost to complete for each project by substantiating costs that have been committed to quotations and contracts entered; • tested the reasonableness of the cost to complete for selected projects, focusing on those with significant activities during the year; and • assessed the reasonableness of cost incurred against our understanding of the projects. Based on the audit procedures performed above, we have assessed management's estimates to be reasonable. We then recomputed the percentage of completion based on actual cumulative cost incurred as a portion of total contract costs, cumulative contract revenue and the contract revenue recognised for the current financial year as well as the amount of provision for onerous contracts (where relevant) for each project, and traced to the accounting records and found it to be appropriate. We have also assessed the adequacy of the disclosures of the key accounting estimates and sensitivity and found the disclosures in the financial statements to be appropriate.

INDEPENDENT AUDITOR'S REPORT

To the Members of Koh Brothers Group Limited

OUR AUDIT APPROACH *(continued)*

Key Audit Matters (continued)

Key Audit Matter	How our audit addressed the Key Audit Matter
Valuation of investment properties <i>Refer to Note 3(c) and Note 22</i> The Group's investment properties carried at fair value amount to S\$102.2 million at 31 December 2021 and accounted for 12.3% of the Group's total assets. The disclosures relating to these investment properties are included in Note 3(c) and Note 22 to the financial statements. Management uses external valuers to support its determination of the individual fair value of its investment properties annually. The valuation of investment properties is significant to our audit due to the complexity involved in the valuation techniques. The judgement relating to the assumptions used in the valuation techniques, including the monthly rental per square metre, yield rate, cost per square metre and market value per square metre, impact the valuation. Uncertainty arises as a result of having to consider long-term trends and market conditions in the assumptions.	Our procedures included the following: - assessed the competency, capabilities and objectivity of the external valuers engaged by the Group; - obtained an understanding of the techniques used by the external valuers in determining the valuation of individual investment properties; - discussed the critical assumptions made by the external valuers for the key inputs used in the valuation techniques; - tested the integrity of information, including underlying lease and financial information provided to the external valuers; and - assessed the reasonableness of the rental rate and market value of comparable property by benchmarking these against those of comparable properties and prior year inputs. We found that the external valuers are members of recognised professional bodies for external valuers. We also found that the valuation methodologies used were appropriate in the context of the Group's investment properties and the critical assumptions used for the key inputs were within the range of market data. We have also assessed the adequacy of the disclosures relating to the assumptions as we consider them as likely to be significant to users of the financial statements given the estimation uncertainty and sensitivity of the valuations.

OTHER INFORMATION

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

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

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

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

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

INDEPENDENT AUDITOR'S REPORT

To the Members of Koh Brothers Group Limited

RESPONSIBILITIES OF MANAGEMENT AND DIRECTORS FOR THE FINANCIAL STATEMENTS

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

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

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

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

INDEPENDENT AUDITOR'S REPORT

To the Members of Koh Brothers Group Limited

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS *(continued)*

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

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

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

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

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

The engagement partner on the audit resulting in this independent auditor's report is Lee Chian Yorn.

PricewaterhouseCoopers LLP
Public Accountants and Chartered Accountants

Singapore, 16 March 2022

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the financial year ended 31 December 2021

	Note	2021 S\$'000	2020 S\$'000
Sales	4(a)	252,621	243,066
Cost of sales	7	(231,047)	(241,606)
Gross profit		21,574	1,460
Other income	5	1,828	2,741
Other gains - net	6	8,659	3,116
Expenses			
- Distribution and marketing			
- Write-back of allowance for/ (allowance for) impairment of trade receivables	7	658	(645)
- Others	7	(1,887)	(2,303)
- Administrative	7	(14,391)	(13,141)
- Finance	9	(9,200)	(10,833)
- Other			
- Allowance for impairment of loans to joint ventures	7	(1,377)	(1,469)
- Write-back of allowance for/ (allowance for) impairment of sundry debtors	7	9	(238)
- Others	7	(84)	(680)
Share of profit/(loss) of associated companies	19	159	(1,071)
Share of profit of joint ventures	20	2,880	6,844
Profit/(loss) before income tax		8,828	(16,219)
Income tax expense	10(a)	(635)	(500)
Profit/(loss) after income tax		8,193	(16,719)
Profit/(loss) attributable to:			
Equity holders of the Company		6,900	(14,806)
Non-controlling interests		1,293	(1,913)
		8,193	(16,719)
Earnings/(loss) per share for profit/(loss) attributable to equity holders of the Company:			
- Basic earnings/(loss) per share (in cents)	11(a)	1.67	(3.59)
- Diluted earnings/(loss) per share (in cents)	11(b)	1.67	(3.59)
Profit/(loss) after income tax		8,193	(16,719)
Other comprehensive (loss)/income:			
<i>Items that may be reclassified subsequently to profit or loss:</i>			
Currency translation arising from consolidation			
- (Loss)/gain	31(d)	(553)	305
- Reclassification	31(d)	-	(248)
Fair value gain/(loss) on debt financial assets, at FVOCI	31(b)	1	(200)
		(552)	(143)
<i>Items that may not be reclassified subsequently to profit or loss:</i>			
Fair value loss on equity financial assets, at FVOCI	31(b)	(4,151)	(1,181)
Other comprehensive loss, net of tax		(4,703)	(1,324)
Total comprehensive income/(loss)		3,490	(18,043)
Total comprehensive income/(loss) attributable to:			
Equity holders of the Company		2,185	(16,020)
Non-controlling interests		1,305	(2,023)
		3,490	(18,043)

The accompanying notes form an integral part of these financial statements.

BALANCE SHEETS

As at 31 December 2021

		GROUP		COMPANY	
	Note	2021 S\$'000	2020 S\$'000	2021 S\$'000	2020 S\$'000
ASSETS					
Current assets					
Cash and bank balances	12	95,152	101,849	989	186
Investment securities	13	2,730	3,489	-	218
Trade and other receivables	14	57,293	40,947	7	7
Contract assets	4(b)	123,370	130,089	-	-
Amounts due from subsidiaries	21	-	-	39,920	42,193
Amounts due from joint ventures	15	45,245	44,009	-	-
Inventories	16	10,291	2,709	-	-
Development properties	17	128,402	122,057	-	-
Income tax receivables	10(b)	730	730	-	-
Other current assets	18	4,799	5,940	-	-
		468,012	451,819	40,916	42,604
Property held-for-sale	37	3,216	-	-	-
		471,228	451,819	40,916	42,604
Non-current assets					
Trade and other receivables	14	30,127	29,393	-	-
Contract assets	4(b)	4,296	3,869	-	-
Investment securities	13	10,705	792	-	-
Investment in subsidiaries	21	-	-	156,615	156,479
Investments in associated companies	19	439	280	-	-
Investments in joint ventures	20	94,202	99,516	-	-
Investment properties	22	102,169	95,224	-	-
Property, plant and equipment	23	110,715	133,404	-	-
Goodwill	26	5,078	5,078	-	-
		357,731	367,556	156,615	156,479
		828,959	819,375	197,531	199,083
Total assets					
LIABILITIES					
Current liabilities					
Trade and other payables	27	75,783	97,523	1,602	1,706
Contract liabilities	4(b)	11,352	7,347	-	-
Amounts due to subsidiaries	21	-	-	8,305	10,934
Amounts due to joint ventures	15	37,778	38,340	-	-
Current income tax liabilities	10(b)	818	463	-	-
Bank borrowings and lease liabilities	28	81,219	90,164	-	-
Notes payables	30	70,000	-	70,000	-
		276,950	233,837	79,907	12,640
Non-current liabilities					
Trade and other payables	27	6,943	4,649	-	-
Amount due to a subsidiary	21	-	-	19,011	19,011
Bank borrowings and lease liabilities	28	195,050	200,544	-	-
Notes payables	30	-	70,000	-	70,000
Deferred income tax liabilities	10(c)	7,278	7,775	-	-
		209,271	282,968	19,011	89,011
		486,221	516,805	98,918	101,651
Total liabilities					
NET ASSETS					
EQUITY					
Capital and reserves attributable to equity holders of the Company					
Share capital	31(a)	36,981	36,981	36,981	36,981
Treasury shares	31(a)	(7,983)	(7,983)	(7,983)	(7,983)
Other reserves	31(b)	(3,194)	(2,311)	-	-
Retained profits	31(c)	270,689	270,633	69,615	68,434
Currency translation reserve	31(d)	(9,382)	(9,432)	-	-
		287,111	287,888	98,613	97,432
Non-controlling interests					
		55,627	14,682	-	-
Total equity					
		342,738	302,570	98,613	97,432

The accompanying notes form an integral part of these financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the financial year ended 31 December 2021

		Attributable to equity holders of the Company							
	Note	Share capital S\$'000	Treasury shares S\$'000	Other reserves S\$'000	Retained profits S\$'000	Currency translation reserve S\$'000	Total S\$'000	Non-controlling interests S\$'000	Total equity S\$'000
Balance at 1 January 2021		36,981	(7,983)	(2,311)	270,633	(9,432)	287,888	14,682	302,570
Profit for the financial year		-	-	-	6,900	-	6,900	1,293	8,193
Other comprehensive (loss)/ income for the financial year		-	-	(4,148)	-	(567)	(4,715)	12	(4,703)
Total comprehensive (loss)/ income for the financial year		-	-	(4,148)	6,900	(567)	2,185	1,305	3,490
Change in ownership interests in subsidiaries	21	-	-	257	(2,889)	617	(2,015)	2,015	-
Share based payment pursuant to performance share plan by a subsidiary	31(b)	-	-	8	-	-	8	7	15
Issuance of shares by a subsidiary, net of expenses		-	-	-	(955)	-	(955)	37,789	36,834
Exercise of warrants issued by a subsidiary		-	-	-	-	-	-	439	439
Transfer upon realisation of fair value loss in equity financial assets, at FVOCI		-	-	3,000	(3,000)	-	-	-	-
Dividend paid to non-controlling interests		-	-	-	-	-	-	(610)	(610)
Total transactions with owners, recognised directly in equity		-	-	3,265	(6,844)	617	(2,962)	39,640	36,678
Balance at 31 December 2021		36,981	(7,983)	(3,194)	270,689	(9,382)	287,111	55,627	342,738
Balance at 1 January 2020		36,981	(7,983)	(974)	283,247	(9,475)	301,796	20,914	322,710
Loss for the financial year		-	-	-	(14,806)	-	(14,806)	(1,913)	(16,719)
Other comprehensive (loss)/ income for the financial year		-	-	(1,332)	-	118	(1,214)	(110)	(1,324)
Total comprehensive (loss)/ income for the financial year		-	-	(1,332)	(14,806)	118	(16,020)	(2,023)	(18,043)
Change in ownership interests in subsidiaries	21	-	-	(29)	3,242	(75)	3,138	(3,138)	-
Share based payment pursuant to performance share plan by a subsidiary	31(b)	-	-	5	-	-	5	19	24
Disposal of subsidiaries	31(b)	-	-	19	(19)	-	-	(23)	(23)
Dividend paid	32	-	-	-	(1,031)	-	(1,031)	(91)	(1,122)
Dividend paid to non-controlling interests		-	-	-	-	-	-	(976)	(976)
Total transactions with owners, recognised directly in equity		-	-	(5)	2,192	(75)	2,112	(4,209)	(2,097)
Balance at 31 December 2020		36,981	(7,983)	(2,311)	270,633	(9,432)	287,888	14,682	302,570

The accompanying notes form an integral part of these financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

For the financial year ended 31 December 2021

	2021 S\$'000	2020 S\$'000
Cash flows from operating activities		
Profit/(loss) after income tax	8,193	(16,719)
Adjustments for:		
- Income tax expense	635	500
- (Write-back of allowance for)/allowance for inventory obsolescence	(2,280)	627
- Depreciation of property, plant and equipment	15,943	21,744
- Dividend income	-	(78)
- (Write-back of allowance for)/allowance for impairment of property, plant and equipment	(169)	224
- Property, plant and equipment written off	21	172
- Fair value (gain)/loss on investment properties	(7,089)	317
- Gain on disposal of property, plant and equipment	(682)	(1,081)
- Gain on disposal of subsidiaries	-	(286)
- Fair value gain on financial assets, at fair value through profit or loss	-	(1,717)
- Share of (profit)/loss of associated companies	(159)	1,071
- Share of profit of joint ventures	(2,880)	(6,844)
- Finance expense	9,200	10,833
- Interest income	(1,209)	(1,986)
- Unrealised translation (gain)/loss	(514)	38
	19,010	6,815
Change in working capital, net of effects from disposal of subsidiaries:		
- Trade and other receivables	(17,050)	13,452
- Inventories	(5,302)	2,097
- Contract assets and liabilities	10,296	2,326
- Development properties	(6,344)	14,481
- Other current assets	1,141	335
- Trade and other payables	(19,531)	(24,677)
- Amount due from/to joint ventures	(1,798)	13,991
Cash (used in)/generated from operations	(19,578)	28,820
Income tax paid	(775)	(302)
Net cash (used in)/generated from operating activities	(20,353)	28,518
Cash flows from investing activities		
Purchase of property, plant and equipment	(3,021)	(2,303)
Net (purchase)/proceeds from investment securities	(13,302)	1,922
Proceeds from disposal of property, plant and equipment	3,135	1,398
Proceeds from disposal of a subsidiary, net of cash disposed of	-	34
Proceeds from liquidation of a joint venture	2,539	-
Additions to investment properties	-	(1,373)
Dividends received from joint ventures	5,757	12,028
Dividend from other investments	-	78
Interest received	1,209	567
Net cash (used in)/provided by investing activities	(3,683)	12,351

The accompanying notes form an integral part of these financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

For the financial year ended 31 December 2021

	Note	2021 S\$'000	2020 S\$'000
Cash flows from financing activities			
Proceeds from issuance of shares by a listed subsidiary, net of expenses	21	36,834	-
Proceeds from exercise of warrants in a subsidiary, net of expenses		439	-
Proceeds from bank borrowings		35,253	24,200
Principal payment of lease liabilities		(8,832)	(8,033)
Repayment of bank borrowings		(36,613)	(27,223)
Dividend paid to equity holders of the Company		-	(1,031)
Dividend paid to non-controlling interests		(610)	(741)
Interest paid		(9,227)	(11,289)
Net cash provided by/(used in) financing activities		17,244	(24,117)
Net change in cash and bank balances		(6,792)	16,752
Beginning of financial year		101,849	85,195
Effects of currency translation on cash and bank balances		95	(98)
End of financial year	12	95,152	101,849

Reconciliation of liabilities arising from financing activities

	Non-cash changes							End of financial year S\$'000
	Beginning of financial year S\$'000	Net cash flows S\$'000	Interest expense S\$'000	Additions to property, plant and equipment S\$'000	Modification of lease liabilities S\$'000	Foreign exchange movement S\$'000	Reclassification for property held-for-sale S\$'000	
2021								
Bank borrowings (Note 28 and 29)	259,818	(1,360)	-	-	-	(45)	-	258,413
Lease liabilities (Note 28)	30,890	(9,576)	744	894	-	-	(5,096)	17,856
Notes payables (Note 30)	70,000	(3,570)	3,570	-	-	-	-	70,000
Accrued interest expense within trade and other payables								
- Accruals for operating expenses (Note 27)	799	(4,913)	4,886	-	-	-	-	772
2020								
Bank borrowings (Note 28 and 29)	262,696	(3,023)	-	148	-	(3)	-	259,818
Lease liabilities (Note 28)	36,867	(9,025)	992	553	1,503	-	-	30,890
Notes payables (Note 30)	70,000	(3,570)	3,570	-	-	-	-	70,000
Accrued interest expense within trade and other payables								
- Accruals for operating expenses (Note 27)	1,408	(6,727)	6,118	-	-	-	-	799

The accompanying notes form an integral part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2021

These notes form an integral part of and should be read in conjunction with the accompanying financial statements.

1. General information

Koh Brothers Group Limited (the “Company”) is listed on the Singapore Exchange and incorporated and domiciled in Singapore. The address of its registered office is 11 Lorong Pendek, Koh Brothers Building, Singapore 348639.

The principal activities of the Company are investment holding and provision of management services.

The principal activities of its significant subsidiaries, joint ventures, joint operations and associated companies are set out in Note 38 of the financial statements.

2. Significant accounting policies

2.1 Basis of preparation

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

The preparation of financial statements in conformity with SFRS(I) requires management to exercise its judgement in the process of applying the Group’s accounting policies. It also requires the use of certain critical accounting estimates and assumptions. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in Note 3.

Impact of COVID-19

The COVID-19 pandemic has affected almost all countries of the world, and resulted in border closures, production stoppages, workplace closures, movement controls and other measures imposed by the various governments. The Group’s significant operations are mainly in Singapore and Malaysia, both of which have been affected by the spread of COVID-19 in 2021.

Set out below is the impact of COVID-19 on the Group’s financial performance reflected in this set of financial statements for the financial year ended 31 December 2021:

- (i) The Group has assessed that the going concern basis of preparation for this set of financial statements remains appropriate.
- (ii) Border closures, production stoppages and workplace closures during 2021 have resulted in periods where the Group’s operations were temporarily suspended to adhere to the respective governments’ movement control measures. These have negatively impacted business production and volume in 2021, resulting in a negative impact on the Group’s financial performance for 2021.
- (iii) The Group has received rental concessions for its leasehold lands. The effects of such rental concessions received are disclosed in Note 7.
- (iv) The Group has received government grants during 2021 mainly from the Singapore Government as part of the relief measures to help businesses deal with the impact from COVID-19. The effects of such government grants received are disclosed in Notes 7 and 8.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2021

2. Significant accounting policies *(continued)*

2.1 Basis of preparation *(continued)*

Impact of COVID-19 *(continued)*

- (v) The Group has considered the market conditions (including the impact of COVID-19) as at the balance sheet date, in making estimates and judgements on the total contract sum and contract cost for construction contracts and recoverability of assets as at 31 December 2022. The significant estimates and judgement applied on the total contract sum and contract costs for construction contracts, impairment of trade receivables, impairment of goodwill and valuation of investment properties are disclosed in Notes 3(a), 3(b) and 3(c) respectively.

As the COVID-19 pandemic continues to evolve, the Group continues to be impacted by the measures taken by governments to combat the spread of the pandemic. If the situation persists beyond management's current expectations, the Group's assets may be subject to further write downs in the subsequent financial periods.

Interpretations and amendments to published standards effective in 2021

On 1 January 2021, the Group adopted the new or amended SFRS(I) and Interpretations of SFRS(I) ("INT SFRS(I)") that are mandatory for application for the financial year. Changes to the Group's accounting policies have been made as required, in accordance with the transitional provisions in the respective SFRS(I) and INT SFRS(I).

The adoption of these new or amended SFRS(I) and INT SFRS(I) did not result in substantial changes to the Group's accounting policies and had no material effect on the amounts reported for the current or prior financial years, except as follows:

Interest Rate Benchmark Reform – Phase 2

The Company has adopted the amendments to SFRS(I) 9, SFRS(I) 7 and SFRS(I) 16 Interest Rate Benchmark Reform ("IBOR reform") – Phase 2 effective 1 January 2021. In accordance with the transition provisions, the amendments shall be applied retrospectively to hedging relationships and financial instruments. Comparative amounts have not been restated, and there was no impact on the current period opening reserves amounts on adoption.

Financial instruments measured at amortised cost and lease liabilities

Phase 2 of the amendments requires that, for financial instruments measured using amortised cost measurement, changes to the basis for determining the contractual cash flows required by IBOR reform are reflected by adjusting their effective interest rate. No immediate gain or loss is recognised. A similar practical expedient exists for lease liabilities.

These expedients are only applicable to changes that are required by IBOR reform, which is the case if, and only if, the change is necessary as a direct consequence of IBOR reform and the new basis for determining the contractual cash flows is economically equivalent to the previous basis immediately preceding the change.

For lease liabilities where there is a change to the basis for determining the contractual cash flows, as a practical expedient the lease liability is remeasured by discounting the revised lease payments using a discount rate that reflects the change in the interest rate where the change is required by IBOR reform. If lease modifications are made in addition to those required by IBOR reform, the Group applies the relevant SFRS(I) 16 requirements to account for the entire lease modification, including those changes required by IBOR reform.

The Group's risk exposure that is directly affected by the IBOR reform predominantly comprised its variable rate borrowings that are linked to Singapore Swap Offer Rate ("SOR"). SOR will cease publication after 30 June 2023, and it is expected to be replaced by the Singapore Overnight Rate Average ("SORA"). Management has performed a detailed analysis of the transition provisions and has determined that there will be no material impact from the expected transition to IBOR reform – Phase 2.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2021

2. Significant accounting policies *(continued)*

2.2 Revenue recognition

(a) Contract revenue

The Group provides engineering and construction services to customers through fixed-price contracts. Contract revenue is recognised when the Group's performance creates or enhance an asset that the customer controls as the asset is created or enhanced.

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

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

Contract modifications that do not add distinct goods or services are accounted for as a continuation of the original contract and the change is recognised as a cumulative adjustment to revenue at the date of modification.

Based on the Group's experience with similar types of contracts, variable consideration is typically constrained and is included in the transaction price only to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognised will not occur when the uncertainty associated with the variable consideration is resolved.

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

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

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

For costs incurred in fulfilling the contract which are within the scope of another SFRS(I) (eg. Inventories), these have been accounted for in accordance with those other SFRS(I). If these are not within the scope of another SFRS(I), the Group will capitalise these as contract costs assets only if (i) these costs relate directly to a contract or an anticipated contract which the Group can specifically identify; (ii) these costs generate or enhance resources of the Group that will be used in satisfying (or in continuing to satisfy) performance obligations in the future; and (iii) these costs are expected to be recovered. Otherwise, such costs are recognised as an expense immediately.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2021

2. Significant accounting policies *(continued)*

2.2 Revenue recognition *(continued)*

(b) Sale of goods

Revenue from sale of goods is recognised at a point in time when the Group has delivered the products to the customer and the customer has accepted the products.

For sale of certain products from the Construction and Building Materials segment with no alternative use to the Group, the Group has assessed at contract inception that it does not have an enforceable right to payment for performance completed to date in relation to such goods.

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

(c) Rendering of services

Revenue from services is recognised in the accounting period when services are rendered.

(d) Revenue from property development sales

Revenue from property development sales is recognised as disclosed in Note 2.8 "Development properties".

(e) Rental income

Rental income is recognised as disclosed in Note 2.12(b) "Leases - when the Group is the lessor".

(f) Dividend income

Dividend income is recognised when the right to receive payment is established.

(g) Interest income

Interest income is recognised using the effective interest method.

2.3 Government grants

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

Government grants receivable are recognised in profit or loss over the periods necessary to match them with the related costs which they are intended to compensate, on a systematic basis.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2021

2. Significant accounting policies *(continued)*

2.4 Group accounting

(a) Subsidiaries

(i) Consolidation

Subsidiaries are all entities (including structured entities) over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date on that control ceases.

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

Non-controlling interests comprise the portion of a subsidiary's net results of operations and its net assets, which is attributable to the interests that are not owned directly or indirectly by the equity holders of the Company. They are shown separately in the consolidated statement of comprehensive income, statement of changes in equity and balance sheet. 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.

(ii) Acquisitions

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

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

Acquisition-related costs are expensed as incurred.

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

In 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 identifiable net assets.

The excess of (a) the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over the (b) fair value of the identifiable net assets acquired is recorded as goodwill. Please refer to Note 2.6 "Goodwill" for the subsequent accounting policy on goodwill.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2021

2. Significant accounting policies *(continued)*

2.4 Group accounting *(continued)*

(a) Subsidiaries *(continued)*

(iii) Disposals

When a change in the Group's ownership interest in a subsidiary results in a loss of control over the subsidiary, the assets and liabilities of the subsidiary including any goodwill are derecognised. Amounts previously recognised in other comprehensive income in respect of that entity are also reclassified to profit or loss or transferred directly to retained profits 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 interest at the date when control is lost and its fair value is recognised in profit or loss.

Please refer to Note 2.9 "Investments in subsidiaries, joint ventures and associated companies" for the accounting policy on investments in subsidiaries in the separate financial statements of the Company.

(b) Transactions with non-controlling interests

Changes in the Group'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 Company. Any difference between the change in the carrying amounts of the non-controlling interest and the fair value of the consideration paid or received is recognised within equity attributable to the equity holders of the Company.

(c) Associated companies and joint ventures

Associated companies are entities over which the Group has significant influence, but not control, generally accompanied by a shareholding giving rise to voting rights of 20% and above.

Joint ventures are entities over which the Group has joint control as a result of contractual arrangements, and rights to the net assets of the entities.

Investments in associated companies and joint ventures are accounted for in the consolidated financial statements using the equity method of accounting less impairment losses, if any.

(i) Acquisitions

Investments in associated companies and joint ventures are initially recognised at cost. The cost of an acquisition is measured at the fair value of the assets given, equity instruments issued or liabilities incurred or assumed at the date of exchange, plus costs directly attributable to the acquisition. Goodwill on associated companies and joint ventures represents the excess of the cost of acquisition of the associated company or joint venture over the Group's share of the fair value of the identifiable net assets of the associated company or joint venture and is included in the carrying amount of the investments.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2021

2. Significant accounting policies *(continued)*

2.4 Group accounting *(continued)*

(c) Associated companies and joint ventures *(continued)*

(ii) Equity method of accounting

Under the equity method of accounting, the investments are initially recognised at cost and adjusted thereafter to recognise Group's share of its associated companies' or joint ventures' post-acquisition profits or losses of the investee in profit or loss and its share of movements in other comprehensive income of the investee's other comprehensive income. Dividends received or receivable from the associated companies or joint ventures are recognised as a reduction of the carrying amount of the investments. When the Group's share of losses in an associated company or joint venture equals to or exceeds its interest in the associated company or joint venture, the Group does not recognise further losses, unless it has legal or constructive obligations to make, or has made, payments on behalf of the associated company or joint venture. If the associated company or joint venture subsequently reports profits, the Group resumes recognising its share of those profits only after its share of the profits equals the share of losses not recognised. Interest in an associated company or joint venture includes any long-term loans for which settlement is never planned nor likely to occur in the foreseeable future.

Unrealised gains on transactions between the Group and its associated companies or joint ventures are eliminated to the extent of the Group's interest in the associated companies or joint ventures. Unrealised losses are also eliminated unless the transactions provide evidence of impairment of the assets transferred. The accounting policies of associated companies or joint ventures are changed where necessary to ensure consistency with the accounting policies adopted by the Group.

(iii) Disposals

Investments in associated companies or joint ventures are derecognised when the Group loses significant influence or joint control. If the retained equity interest in the former associated company or joint venture is a financial asset, the retained equity interest is measured at fair value. The difference between the carrying amount of the retained interest at the date when significant influence or joint control is lost, and its fair value and any proceeds on partial disposal, is recognised in profit or loss.

Please refer to Note 2.9 "Investments in subsidiaries, joint ventures and associated companies" for the accounting policy on investments in associated companies and joint ventures in the separate financial statements of the Company.

(d) Joint operations

The Group's joint operations are joint arrangements whereby the parties (the joint operators) that have joint control of the arrangement have rights to the assets, and obligations for the liabilities, relating to the arrangement.

The Group recognises, in relation to its interest in the joint operation:

- its assets, including its share of any assets held jointly;
- its liabilities, including its share of any liabilities incurred jointly;
- its revenue from the sale of its share of the output arising from the joint operation;
- its share of the revenue from the sale of the output by the joint operation; and
- its expenses, including its share of any expenses incurred jointly.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2021

2. Significant accounting policies *(continued)*

2.4 Group accounting *(continued)*

(d) Joint operations *(continued)*

When the Group sells or contributes assets to a joint operation, the Group recognises gains or losses on the sale or contribution of assets that is attributable to the interest of the other joint operators. The Group recognises the full amount of any loss when the sale or contribution of assets provides evidence of a reduction in the net realisable value, or an impairment loss, of those assets.

When the Group purchases assets from a joint operation, it does not recognise its share of the gains and losses until it resells the assets to an independent party. However, a loss on the transaction is recognised immediately if the loss provides evidence of a reduction in the net realisable value of the assets to be purchased or an impairment loss.

The accounting policies of the assets, liabilities, revenue and expenses relating to the Group's interest in a joint operation have been changed where necessary to ensure consistency with the accounting policies adopted by the Group.

2.5 Property, plant and equipment

(a) Measurement

Property, plant and equipment are initially recognised at cost and subsequently carried at cost less accumulated depreciation and accumulated impairment losses except for certain buildings and leasehold premises, which are subsequently carried at revalued amount less accumulated depreciation and accumulated impairment losses.

The cost of an item of property, plant and equipment initially recognised includes its purchase price and any cost that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Cost also includes borrowing costs (refer to Note 2.21 on borrowing costs).

Increases in carrying amounts arising from revaluation, including currency translation differences, are recognised in other comprehensive income, unless they reverse a revaluation decrease of the same asset previously recognised in profit or loss. In this case, the increase are recognised in profit or loss. Decreases in carrying amounts are recognised in other comprehensive income to the extent of any credit balance existing in the equity in respect of that asset and reduces the amount accumulated in equity. All other decreases in carrying amounts are recognised in profit or loss.

The revaluation on certain freehold and leasehold properties was done in connection with the listing of the Company in 1993. The increase in carrying amount arising from the revaluation was taken to capital reserve.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2021

2. Significant accounting policies *(continued)*

2.5 Property, plant and equipment *(continued)*

(b) Depreciation

Freehold land and assets under construction are not depreciated. Depreciation on other items of property, plant and equipment is calculated using the straight-line method to allocate their depreciable amounts over their estimated useful lives as follows:

	<u>Useful lives</u>
Buildings on freehold land	99 years
Leasehold land and buildings	2 – 92 years
Plant and machinery	2 – 20 years
Motor vehicles	2 – 10 years
Furniture, fittings, office and hotel equipment	1 – 10 years

The residual values, estimated useful lives and depreciation method of property, plant and equipment are reviewed, and adjusted as appropriate, at each balance sheet date. The effects of any revision are recognised in profit or loss when the changes arise.

(c) Subsequent expenditure

Subsequent expenditure relating to property, plant and equipment that has already been recognised is added to the carrying amount of the asset only when it is probable that future economic benefits associated with the item will flow to the entity and the cost of the item can be measured reliably. All other repair and maintenance expenses are recognised in profit or loss when incurred.

(d) Disposal

On disposal of an item of property, plant and equipment, the difference between the disposal proceeds and its carrying amount is recognised in profit or loss within Note 6 "Other gains – net". Any amount in capital reserve relating to that item is transferred to retained profits directly.

2.6 Goodwill

Goodwill on acquisitions of subsidiaries and businesses represents the excess of (a) the sum 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 (b) the fair values of the identifiable net assets acquired. Goodwill on subsidiaries is recognised separately as intangible assets and carried at cost less accumulated impairment losses.

Goodwill on acquisition of joint venture and associated company represents the excess of the cost of the acquisition over the Group's share of the fair value of the identifiable net assets acquired. Goodwill on associated company and joint venture is included in the carrying amount of the investments.

Gains and losses on disposal of subsidiaries include the carrying amount of goodwill relating to the entity sold.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2021

2. Significant accounting policies *(continued)*

2.7 Investment properties

Investment properties include those portions of commercial buildings that are held for long-term rental yields and/or for capital appreciation and right-of-use assets relating to leasehold land that is held for long-term capital appreciation or for a currently indeterminate use. Investment properties include properties that are being constructed or developed for future use as investment properties.

Investment properties are initially recognised at cost and subsequently carried at fair value, determined annually by independent professional valuers on the highest and best use basis. Changes in fair values are recognised in profit or loss.

Investment property under construction is measured at fair value if the fair value is considered to be reliably determinable. Investment properties under construction for which the fair value cannot be determined reliably, but for which the Company expects the fair value of the property will be reliably determinable when construction is completed, are measured at cost less impairment until the fair value becomes reliably determinable or construction is completed - whichever is earlier.

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

On disposal of an investment property, the difference between the disposal proceeds and the carrying amount is recognised in profit or loss.

2.8 Development properties

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

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

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

For development properties where the Group is restricted contractually from directing the properties for another use as they are being developed and has an enforceable right to payment for performance completed to date, revenue is recognised over time, based on the Group's efforts or inputs to the satisfaction of the performance obligation, by reference to the stage of completion of the properties. The stage of completion is measured by reference to the professional quantity surveyor's certification of value of work done-to-date. Management has determined that a certification-based output method provides a faithful depiction of the Group's performance in transferring control of the development properties to the customers.

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

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2021

2. Significant accounting policies *(continued)*

2.8 Development properties *(continued)*

For costs incurred in fulfilling the contract which are within the scope of another SFRS(I) (eg. SFRS(I) 1-2 Inventories), these have been accounted for in accordance with those other SFRS(I). If these are not within the scope of another SFRS(I), the Group will capitalise these as contract costs assets only if the costs relate directly to the contract, generate or enhance resources used in satisfying the contract and are expected to be recovered. Other contract costs are expensed as incurred.

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

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

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

2.9 Investments in subsidiaries, joint ventures and associated companies

Investments in subsidiaries (except for warrants in subsidiary, which are accounted for as financial assets at fair value through profit or loss), joint ventures and associated companies are carried at cost less accumulated impairment losses in the Company's balance sheet. On disposal of investments, the difference between disposal proceeds and the carrying amounts of the investments are recognised in profit or loss.

2.10 Impairment of non-financial assets

(a) Goodwill

Goodwill recognised separately as an intangible asset is tested for impairment annually and whenever there is indication that the goodwill may be impaired.

For the purpose of impairment testing of goodwill, goodwill is allocated to each of the Group's cash-generating units ("CGU") expected to benefit from synergies arising from the business combination.

An impairment loss is recognised when the carrying amount of a CGU, including the goodwill, exceeds the recoverable amount of the CGU. The recoverable amount of a CGU is the higher of the CGU's fair value less cost to sell and value-in-use.

The total impairment loss of a CGU is allocated first to reduce the carrying amount of goodwill allocated to the CGU and then to the other assets of the CGU pro-rata on the basis of the carrying amount of each asset in the CGU.

An impairment loss on goodwill is recognised as an expense and is not reversed in a subsequent period.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2021

2. Significant accounting policies *(continued)*

2.10 Impairment of non-financial assets *(continued)*

(b) Property, plant and equipment Right-of-use assets Investments in subsidiaries, joint ventures and associated companies

Property, plant and equipment, right-of-use assets and investments in subsidiaries, joint ventures and associated companies are tested for impairment whenever there is any objective evidence or indication that these assets may be impaired.

For the purpose of impairment testing, the recoverable amount (i.e. the higher of the fair value less cost to sell and the value-in-use) is determined on an individual asset basis unless the asset does not generate cash inflows that are largely independent of those from other assets. If this is the case, the recoverable amount is determined for the CGU to which the asset belongs.

If the recoverable amount of the asset (or CGU) is estimated to be less than its carrying amount, the carrying amount of the asset (or CGU) is reduced to its recoverable amount.

The difference between the carrying amount and the recoverable amount is recognised as an impairment loss in profit or loss, unless the asset is carried at revalued amount, in which case, such impairment loss is treated as a revaluation decrease. Please refer to Note 2.5 "Property, plant and equipment" for the treatment of a revaluation decrease.

An impairment loss for an asset other than goodwill is reversed only if, there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. The carrying amount of this asset is increased to its revised recoverable amount, provided that this amount does not exceed the carrying amount that would have been determined (net of any accumulated amortisation or depreciation) had no impairment loss been recognised for the asset in prior years.

A reversal of impairment loss for an asset other than goodwill is recognised in profit or loss, unless the asset is carried at revalued amount, in which case, such reversal is treated as a revaluation increase. However, to the extent that an impairment loss on the same revalued asset was previously recognised as an expense, a reversal of that impairment is also recognised in profit or loss.

2.11 Financial assets

(a) Classification and measurement

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

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

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

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

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

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2021

2. Significant accounting policies *(continued)*

2.11 Financial assets *(continued)*

(a) Classification and measurement *(continued)*

At initial recognition

At initial recognition, the Group measures a financial asset at its fair value plus transaction costs that are directly attributable to the acquisition of the financial asset, except for financial assets at fair value through profit or loss. Transaction costs of financial assets carried at fair value through profit or loss are expensed in profit or loss.

At subsequent measurement

(i) Debt instruments

Debt instruments mainly comprise of cash and bank balances, trade and other receivables, amounts due from joint ventures, subsidiaries, and debt securities.

There are three subsequent measurement categories, depending on the Group's business model for managing the asset and the cash flow characteristics of the asset:

- **Amortised cost:** Debt instruments that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. A gain or loss on a debt instrument that is subsequently measured at amortised cost and is not part of a hedging relationship is recognised in profit or loss when the asset is derecognised or impaired. Interest income from these financial assets is included in interest income using the effective interest rate method.
- **FVOCI:** Debt instruments that are held for collection of contractual cash flows and for sale, and where the assets' cash flows represent solely payments of principal and interest, are classified as FVOCI. Movements in fair values are recognised in Other Comprehensive Income (OCI) and accumulated in fair value reserve, except for the recognition of impairment gains or losses, interest income and foreign exchange gains and losses, which are recognised in profit and loss. When the financial asset is derecognised, the cumulative gain or loss previously recognised in OCI is reclassified from equity to profit or loss and presented in "Other gains - net". Interest income from these financial assets is recognised using the effective interest rate method and presented in "interest income".
- **FVPL:** Debt instruments that are held for trading as well as those that do not meet the criteria for classification as amortised cost or FVOCI are classified as FVPL. Movement in fair values and interest income is recognised in profit or loss in the period in which it arises and presented in "Other gains - net" and "Other income" respectively.

(ii) Equity instruments

The Group subsequently measures all its equity investments at their fair values. Equity investments are classified as FVPL with movements in their fair values recognised in profit or loss in the period in which the changes arise and presented in Note 6 "Other gains - net", except for those equity securities which are not held for trading. The Group has elected to recognise changes in fair value of equity securities not held for trading in other comprehensive income as these are strategic investments for enhancement of return on capital and the Group considers this to be more relevant. Dividends from equity investments are recognised in profit or loss.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2021

2. Significant accounting policies *(continued)*

2.11 Financial assets *(continued)*

(b) Impairment

The Group assesses on a forward looking basis the expected credit losses associated with its debt financial assets carried at amortised cost and FVOCI. The impairment methodology applied depends on whether there has been a significant increase in credit risk. Note 34(b) details how the Group determines whether there has been a significant increase in credit risk.

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

(c) Recognition and derecognition

Regular way purchases and sale of financial assets are recognised on trade date – the date on which the Group commits to purchase or sell the asset.

Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Group has transferred substantially all risks and rewards of ownership.

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

On disposal of an equity investment, the difference between the carrying amount and sale proceed is recognised in profit or loss if there was no election made to recognise fair value changes in other comprehensive income. If there was an election made, any difference between the carrying amount and sales proceed amount would be recognised in other comprehensive income and transferred to retained profits along with the amount previously recognised in other comprehensive income relating to that asset.

2.12 Leases

(a) When the Group is the lessee:

At the inception of the contract, the Group assesses if the contract contains a lease. A contract contains a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. Reassessment is only required when the terms and conditions of the contract are changed.

(i) *Right-of-use assets*

The Group recognised a right-of-use asset and lease liability at the date which the underlying asset is available for use. Right-of-use assets are measured at cost which comprises the initial measurement of lease liabilities adjusted for any lease payments made at or before the commencement date and lease incentive received. Any initial direct costs that would not have been incurred if the lease had not been obtained are added to the carrying amount of the right-of-use assets.

These right-of-use assets are subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2021

2. Significant accounting policies *(continued)*

2.12 Leases *(continued)*

(a) When the Group is the lessee: *(continued)*

(i) Right-of-use assets *(continued)*

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

Right-of-use asset which meets the definition of an investment property is presented within "Investment properties" and accounted for in accordance with Note 2.7.

(ii) Lease liabilities

The initial measurement of lease liability is measured at the present value of the lease payments discounted using the implicit rate in the lease, if the rate can be readily determined. If that rate cannot be readily determined, the Group shall use its incremental borrowing rate.

Lease payments include the following:

- Fixed payment (including in-substance fixed payments), less any lease incentives receivables;
- Variable lease payment that are based on an index or rate, initially measured using the index or rate as at the commencement date;
- Amount expected to be payable under residual value guarantees;
- The exercise price of a purchase option if it is reasonably certain to exercise the option; and
- Payment of penalties for terminating the lease, if the lease term reflects the Group exercising that option.

For contracts that contain both lease and non-lease components, the Group allocates the consideration to each lease component on the basis of the relative stand-alone price of the lease and non-lease component. The Group has elected to not separate lease and non-lease component for property leases and account these as one single lease component.

Lease liability is measured at amortised cost using the effective interest method. Lease liability shall be remeasured when:

- There is a change in future lease payments arising from changes in an index or rate;
- There is a change in the Group's assessment of whether it will exercise an extension option; or
- There are modifications in the scope or the consideration of the lease that was not part of the original term.

Lease liability is remeasured with a corresponding adjustment to the right-of-use asset or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2021

2. Significant accounting policies *(continued)*

2.12 Leases *(continued)*

(a) When the Group is the lessee: *(continued)*

(iii) Short-term and low value leases

The Group has elected to not recognise right-of-use assets and lease liabilities for short-term leases that have lease terms of 12 months or less and leases of low value leases, except for sublease arrangements. Lease payments relating to these leases are expensed to profit or loss on a straight-line basis over the lease term.

(iv) Variable lease payments

Variable lease payments that are not based on an index or a rate are not included as part of the measurement and initial recognition of the lease liability. The Group shall recognise those lease payments in profit or loss in the periods that triggered those lease payments. There are no such variable lease payments for the Group.

(b) When the Group is the lessor:

(i) Operating leases

Leases of investment properties and property, plant and equipment 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 incentive given to the lessees) is recognised in profit or loss on a straight-line basis over the lease term. Income from leasing of equipment is recognised on its utilisation basis.

Initial direct costs incurred by the Group in negotiating and arranging operating leases are added to the carrying amount of the leased assets and recognised as an expense in profit or loss over the lease term on the same basis as the lease income.

Contingent rents are recognised as income in profit or loss when earned.

(ii) Subleases

In classifying a sublease, the Group as an intermediate lessor classifies the sublease as a finance or an operating lease with reference to the right-of-use asset arising from the head lease, rather than the underlying asset.

When the sublease is assessed as an operating lease, the Group recognise lease income from sublease in profit or loss within "Other income". The right-of-use asset relating to the head lease is not derecognised.

For contracts which contains lease and non-lease components, the Group allocates the consideration based on a relative stand-alone selling price basis.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2021

2. Significant accounting policies *(continued)*

2.13 Financial guarantees

The Company has issued corporate guarantees to banks for borrowings of its subsidiaries and joint ventures. These guarantees are financial guarantees as they require the Company to reimburse the banks if the subsidiaries and joint ventures fail to make principal or interest payments when due in accordance with the terms of their borrowings. Intra-group transactions are eliminated on consolidation.

Financial guarantees are initially recognised at their fair values plus transaction costs and subsequently measured at the higher of:

- (a) premium received on initial recognition less the cumulative amount of income recognised in accordance with the principles of SFRS(I) 15; and
- (b) the amount of expected loss computed using the impairment methodology under SFRS(I) 9.

2.14 Assets classified as held-for-sale

Non-current assets are classified as held-for-sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use. This condition is regarded as met only when the sales is highly probable and the asset is available for immediate sale in its present condition. Management must be committed to the sale, which should be expected to qualify for recognition as a completed sale within one year from the date of classification.

Non-current assets classified as held-for-sale are measured at the lower of their previous carrying amount and fair value less cost to sell.

2.15 Borrowings

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

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

2.16 Trade and other payables

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

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

2.17 Inventories

Inventories are carried at the lower of cost and net realisable value. Cost is determined using either the first-in, first-out basis or the weighted average basis. The cost of finished goods and work-in-progress comprises raw materials, direct labour, other direct costs and related production overheads (based on normal operating capacity) but excludes borrowing costs. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and applicable variable selling expenses.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2021

2. Significant accounting policies *(continued)*

2.18 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 balance sheet date. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation and considers whether it is probable that a tax authority will accept an uncertain tax treatment. The Group measures its tax balances either based on the most likely amount or the expected value, depending on which method provides a better prediction of the resolution of the uncertainty.

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 nor 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, joint ventures and associated companies, except where the Group is able to control the timing of the reversal of the temporary differences and it is probable that the temporary differences 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:

- (a) 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 balance sheet date; and
- (b) based on the tax consequence that will follow from the manner in which the Group expects, at the balance sheet date, to recover or settle the carrying amounts of its assets and liabilities except for investment properties. Investment property measured at fair value is presumed to be recovered entirely through sale.

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

2.19 Provisions

Provisions are recognised when the Group has a present legal or constructive obligation as a result of past events, it is more likely than not that an outflow of resources will be required to settle the obligation and the amount has been reliably estimated. Provisions are not recognised for future operating losses.

Present obligations arising under onerous contracts are recognised and measured as provisions. An onerous contract is considered to exist where the Group has a contract under which the unavoidable costs of meeting the obligations under the contract exceed the economic benefits expected to be received under it.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2021

2. Significant accounting policies *(continued)*

2.20 Employee compensation

Employee benefits are recognised as an expense, unless the cost qualifies to be capitalised as an asset.

(a) Defined contribution plans

Defined contribution plans are post-employment benefit plans under which the Group pays fixed contributions into separate entities such as the Central Provident Fund on a mandatory, contractual or voluntary basis. The Group has no further payment obligations once the contributions have been paid.

(b) Employee leave entitlement

Employee entitlements to annual leave are recognised when they accrue to employees. A provision is made for the estimated liability for annual leave as a result of services rendered by employees up to the balance sheet date.

(c) Share-based compensation

A listed subsidiary of the Group operates an equity-settled, share-based performance share plan. The value of the employee services received in exchange for the grant of shares of the listed subsidiary is recognised as an expense with a corresponding increase in the share-based payment reserve over the vesting period. The total amount to be recognised over the vesting period is determined by reference to the fair value of the shares granted on grant date.

At each balance sheet date, the Group revises its estimates of the number of shares under the performance share plan that are expected to be awarded on the vesting date and recognises the impact of the revision of the estimates in profit or loss, with a corresponding adjustment to the share-based payment reserve over the remaining vesting period.

When shares of the listed subsidiary are awarded, this is accounted for as a transaction with non-controlling interests [Note 2.4(b)]. Any difference between the change in the carrying amounts of non-controlling interests and the related balance previously recognised in the share-based payment reserve is recognised within equity attributable to the equity holders of the Company.

2.21 Borrowing costs

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

The actual borrowing costs incurred during the period up to the date when the qualifying asset is ready for its intended use or sale less any investment income on temporary investment of these borrowings, are capitalised in the cost of the property under development. Borrowing costs on general borrowings are capitalised by applying a capitalisation rate to construction or development expenditures that are financed by general borrowings.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2021

2. Significant accounting policies *(continued)*

2.22 Currency translation

(a) 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 financial statements are presented in Singapore Dollar, which is the functional currency of the Company.

(b) 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 exchange differences resulting 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 balance sheet date are recognised in profit or loss. 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.

When a foreign operation is disposed of or any loan forming part of the net investment of the foreign operations is repaid, a proportionate share of the accumulated currency translation differences is reclassified to profit or loss, as part of the gain or loss on disposal.

Foreign exchange gains and losses impacting profit or loss are presented in the income statement within Note 6 "Other gains - net".

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

(c) Translation of Group entities' financial statements

The results and financial position of all the Group entities (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the presentation currency are translated into presentation currency as follows:

- (i) assets and liabilities are translated at the closing exchange rates at the reporting date;
- (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 other comprehensive income and accumulated in the currency translation reserve. These currency translation differences are reclassified to profit or loss on disposal or partial disposal of the entity giving rise to such reserve.

Goodwill and fair value adjustments arising on the acquisition of foreign operations are treated as assets and liabilities of the foreign operations and translated at the closing rates at the reporting date.

2.23 Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the Executive Committee whose members are responsible for allocating resources and assessing performance of the operating segments.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2021

2. Significant accounting policies *(continued)*

2.24 Cash and bank balances

For the purpose of presentation in the consolidated statement of cash flows, cash and bank balances include cash on hand and deposits with financial institutions which are subject to an insignificant risk of change in value. For cash subjected to restriction, assessment is made on the economic substance of the restriction and whether they meet the definition of cash and bank balances.

2.25 Share capital and treasury shares

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

When any entity within the Group purchases the Company's ordinary shares ("treasury shares"), the carrying amount which includes the consideration paid and any directly attributable transaction cost is presented as a component within equity attributable to the Company's equity holders, until they are cancelled, sold or reissued.

When treasury shares are subsequently cancelled, the cost of treasury shares are deducted against the share capital account if the shares are purchased out of capital of the Company, or against the retained profits of the Company if the shares are purchased out of earnings of the Company.

2.26 Dividends

Dividends to the Company's shareholders are recognised when the dividends are approved for payment.

3. Critical accounting estimates and assumptions

Estimates and assumptions are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

(a) Estimation of total contract sum and contract costs for construction contracts

The Group has significant ongoing construction contracts as at 31 December 2021 that are non-cancellable. For these contracts, revenue is recognised over time by reference to the Group's progress towards completion of the contract. The measure of progress is determined based on the proportion of contract costs incurred to date to the estimated total contract costs ("input method").

Management has to estimate the total contract sum and total contract costs to complete, which are used in the input method to determine the Group's recognition of construction revenue. When it is probable that the total contract costs will exceed the total construction revenue, a provision for onerous contracts is recognised immediately.

Significant assumptions are used to estimate the total contract sum and the total contract costs which affect the accuracy of revenue recognition based on the percentage-of-completion and recoverability of contract assets recognised.

Estimation of total contract sum includes variation orders where management had assessed to be recoverable from the customers. In making this assessment, management has relied on its past experience, the work of specialists and advice from external legal counsels to consider if they are recoverable as well as the recoverable amount. The estimates will be revised until an agreement has been reached with the customers.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2021

3. Critical accounting estimates and assumptions *(continued)*

(a) Estimation of total contract sum and contract costs for construction contracts *(continued)*

If the estimated value of the variation orders that are recoverable decreases by 5% from management's estimates, the Group's profit before income tax (2020: loss before income tax) will decrease (2020: increase) by approximately S\$3,236,000 (2020: S\$3,361,000).

Total contract cost includes the estimated remaining cost to complete. Management has estimated the remaining cost to complete based on its past experience, use of specialists, as well as taking into account estimated changes to costs arising from market conditions, and the measures required to adhere to the applicable COVID-19 workplace safety measures of the respective governments in the countries the Group operate in as at 31 December 2021.

If the remaining estimated contract costs increase by 1% from management's estimates, the Group's profit before income tax (2020: loss before income tax) will decrease (2020: increase) by approximately S\$1,656,000 (2020: S\$1,679,000).

(b) Assessment on impairment of goodwill

Goodwill is tested for impairment annually and whenever there is indication that the goodwill may be impaired. In performing the impairment test, the recoverable amount of the "Bio-Refinery and Renewable Energy" cash-generating unit ("CGU") in which goodwill has been attributable to as at 31 December 2021, is determined using value-in-use ("VIU") calculation.

Significant judgements are used to estimate the gross margin, terminal growth rate and discount rate applied in computing the VIU of the CGU as at 31 December 2021. In making these estimates, management has relied on past performance, its expectation of market developments in Malaysia, and the industry trends for the CGU. Specific estimates are disclosed in Note 26. Based on the estimated VIU calculation, no impairment loss is recognised against the carrying value of the CGU as at 31 December 2021.

(c) Valuation of investment properties

Investment properties are stated at their fair values based on valuations performed by independent professional valuers, using valuation methods that involve certain estimates (Note 22).

Valuation methods used are direct comparison method, income method and cost method. Direct comparison method involves the comparison of recent sales transactions of similar properties. Income method involves estimation of income and expenses, taking into account expected future changes in economic and social conditions, which may affect the value of the properties. Cost method involves the estimation of the current cost required to replace the property.

The most significant inputs to the valuation methods would be monthly rental per square metre, yield rate, market value per square metre, and cost per square metre respectively. Management is of the view that the valuation methods and estimates are reflective of the current market conditions.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2021

4. Revenue

(a) Disaggregation of revenue

	Construction and Building Materials		Real Estate		Leisure & Hospitality		Total	
	2021	2020	2021	2020	2021	2020	2021	2020
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
Contract revenue – over time	173,348	178,637	-	-	-	-	173,348	178,637
Revenue from sale of products – point in time	60,110	47,286	-	-	-	-	60,110	47,286
Revenue from sale of development properties – over time	-	-	12,842	10,893	-	-	12,842	10,893
Revenue from services rendered – over time	-	-	2,605	2,028	1,458	2,010	4,063	4,038
Revenue from contracts with customers	233,458	225,923	15,447	12,921	1,458	2,010	250,363	240,854
Rental income from investment properties (Note 22)	-	-	2,258	2,212	-	-	2,258	2,212
Total revenue	233,458	225,923	17,705	15,133	1,458	2,010	252,621	243,066

(b) Contract assets and liabilities

	31 December		1 January
	2021	2020	2020
	S\$'000	S\$'000	S\$'000
Contract assets			
<i>Current</i>			
Construction contracts	114,857	115,164	131,686
Sale of products	3,270	4,032	7,538
Sale of development properties	5,243	10,893	-
	123,370	130,089	139,224
<i>Non-current</i>			
Construction contracts	4,296	3,869	2,161
	127,666	133,958	141,385
Contract liabilities			
<i>Current</i>			
Construction contracts	5,157	7,347	12,448
Sale of products	6,195	-	-
	11,352	7,347	12,448

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2021

4. Revenue (continued)

(b) Contract assets and liabilities (continued)

Contract assets primarily relates to the Group's right to consideration for work completed but not yet billed at reporting date on construction contracts, sale of products, and sale of development properties. The decrease in contract assets in current financial year was mainly due to billing to customers. The decrease in contract assets for construction contracts and sales of products in previous financial year was mainly due to billing to customers, and the increase in contracts assets for sales of development properties in previous financial year was mainly due to sales recognised on launch, but yet to be billed as at the end of the previous financial year.

Contract liabilities primarily relates to the Group's obligation to transfer goods or services to customers for which the Group has received advances from customers for construction contracts. The increase in contract liabilities in current financial year was mainly due to more advances received from customers. The decrease in contract liabilities in previous financial year was mainly due to less advances received from customers.

	Group	
	2021	2020
	S\$'000	S\$'000
(i) Revenue recognised in relation to contract liabilities		
Revenue recognised in current year that was included in the contract liability balance at the beginning of the year		
- Construction contracts	6,900	8,778
(ii) Unsatisfied performance obligations		
Aggregate amount of the transaction price allocated to contracts that are partially or fully unsatisfied as at 31 December		
- Construction contracts	669,781	570,401
- Sale of development properties	37,905	36,644

Management expects that the aggregate amount of the transaction price allocated to unsatisfied performance obligations as of 31 December 2021 will be recognised as revenue as the Group continue to perform to complete the construction, which is expected to occur over the next few years up to 2028 (2020: 2028). The amount disclosed above does not include variable consideration which is subject to significant risk of reversal.

As permitted under the SFRS(I) 15, the aggregated transaction price allocated to unsatisfied contracts of periods one year or less, or are billed based on time incurred, is not disclosed.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2021

4. Revenue (continued)

(c) Trade receivables from contracts with customers

	Group	
	2021	2020
	S\$'000	S\$'000
Current assets		
Trade receivables from contracts with customers	40,016	27,838
Less: Allowance for impairment	(91)	(787)
	39,925	27,051

5. Other income

Interest income

- Investment securities

- measured at FVOCI

- measured at fair value through profit or loss

- Amortisation of other receivables [Note 14(ii)]

- Loans to a joint venture

- Bank deposits and others

Other income

	71	89
	213	174
	734	1,419
	123	58
	68	246
	1,209	1,986
	619	755
	1,828	2,741

6. Other gains – net

Fair value gain on investment securities [Note 13(a)]

Fair value gain/(loss) on investment properties [Note 22]

Gain on disposal of property, plant and equipment

Gain on disposal of subsidiaries

Net foreign exchange gain

	-	1,717
	7,089	(317)
	682	1,081
	-	286
	888	349
	8,659	3,116

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2021

7. Expenses by nature

	Group	
	2021	2020
	S\$'000	S\$'000
(Write-back of allowance for)/ allowance for impairment of trade receivables [Note 14(i)]	(658)	645
(Write-back of allowance for)/ allowance for impairment of sundry debtors	(9)	238
Allowance for impairment of loans to joint ventures [Note 15(ii)]	1,377	1,469
Changes in inventories of raw materials and finished goods	(7,582)	2,724
Contractor and material costs	131,611	144,895
Depreciation of property, plant and equipment (Note 23)	15,943	21,744
Employee compensation (Note 8)	44,733	38,625
Freight, shipping, transport and travelling expenses	2,458	1,926
(Write-back of allowance for)/ allowance for impairment of property, plant and equipment (Note 23)	(169)	224
Purchases of raw material, finished goods and consumables	51,328	33,161
Rental expenses	706	2,221
Repair and maintenance expenses	2,473	2,371
Utilities	1,086	849
Other expenses	4,822	8,990
	248,119	260,082

Rental expenses included COVID-19 related rent concessions received from lessors of S\$ nil (2020: S\$540,000) to which the Group accounted for in accordance with Note 2.1.

Government grant income of S\$ nil (2020: S\$281,000) relating to property tax rebates have been received from the Singapore Government to help businesses deal with the impact from COVID-19. These property tax rebates have been offset against other expenses during the financial year.

8. Employee compensation

Salaries, bonus and other costs	42,312	35,807
Share-based compensation expense [Note 31(b)(iii)]	15	24
Employer's contribution to defined contribution plans including Central Provident Fund	2,406	2,794
	44,733	38,625

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2021

8. Employee compensation *(continued)*

Government grant income of S\$1,287,000(2020: S\$7,313,000) under the Jobs Support Scheme ("JSS"), S\$552,000 (2020: S\$3,176,000) relating to foreign worker levy rebates and waivers ("FWRW") and S\$ nil (2020: S\$453,000) relating to Construction Restart Booster ("CRB") were recognised and presented as an offset against salaries, bonus and other costs. The JSS is a temporary scheme introduced in the Singapore Budget 2020 to help enterprises retain local employees. Under the JSS, employers will receive cash grants in relation to the gross monthly wages of eligible employees. The FWRW were also introduced in the Singapore Budget 2020 to ease the labour costs of business employers who hire foreign workers amid the COVID-19 pandemic. The CRB is part of the Construction Support Package announced by the Singapore Government in June 2020 to help construction firms defray costs incurred on workforce-based measures to comply with COVID-safe requirements. The JSS and FWRW have been extended to 2021 by the Government.

The compensation to key management personnel, including directors' remuneration, is separately disclosed in Note 35(b).

9. Finance expenses

	Group	
	2021	2020
	S\$'000	S\$'000
Interest expenses		
- Bank borrowings	4,338	5,653
- Lease liabilities [Note 24(c)]	744	992
- Notes payables	3,570	3,570
- Joint venture	548	465
- Amortisation of other payables [Note 27(ii)]	-	153
	9,200	10,833

10. Income taxes

(a) Income tax expense

Tax expense attributable to profit is made up of:

- Current income tax [Note 10(b)]	1,104	1,171
- Deferred income tax [Note 10(c)]	(499)	(349)
	605	822

Under/(over) provision of current income tax in prior financial years

	30	(322)
	635	500

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2021

10. Income taxes (continued)

(a) Income tax expense (continued)

The tax on the Group's profit/(loss) before tax differs from the theoretical amount that would arise using the Singapore standard rate of income tax as follows:

	Group	
	2021 S\$'000	2020 S\$'000
Profit/(loss) before income tax	8,828	(16,219)
Share of (profit)/loss of associated companies	(159)	1,071
Share of profit of joint ventures	(2,880)	(6,844)
Profit/(loss) before tax and share of profit of associated companies and joint ventures	5,789	(21,992)
Tax calculated at a tax rate of 17% (2020: 17%)	984	(3,739)
Effects of:		
Expenses not deductible for tax purposes	1,095	830
Income not subject to tax	(1,882)	(1,349)
Unrecognised deferred tax benefits	946	5,075
Tax incentives	(23)	(7)
Utilisation of previously unrecognised:		
- Tax losses	(606)	(172)
- Capital allowances	-	(109)
Effect of different tax rates in other countries	287	584
Under/(over) provision of current income tax in prior financial years	30	(322)
Others	(196)	(291)
Tax charge	635	500

(b) Movement in the net current income tax (receivables)/liabilities

	Group		Company	
	2021 S\$'000	2020 S\$'000	2021 S\$'000	2020 S\$'000
Balance at 1 January	(267)	(821)	-	-
Currency translation differences	(4)	7	-	-
Income tax paid	(775)	(302)	-	-
Tax expense [Note 10(a)]	1,104	1,171	-	-
Under/(over) provision of current income tax in prior financial years [Note 10(a)]	30	(322)	-	-
Balance at 31 December	88	(267)	-	-

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2021

10. Income taxes (continued)

(b) Movement in the net current income tax (receivables)/liabilities (continued)

The amounts of current income tax (receivables)/liabilities are presented in the balance sheet as follows:

	Group		Company	
	2021	2020	2021	2020
	S\$'000	S\$'000	S\$'000	S\$'000
<u>Current assets</u>				
Income tax receivables	(730)	(730)	-	-
<u>Current liabilities</u>				
Current income tax liabilities	818	463	-	-

(c) Deferred income tax

The movement in the net deferred income tax is as follows:

	Group	
	2021	2020
	S\$'000	S\$'000
Balance at 1 January	7,775	8,124
Currency translation differences	2	-
Tax expense [Note 10(a)]	(499)	(349)
Balance at 31 December	7,278	7,775

(d) Movements in deferred income tax

The movements in the Group's deferred income tax liabilities and assets (prior to offsetting of balances within the same tax jurisdiction) during the financial year are as follows:

Group	Accelerated tax depreciation	Fair value adjustment on investment properties	Unrealised foreign exchange gain	Unremitted foreign sourced income	Total
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
Deferred income tax liabilities					
Balance at 1 January 2021	1,160	6,522	5	138	7,825
Credited to profit or loss	(315)	(162)	(5)	-	(482)
Currency translation differences	1	-	-	-	1
Balance at 31 December 2021	846	6,360	-	138	7,344
Balance at 1 January 2020	1,615	6,626	91	-	8,332
(Credited)/charged to profit or loss	(455)	(104)	(86)	138	(507)
Balance at 31 December 2020	1,160	6,522	5	138	7,825

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2021

10. Income taxes *(continued)***(d) Movements in deferred income tax** *(continued)*

Group	Profits from construction contracts taxed in advance S\$'000	Provision S\$'000	Unrealised foreign exchange loss S\$'000	Total S\$'000
Deferred income tax assets				
Balance at 1 January 2021	(10)	(40)	–	(50)
Charged/(credited) to profit or loss	9	40	(66)	(17)
Currency translation differences	(1)	–	2	1
Balance at 31 December 2021	(2)	–	(64)	(66)
Balance at 1 January 2020	(116)	(92)	–	(208)
Charged to profit or loss	106	52	–	158
Balance at 31 December 2020	(10)	(40)	–	(50)

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

The amounts, determined after appropriate offsetting, are shown on the balance sheets as follows:

	Group	
	2021	2020
	S\$'000	S\$'000
Deferred income tax liabilities	7,278	7,775

(e) Unutilised tax losses and capital allowances

As at 31 December 2021, the Group has unutilised tax losses of approximately S\$64,030,000 (2020: S\$63,726,000), unabsorbed capital allowances of approximately S\$7,453,000 (2020: S\$8,095,000) and investment allowance of approximately S\$7,256,000 (2020: S\$4,952,000) which can, subject to meeting certain statutory requirements by those companies with unrecognised tax losses and capital allowances in their respective countries of incorporation, be carried forward and utilised against future taxable profits. The unutilised tax losses and capital allowance do not have expiry dates. The deferred tax benefits on the unutilised tax losses and capital allowances of subsidiaries have not been recognised in the financial statements because of the uncertainty of future utilisation.

(f) There is no tax charge relating to each component of other comprehensive income.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2021

11. Earnings/(loss) per share

(a) Basic earnings/(loss) per share

Basic earnings/(loss) per share is calculated by dividing the net profit/(loss) attributable to equity holders of the Company by the weighted average number of ordinary shares outstanding during the financial year.

	Group	
	2021	2020
Net profit/(loss) attributable to equity holders of the Company (S\$'000)	6,900	(14,806)
Weighted average number of ordinary shares in issue for computation of basic earnings per share ('000)	412,459	412,459
Basic earnings/(loss) per share (in cents)	1.67	(3.59)

(b) Diluted earnings/(loss) per share

For the current financial year, warrants of the Group's subsidiary, Koh Brothers Eco Engineering Limited ("KBE Warrants"), are included in the calculation of diluted earnings per share above because they are dilutive.

For the previous financial year, no adjustment was made to the diluted earnings per share because all the outstanding KBE Warrants are antidilutive.

12. Cash and bank balances

	Group		Company	
	2021	2020	2021	2020
	S\$'000	S\$'000	S\$'000	S\$'000
Cash and bank balances	66,254	85,768	989	186
Fixed deposits	28,898	16,081	-	-
	95,152	101,849	989	186

13. Investment securities

Financial assets, at fair value through profit or loss [Note 13(a)]	-	-	-	218
Financial assets, at FVOCI [Note 13(b)]	11,196	1,281	-	-
Financial assets, at amortised cost [Note 13(c)]	2,239	3,000	-	-
	13,435	4,281	-	218
Less: Current portion	2,730	3,489	-	218
Non-current portion	10,705	792	-	-

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2021

13. Investment securities *(continued)*

(a) Financial assets, at fair value through profit or loss

	Group		Company	
	2021	2020	2021	2020
	S\$'000	S\$'000	S\$'000	S\$'000
Balance at 1 January	-	3,000	218	2,272
Transfer to financial assets, at amortised cost [Note 13(c)]	-	(3,000)	-	-
Reclassification upon conversion of notes into quoted equity securities	(13,063)	-	-	-
Net purchase/(disposal)	13,063	(1,717)	-	-
Exercise of quoted warrants of a subsidiary (Note 21)	-	-	-	(1,398)
Fair value gain/(loss) during the financial year (Note 6)	-	1,717	(218)	(656)
Balance at 31 December	-	-	-	218

Financial assets, at fair value through profit and loss comprise the following:

Current

Quoted warrants of a subsidiary – Singapore	-	-	-	218
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The instruments are all mandatorily measured at fair value through profit or loss.

(b) Financial assets, at FVOCI

	Group	
	2021	2020
	S\$'000	S\$'000
Balance at 1 January	1,281	2,867
Reclassification upon conversion of notes into quoted equity securities	13,063	-
Net purchase/(disposal)	1,000	(205)
Fair value loss recognised in other comprehensive income [Note 31(b)(i)]	(4,150)	(1,381)
Currency translation difference	2	-
Balance at 31 December	11,196	1,281
Less: Current portion	491	489
Non-current portion	10,705	792

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2021

13. Investment securities *(continued)*

(b) Financial assets, at FVOCI *(continued)*

Financial assets, at FVOCI are analysed as follows:

	Group	
	2021	2020
	S\$'000	S\$'000
Listed securities		
- SGD corporate fixed rate notes of 3.00% to 6.90% (2020: 3.00% to 6.80%) per annum due between June 2022 to October 2026 (2020: July 2021 to October 2026)	2,282	1,281
- Equity securities – USA	8,914	–
	11,196	1,281

(c) Financial assets, at amortised cost

Balance at 1 January	3,000	–
Transfer from financial assets, at fair value through profit or loss [Note 13(a)]	–	3,000
Disposal	(761)	–
Balance at 31 December	2,239	3,000

Financial assets, at amortised cost comprise the following:

Current

Unquoted SGD 10.00% fixed rate note	2,239	3,000
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During the previous financial year, the issuer of the unquoted convertible notes [Note 13(a)] negotiated with the Group to restructure the notes when it was due in 2020. This was accounted for as an extinguishment of the existing unquoted convertible note, and origination of a new SGD 10.00% fixed rate note due in 2021.

During the current financial year, the fixed rate note was further restructured (the “Further Addendum”), and the Group has received S\$761,000 pursuant to the Further Addendum agreement.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2021

14. Trade and other receivables

	Group		Company	
	2021	2020	2021	2020
	S\$'000	S\$'000	S\$'000	S\$'000
Current				
<u>Trade receivables</u>				
Due from non-related parties	41,886	29,005	-	-
Less: Allowance for impairment of trade receivables [Note 34(b)]	(797)	(1,487)	-	-
Trade receivables – net	41,089	27,518	-	-
<u>Other receivables</u>				
Deposit	2,550	5,325	7	7
Prepayments	7,798	3,214	-	-
Other receivables – non-related parties	6,132	5,174	-	-
Less: Allowance for impairment of other receivables – non-related parties	(276)	(284)	-	-
	57,293	40,947	7	7
Non-current				
<u>Other receivables</u>				
Due from non-related parties [Note 14(iii)]	30,127	29,393	-	-

(i) Write-back of allowance for impairment of trade receivables of S\$658,000 (2020: allowance for impairment of S\$645,000) is recognised as reversal of expense (2020: recognised as expense) and included in “distribution and marketing expenses”.

(iii) As at 31 December 2021, the non-current other receivables due from non-related parties are unsecured and bear interest at 3.50% (2020: 3.50%) per annum.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2021

15. Amounts due from/(to) joint ventures

	Group	
	2021	2020
	S\$'000	S\$'000
<u>Current assets</u>		
Trade receivables from joint ventures	971	854
Loans to joint ventures [Note 15(i)]	51,551	49,055
Less: Allowance for impairment of loans [Note 15(ii)]	(7,277)	(5,900)
	44,274	43,155
	45,245	44,009
<u>Current liabilities</u>		
Amounts due to a joint venture (trade)	(423)	(945)
Amounts due to joint ventures (non-trade) [Note 15(iii)]	(37,355)	(37,395)
	(37,778)	(38,340)

- (i) The loans to the joint ventures are unsecured, interest-free and repayable on demand, except for loan amounting to S\$14,232,000 (2020: S\$11,554,000) which bears interest at 1.00% (2020: 1.00%) per annum and is repayable on demand.
- (ii) Allowance for impairment of loans to joint ventures of S\$1,377,000 (2020: S\$1,469,000) is recognised as expense.
- (iii) The current non-trade amounts due to joint ventures are unsecured, interest-free and repayable on demand, except for an amount of S\$36,500,000 (2020: S\$36,500,000) which bears interest at 1.50% (2020: 1.50%) per annum and is repayable on demand.

16. Inventories

Raw materials	2,401	246
Finished goods	7,890	2,463
	10,291	2,709

The cost of inventories recognised as an expense and included in "cost of sales" amounted to S\$43,746,000 (2020: S\$35,885,000).

17. Development properties

Development properties in progress	128,402	122,057
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NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2021

17. Development properties *(continued)*

Details of the Group's major development properties in progress as at 31 December 2021 are as follows:

Property	Tenure of land	Percentage of completion at 31.12.2021/ expected date of completion	Site area/gross floor area (sq m)	Effective interest in property
Site for residential development at Holland Road, Singapore	Freehold	39%/2023	4,428/6,819	100%

18. Other current assets

	Group	
	2021	2020
	S\$'000	S\$'000
Project consumables	4,799	5,940

Project consumables are non-project specific in nature. These are carried at lower of cost or net realisable value.

19. Investment in associated companies

Balance at 1 January	280	1,351
Share of profit/(loss)	159	(1,071)
Balance at 31 December	439	280

- (i) There are no associated companies as at 31 December 2021 and 2020, which in the opinion of the directors, are individually material to the Group.
- (ii) At the date of these financial statements, the directors are of the view that SDK Consortium, an associated partnership of the Group, is able to repay its bank borrowing in full, and hence it is not probable that the Group is required to settle its share of the partnership's total banking facility of S\$13,601,000.
- (iii) Details of the associated companies are set out in Note 38. The associated companies have share capital consisting solely of ordinary shares, which are held directly by the Group, except for SDK Consortium which is incorporated as a partnership. The country of incorporation is also their principal place of business.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2021

20. Investment in joint ventures

	Group	
	2021	2020
	S\$'000	S\$'000
Balance at 1 January	99,516	104,453
Share of profits	2,880	6,844
Dividends received during the year	(5,757)	(12,028)
Voluntary liquidation	(2,539)	–
Currency translation differences	102	247
Balance at 31 December	94,202	99,516

There are no contingent liabilities relating to the Group's interest in the joint ventures.

Details of the joint ventures are set out in Note 38. The joint ventures have share capital consisting solely of ordinary shares, which are held directly by the Group. The country of incorporation is also their principal place of business.

Summarised financial information of joint ventures

Set out below are the summarised financial information for material joint ventures. The information reflects the amounts presented in the financial statements of the joint ventures (and not the Group's share of those amounts), adjusted for differences in accounting policies between the Group and the joint ventures.

Material joint ventures have been aggregated by the businesses undertaken as they have similar risks and returns characteristics as follows:

- Property investment – Canberra Development Pte Ltd
- Property development – FEC Skypark Pte Ltd, Phileap Pte Ltd and Daeryun Koh Brothers PFV Co Ltd (2020: FEC Skypark Pte Ltd, Phileap Pte Ltd and Daeryun Koh Brothers PFV Co Ltd)

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2021

20. Investment in joint ventures *(continued)*

Summarised statement of comprehensive income

	Property Investment		Property Development		Total	
	For the financial year ended 31 December		For the financial year ended 31 December		For the financial year ended 31 December	
	2021	2020	2021	2020	2021	2020
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
Revenue	20,594	18,770	45,136	136,690	65,730	155,460
Expenses						
Include:						
- Interest expense	(3,606)	(4,433)	(5,482)	(3,352)	(9,088)	(7,785)
Profit/(loss) before income tax	6,475	6,304	(5,883)	8,149	592	14,453
Income tax expense	(892)	(1,002)	-	(2,803)	(892)	(3,805)
Profit after tax and total comprehensive income	5,583	5,302	(5,883)	5,346	(300)	10,648
Dividends received from joint ventures	3,000	3,000	2,757	8,603	5,757	11,603

Summarised balance sheet

	Property Investment		Property Development		Total	
	As at 31 December		As at 31 December		As at 31 December	
	2021	2020	2021	2020	2021	2020
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
Current assets	86,665	83,240	483,260	500,480	569,925	586,446
Include:						
- Cash and bank balances	6,971	8,106	34,039	26,661	41,010	34,767
Current liabilities	(11,974)	(6,479)	(163,094)	(155,183)	(175,068)	(161,662)
Include:						
- Financial liabilities (excluding trade and other payables)	-	-	-	-	-	-
Non-current assets	372,609	372,805	-	-	372,609	372,805
Non-current liabilities	(260,496)	(262,345)	(348,654)	(356,108)	(609,150)	(618,453)
Include:						
- Financial liabilities (excluding trade and other payables)	(260,000)	(260,000)	(317,660)	(317,660)	(577,660)	(577,660)
Net assets/(liabilities)	186,804	187,221	(28,488)	(10,811)	158,316	176,410

The information above reflects the amounts included in the financial statements of the joint ventures (and not the Group's share of those amounts).

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2021

20. Investment in joint ventures *(continued)*

Reconciliation of the summarised financial information

Reconciliation of the summarised financial information presented, to the carrying amount of the Group's interest in joint venture, is as follows:

	Property Investment		Property Development		Total	
	As at 31 December		As at 31 December		As at 31 December	
	2021	2020	2021	2020	2021	2020
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
Net assets/(liabilities) at beginning of the financial year	187,221	187,919	(10,811)	971	176,410	188,890
Reclassification from previously immaterial joint venture	-	-	-	2,792	-	2,792
Reclassification to immaterial joint venture	-	-	-	(1,569)	-	(1,569)
Profit/(loss) after tax and total comprehensive income for the financial year	5,583	5,302	(5,883)	5,346	(300)	10,648
Dividends paid	(6,000)	(6,000)	(6,127)	(19,118)	(12,127)	(25,118)
Voluntary liquidation	-	-	(5,642)	-	(5,642)	-
Currency translation difference	-	-	(25)	767	(25)	767
Net assets/(liabilities) at end of the financial year	186,804	187,221	(28,488)	(10,811)	158,316	176,410
Interest in joint ventures	93,402	93,610	(6,446)	(79)	86,956	93,531
Impairment of loans to joint ventures	-	-	6,446	5,185	6,446	5,185
Carrying value	93,402	93,610	-	5,106	93,402	98,716
Add:						
Carrying value of individually immaterial joint ventures, in aggregate					800	800
Carrying value of Group's interest in joint ventures					94,202	99,516

The summarised financial information for property development is mainly attributable to FEC Skypark Pte Ltd (2020: Daeryun Koh Brothers PFV Co Ltd) except for net liabilities, which is mainly attributable to Phileap Pte Ltd.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2021

20. Investment in joint ventures *(continued)***Information about immaterial joint ventures**

The following table summarises, in aggregate, the Group's share of net loss and other comprehensive loss of the individually immaterial joint ventures accounted for using the equity method:

	2021 S\$'000	2020 S\$'000
Loss after tax and total comprehensive loss	(116)	(106)

21. Investment in subsidiaries and amounts due from/(to) subsidiaries

	Company	
	2021 S\$'000	2020 S\$'000
Investment in subsidiaries		
Balance at 1 January		
- Quoted equity shares, at cost	73,130	60,082
- Unquoted equity shares, at cost	68,069	68,069
- Financial guarantee contracts	15,280	15,099
	156,479	143,250
Conversion of warrants into quoted shares in a subsidiary during the financial year	-	13,048
Increase in financial guarantee contracts	136	181
Balance at 31 December	156,615	156,479
Current assets		
Amounts due from subsidiaries (trade)	1,138	2,410
Amounts due from subsidiaries (non-trade) [Note 21(i)]	38,782	39,783
	39,920	42,193
Current liabilities		
Amounts due to subsidiaries (trade)	(820)	(1,841)
Amounts due to subsidiaries (non-trade) [Note 21(i)]	(7,485)	(9,093)
	(8,305)	(10,934)
Non-current liabilities		
Amount due to a subsidiary (non-trade) [Note 21(ii)]	(19,011)	(19,011)

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2021

21. Investment in subsidiaries and amounts due from/(to) subsidiaries *(continued)*

- (i) The current non-trade amounts due from/(to) subsidiaries are repayable on demand, unsecured and interest-free, except for the loans amounting to S\$30,500,000 (2020: S\$33,808,000) due from subsidiaries which bear interest rate ranging from 0.10% to 5.16% per annum (2020: 0.10% to 5.16% per annum). The current amounts due from/(to) subsidiaries are repayable on demand and their fair values approximate their carrying amount.
- (ii) The non-current non-trade amount due to a subsidiary is unsecured, interest-free and is not expected to be repaid within one year.
- (iii)

Group	2021 S\$'000	2020 S\$'000
Carrying value of non-controlling interests		
Koh Brothers Eco Engineering Limited and its subsidiaries	55,579	14,682
Other subsidiaries with immaterial non-controlling interests	48	–
	55,627	14,682

Summarised financial information of subsidiaries with material non-controlling interests

Set out below is the summarised financial information for Koh Brothers Eco Engineering Limited and its subsidiaries which has non-controlling interests that are material to the Group. These are presented before inter-company eliminations.

	2021 S\$'000	2020 S\$'000
Koh Brothers Eco Engineering Limited and its subsidiaries		
Summarised statement of comprehensive income		
Revenue	180,576	182,264
Profit/(loss) before income tax	3,729	(10,214)
Income tax expense	(1,063)	(755)
Profit/(loss) after tax	2,666	(10,969)
Other comprehensive loss	(450)	(299)
Total comprehensive income/(loss)	2,216	(11,268)
Total comprehensive income allocated to non-controlling interests	309	781

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2021

21. Investment in subsidiaries and amounts due from/(to) subsidiaries *(continued)***Summarised financial information of subsidiaries with material non-controlling interests *(continued)***

	2021 S\$'000	2020 S\$'000
Koh Brothers Eco Engineering Limited and its subsidiaries		
Summarised balance sheet		
Current		
Assets	225,371	209,184
Liabilities	(117,836)	(143,558)
Total current net assets	107,535	65,626
Non-current		
Assets	58,072	68,545
Liabilities	(20,410)	(28,160)
Total non-current net assets	37,662	40,385
Net assets	145,197	106,011
Summarised cash flows		
Net cash (used in)/provided by operating activities	(17,445)	6,215
Net cash provided by investing activities	1,615	981
Net cash provided by financing activities	24,325	1,989

Transactions with non-controlling interests*Change in ownership interest in subsidiaries due to dilution of equity interest*

On 15 March 2021, a subsidiary of the Company, Koh Brothers Eco Engineering Limited ("KBE"), entered into a share subscription agreement with a non-related party, Penta-Ocean Construction Co. Ltd ("POC"), pursuant to which POC will subscribe for 810,000,000 new ordinary shares in the capital of KBE at an issue price of S\$0.047, amounting to S\$36,834,000 net of expenses. This transaction was completed on 8 June 2021 and as a result, the Company's shareholding interest in KBE decreased from 76.94% to 54.82%.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2021

21. Investment in subsidiaries and amounts due from/(to) subsidiaries *(continued)*

Transactions with non-controlling interests *(continued)*

Change in ownership interest in subsidiaries due to stepped acquisition of remaining equity interest

On 29 January 2020, the Company exercised 233,000,000 warrants in KBE at the exercise price of S\$0.05 per warrant for a total cash consideration of S\$11,650,000. Following the warrants exercise, the Company's shareholding interest in KBE increased from 74.35% to 77.29%.

The effect of changes in the ownership interest of KBE on the equity attributable to owners of the Company is summarised as follows:

	Group	
	2021	2020
	S\$'000	S\$'000
Carrying amount of non-controlling interests (disposed of)/acquired in KBE	(2,015)	3,138
(Decrease)/increase in parent's equity	(2,015)	3,138

22. Investment properties

Balance at 1 January	95,224	94,564
Addition	-	1,373
Fair value gain/(loss) recognised in profit or loss (Note 6)	7,089	(317)
Reclassification to property, plant and equipment (Note 23)	-	(523)
Currency translation difference	(144)	127
Balance at 31 December	102,169	95,224

The following amounts are recognised in profit or loss:

Rental income (Note 4)	2,258	2,212
Direct operating expenses arising from investment properties that generated rental income	(1,529)	(1,410)

(i) Investment properties with carrying values totalling S\$94,900,000 (2020: S\$87,200,000) are mortgaged to banks for credit facilities granted (Notes 28 and 29).

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2021

22. Investment properties *(continued)*

(iii) Details of the investment properties are set out below:

Property	Tenure of land	Site area/gross floor area (sq ft)
The First City Complex comprising commercial units, office units and service apartments at Pulau Batam, Indonesia	Right-of-use for 20 years from October 2018	200,456 186,066
11 shop units at Alocassia Apartments at 383 Bukit Timah Road, Singapore	Freehold	44,863* 22,895
45 apartment units at Alocassia Apartments at 383 Bukit Timah Road, Singapore	Freehold	44,863* 35,166
2 residential units at Lincoln Suites at 1 Kiang Guan Avenue, Singapore	Freehold	3,456
5 officetel units at 225-6 Nonhyeon-dong, Gangnam-gu, Seoul, South Korea	Freehold	3,834

* The 11 shop units and 45 apartment units are located within the same building.

Fair value hierarchy – Recurring fair value measurements

Description	Fair value measurements using		
	Quoted prices in active markets for identical assets (Level 1)	Significant other observable inputs (Level 2)	Significant unobservable inputs (Level 3)
	S\$'000	S\$'000	S\$'000
31 December 2021			
- Investment properties	-	-	102,169
31 December 2020			
- Investment properties	-	-	95,224

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2021

22. Investment properties *(continued)*

Valuation technique and inputs used in Level 3 fair value measurements

The following table represents the valuation techniques and key inputs that were used to determine the fair value of investment properties categorised under Level 3 of the fair value hierarchy:

Description	Fair value as at 31 December 2021 (\$S'000)	Valuation technique(s)	Unobservable inputs ¹	Range of unobservable inputs	Relationship of unobservable inputs to fair value
Investment properties - Singapore	94,900 (2020: 87,200)	Income method	Monthly rental per square metre	\$S\$90 to \$S\$120 (2020: \$S\$90 to \$S\$120) per square metre	The higher the rental value per square metre, the higher the fair value.
			Yield rate	4% (2020: 4%)	The lower the yield rate, the higher the fair value.
		Adjusted market comparison method	Market value per square metre	\$S\$20,000 to \$S\$40,000 (2020: \$S\$20,000 to \$S\$30,000) per square metre	The higher the market value per square metre, the higher the fair value.
Investment properties - Indonesia	4,620 (2020: 5,420)	Cost method	Cost per square metre	\$S\$375 to \$S\$516 (2020: \$S\$375 to \$S\$516) per square metre	The higher the replacement cost per square metre, the higher the fair value.
Investment properties – South Korea	2,649 (2020: 2,604)	Adjusted market comparison method	Market value per square metre	\$S\$20,000 (2020: \$S\$20,000) per square metre	The higher the market value per square metre, the higher the fair value.

¹ There were no significant inter-relationships between unobservable inputs.

Valuation processes of the Group

The fair value of investment properties are determined annually by independent professional valuers at the end of every financial year based on the properties' highest and best use. They are carried at fair value at the balance sheet date.

At each financial year, management:

- provides all major inputs to the independent valuation report;
- assesses property valuation movements when compared to the prior year valuation reports; and
- holds discussions with the independent valuers.

Changes in Level 3 fair values are analysed at each reporting date during management meetings. As part of this discussion, a report is presented to the Audit and Risk Committee that explains the reasons for the fair value movements.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2021

23. Property, plant and equipment

Group	Freehold land S\$'000	Buildings on freehold land S\$'000	Leasehold land and buildings S\$'000	Plant and machinery S\$'000	Motor vehicles S\$'000	Furniture, fittings, office and hotel equipment S\$'000	Assets under construction S\$'000	Total S\$'000
Cost or valuation								
At 1 January 2021								
Cost	28,074	19,065	39,419	119,698	22,476	13,404	163	242,299
Independent valuation in 1993 [Note 23(iii)]	16,250	6,487	5,489	-	-	-	-	28,226
	44,324	25,552	44,908	119,698	22,476	13,404	163	270,525
Currency translation differences	(104)	(66)	(6)	(2)	(12)	1	-	(189)
Additions	-	-	726	1,833	936	329	218	4,042
Reclassification to property held-for-sale	-	-	(11,416)	(2,548)	-	-	-	(13,964)
Disposals	-	-	-	(13,230)	(2,311)	(67)	-	(15,608)
Write off	-	-	-	(24)	(11)	(28)	-	(63)
At 31 December 2021	44,220	25,486	34,212	105,727	21,078	13,639	381	244,743
Represented by:								
Cost	27,970	18,999	28,723	105,727	21,078	13,639	381	216,517
Independent valuation in 1993 [Note 23(iii)]	16,250	6,487	5,489	-	-	-	-	28,226
	44,220	25,486	34,212	105,727	21,078	13,639	381	244,743
Accumulated depreciation and impairment losses								
At 1 January 2021	3,069	10,656	16,608	77,044	18,629	11,115	-	137,121
Currency translation differences	-	(5)	(1)	-	(12)	1	-	(17)
Disposals	-	-	-	(10,956)	(2,144)	(55)	-	(13,155)
Write off	-	-	-	(24)	-	(18)	-	(42)
Write-back of allowance for impairment [Note 7, Note 23(iii)]	-	-	-	(169)	-	-	-	(169)
Reclassification to property held-for-sale	-	-	(3,274)	(2,379)	-	-	-	(5,653)
Depreciation charge (Note 7)	-	189	3,255	10,344	1,560	595	-	15,943
At 31 December 2021	3,069	10,840	16,588	73,860	18,033	11,638	-	134,028
Net book value at 31 December 2021	41,151	14,646	17,624	31,867	3,045	2,001	381	110,715

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2021

23. Property, plant and equipment *(continued)*

Group	Freehold land S\$'000	Buildings on freehold land S\$'000	Leasehold land and buildings S\$'000	Plant and machinery S\$'000	Motor vehicles S\$'000	Furniture, fittings, office and hotel equipment S\$'000	Assets under construction S\$'000	Total S\$'000
Cost or valuation								
At 1 January 2020								
Cost	28,074	18,542	38,888	128,439	24,098	13,113	–	251,154
Independent valuation in 1993 [Note 23(ii)]	16,250	6,487	5,489	–	–	–	–	28,226
	44,324	25,029	44,377	128,439	24,098	13,113	–	279,380
Currency translation differences	–	–	(14)	(3)	(1)	(12)	–	(30)
Additions	–	–	1,733	237	358	513	163	3,004
Modification of lease liability [Note 23(i)]	–	–	1,503	–	–	–	–	1,503
Reclassification from investment properties (Note 22)	–	523	–	–	–	–	–	523
Disposals	–	–	(2,691)	(6,246)	(1,979)	(89)	–	(11,005)
Write off	–	–	–	(2,729)	–	(121)	–	(2,850)
At 31 December 2020	44,324	25,552	44,908	119,698	22,476	13,404	163	270,525
Represented by:								
Cost	28,074	19,065	39,419	119,698	22,476	13,404	163	242,299
Independent valuation in 1993 [Note 23(iii)]	16,250	6,487	5,489	–	–	–	–	28,226
	44,324	25,552	44,908	119,698	22,476	13,404	163	270,525
Accumulated depreciation and impairment losses								
At 1 January 2020	2,845	10,469	14,483	71,819	18,319	10,601	–	128,536
Currency translation differences	–	–	(14)	(1)	(1)	(1)	–	(17)
Disposals	–	–	(2,691)	(6,090)	(1,838)	(69)	–	(10,688)
Write off	–	–	–	(2,566)	–	(112)	–	(2,678)
Impairment loss [Note 7, Note 23(iii)]	224	–	–	–	–	–	–	224
Depreciation charge (Note 7)	–	187	4,830	13,882	2,149	696	–	21,744
At 31 December 2020	3,069	10,656	16,608	77,044	18,629	11,115	–	137,121
Net book value at 31 December 2020	41,255	14,896	28,300	42,654	3,847	2,289	163	133,404

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2021

23. Property, plant and equipment *(continued)*

- (ii) Right-of-use of assets acquired under leasing arrangements are presented together with the owned assets of the same class. Details of such leased assets are disclosed in Note 24(a).

During the previous financial year, the Group renegotiated and modified existing lease contracts for leasehold land by extending the lease terms at the revised lease payments. As the extensions are not part of the terms and conditions of the original lease contracts, they were accounted for as lease modifications with additions to the right-of-use assets, classified under "Property, plant and equipment". The corresponding remeasurement to lease liabilities were recorded under "Bank borrowings and lease liabilities" (Notes 28 and 29).

- (iii) The valuation made in 1993, in connection with the listing of the Company, was performed by Messrs Knight Frank, Cheong Hock Chye & Baillieu (Property Consultants) Pte Ltd, a firm of independent valuers based on an open market existing use basis as at 31 December 1993.

- (iii) Write-back of allowance for impairment of S\$169,000 (2020: allowance for impairment of S\$224,000) is recognised as a credit in "Other expenses" (2020: recognised as "Other expenses") in the statement of comprehensive income. The write-back of allowance for impairment during the financial year was due to change in estimated recoverable value of plant and machineries. The impairment charge in previous financial year was due to the carrying amount of the affected freehold land exceeding its recoverable amount, based on fair value determined by an independent valuer less estimated cost of disposal.

- (iv) If the revalued property, plant and equipment had been included in the financial statements at cost less accumulated depreciation, their net book values would be as follows:

	Group	
	2021	2020
	S\$'000	S\$'000
Freehold land	15,293	15,293
Buildings on freehold land	3,242	3,287

- (v) At 31 December 2021, freehold land, buildings on freehold land and leasehold land and buildings with a carrying value of S\$50,452,000 (2020: S\$33,269,000) are mortgaged to banks for credit facilities granted in respect of short-term bank loans and term loans (Notes 28 and 29).

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2021

23. Property, plant and equipment *(continued)*

(vi) The Group's major properties included in property, plant and equipment are as follows:

Name and location	Description	Tenure
Koh Brothers Building 11 Lorong Pendek Singapore	Industrial building	Freehold
Oxford Hotel 218 Queen Street Singapore	Hotel	Freehold
65 Sungei Kadut Drive Singapore	Factory-cum-office building	35 years from 16 December 1990
PTD 103250, Jalan Idaman 3/9 Taman Perindustrian Senai Johor, Malaysia	Factory-cum-office building	Freehold
1 Tuas South Street 6 Singapore	Industrial building	22.5 years from 2 May 2013
15 Genting Lane Singapore	Industrial land	Freehold
1 Jalan Bioteknologi 3 Kawasan Perindustrian SiLC Johor, Malaysia	Industrial building	Freehold
Lot 6 Jalan Pasaran 23/5 Selangor Darul Ehsan, Malaysia	Factory-cum-office building	99 years from 15 August 1997

24. Leases – The Group as a lessee

Nature of the Group's leasing activities

Leasehold land

The Group leases various leasehold land from non-related parties under non-cancellable lease agreements. The leases have varying terms, escalation clauses and renewal rights. These land are recognised within Property, plant and equipment (Note 23).

There are no externally imposed covenants on these lease arrangements.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2021

24. Leases – The Group as a lessee *(continued)***Nature of the Group's leasing activities** *(continued)***Plant and machinery, motor vehicles and office equipment**

The Group leases certain plant and machinery, motor vehicles and office equipment from non-related parties under operating leases. Some of these lease arrangements prohibit the Group from subleasing the equipment to third parties.

		Group	
		2021	2020
		S\$'000	S\$'000
(a)	Carrying amounts of ROU assets classified within Property, plant and equipment		
	Leasehold land and buildings	2,782	10,855
	Plant and machinery	25,277	26,910
	Motor vehicles	1,109	1,033
		29,168	38,798
(b)	Depreciation charge during the year		
	Leasehold land and buildings	2,271	3,636
	Plant and machinery	2,511	1,848
	Motor vehicles	445	694
		5,227	6,178
(c)	Interest expense		
	Interest expenses on lease liabilities (Note 9)	744	992
(d)	Lease expense not capitalised in lease liabilities		
	Lease expense – short-term leases	498	2,616
	Lease expense – low value leases	208	145
		706	2,761
(e)	Total cash outflow for all the leases in 2021 was S\$10,282,000 (2020: S\$11,786,000).		
(f)	Addition of ROU assets during the financial year were S\$894,000 (2020: S\$553,000).		

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2021

25. Leases – The Group as a lessor

Nature of the Group's leasing activities

The Group leases out commercial space to non-related parties under non-cancellable lease agreements. To reduce credit risk, the Group obtains security deposits from the lessees. The lessees are required to pay either absolute fixed annual increases to the lease payments or contingent rents computed based on their sales achieved during the lease period.

Rental income from investment properties are disclosed in Note 22.

Undiscounted lease payments from the operating leases to be received after the reporting date are as follows:

	Group	
	2021	2020
	S\$'000	S\$'000
Less than one year	673	864
One to two years	98	169
Total undiscounted lease payment	771	1,033

26. Goodwill

Cost

Balance at 1 January and 31 December	5,078	5,078
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Impairment tests for goodwill

Goodwill arising from the Group's acquisition of Koh Brothers Eco Engineering Limited and its subsidiaries is allocated to the "Bio-Refinery and Renewable Energy" cash-generating unit ("CGU").

The Group tests the CGU annually for impairment or more frequently if there are indicators that the goodwill might be impaired.

The recoverable amount of the CGU was determined based on value-in-use calculation. Cash flow projections used in the value-in-use calculations were based on financial budgets approved by management covering a one-year period.

Key inputs used for value-in-use calculations

	Group	
	2021	2020
Gross margin ⁽¹⁾	18%	21%
Terminal growth rate ⁽²⁾	2%	2%
Discount rate ⁽³⁾	14%	14%

⁽¹⁾ Budgeted gross margin

⁽²⁾ Weighted average growth rate used to extrapolate cash flows beyond the budget period

⁽³⁾ Pre-tax discount rate applied to the pre-tax cash flow projections

Management determined budgeted gross margin based on past performance and its expectations of market developments. The weighted average growth rates used were consistent with forecasts included in industry reports. The discount rates used were pre-tax and reflected specific risks relating to the relevant segments. The sensitivity analysis of the recoverable amount of the CGU is set out in Note 3(b).

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2021

27. Trade and other payables

	Group		Company	
	2021	2020	2021	2020
	S\$'000	S\$'000	S\$'000	S\$'000
Current				
<u>Trade payables</u>				
Due to non-related parties	45,061	56,873	-	-
Retention due to subcontractors on construction contracts	7,934	18,760	-	-
<u>Other payables</u>				
Accruals for operating expenses	10,567	11,091	1,097	1,201
Sundry payables	1,787	244	-	-
Deposits and advances received	3,163	3,640	-	-
Due to directors [Note 27(i)]	682	683	505	505
Indirect taxes payable	1,478	1,139	-	-
Due to non-related parties [Note 27(ii)]	5,070	5,070	-	-
Provision for onerous contracts [Note 27(iii)]	41	23	-	-
	75,783	97,523	1,602	1,706
Non-current				
Retention due to subcontractors on construction contracts	6,943	4,649	-	-

- (i) The amounts due to directors are unsecured, interest-free and repayable on demand.
- (ii) The current other payables due to non-related parties had been in previous year fully amortised based on cash flows discounted at market borrowing rates of equivalent instrument of 5% per annum.
- (iii) Provision for onerous contracts

	Group	
	2021	2020
	S\$'000	S\$'000
Balance at 1 January	23	129
Provision made	18	23
Provision utilised	-	(129)
Balance at 31 December	41	23

Provision for onerous contracts is in respect of remaining expected losses arising from noncancellable construction contracts where the expected total contract costs exceed the total contract sum and is expected to be utilised as these contracts progress towards completion.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2021

28. Bank borrowings and lease liabilities

	Group	
	2021	2020
	S\$'000	S\$'000
<u>Current</u>		
Short-term bank loans		
- Secured	16,177	23,894
- Unsecured	51,000	51,647
	67,177	75,541
Term loans payable within one year (Note 29)	6,658	4,948
Lease liabilities payable within one year	7,384	9,675
	81,219	90,164
<u>Non-current</u>		
Term loans payable after one year (Note 29)	184,578	179,329
Lease liabilities payable after one year	10,472	21,215
	195,050	200,544
Total bank borrowings and lease liabilities	276,269	290,708

Weighted average effective interest rates per annum of short-term bank loans at the balance sheet date is 1.72% (2020: 1.71%) per annum.

29. Bank borrowings

	Group			
	Due within one year		Due after one year	
	2021	2020	2021	2020
	S\$'000	S\$'000	S\$'000	S\$'000
Term loans				
- Secured	1,806	999	180,993	171,005
- Unsecured	4,852	3,949	3,585	8,324
	6,658	4,948	184,578	179,329

Details of the term loans are as follows:

- (i) Terms loans amounting to S\$27,289,000 (2020: S\$27,289,000) are secured by way of a first legal mortgage on a freehold property [Note 23(v)]. Term Loan I amounting to S\$6,489,000 (2020: S\$6,489,000) is interest servicing only for the first 2.5 years and will subsequently be converted into a 19 years 9 months term loan repayable in equal instalment and mature on 29 June 2042. Term loan II amounting to S\$20,800,000 (2020: S\$20,800,000) is interest servicing only for the first 5 years (2020: 5 years) and will subsequently be converted into a 25 years term loan repayable in equal instalment thereafter and mature on 30 June 2047.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2021

29. Bank borrowings *(continued)*

- (ii) Term loans of S\$15,200,000 (2020: S\$15,200,000) are secured by way of a first legal mortgage over an investment property of the Group [Note 22(i)], assignments of all rights, title, benefits and interests in connection with any insurance policies, leases, tenancy agreements and/or sale and purchase agreements with respect to the property. The loans are fully repayable by 24 January 2023.
- (iii) Term loans of S\$28,763,000 (2020: S\$24,800,000) are secured by way of a first legal mortgage over an investment property of the Group [Note 22(i)], assignments of all rights, title, benefits and interests in connection with any insurance policies, leases, tenancy agreements and/or sale and purchase agreements with respect to the property. The loans are fully repayable on 24 January 2023.
- (iv) Term loans of S\$2,604,000 (2020: S\$2,951,000) are secured by way of a first legal mortgage over the Group's investment properties [Note 22(i)]. The loans are repayable for the first 24 instalments from the date of first partial disbursement of the loan and thereafter converted into a term loan with equal monthly instalment of 15 years up to 31 March 2030.
- (v) Term loans of S\$218,000 in 2020 were secured by way of a first legal mortgage on freehold land [Note 23(v)]. The loans were repayable in 60 monthly instalments commencing from January 2016 and fully repaid in 2021.
- (vi) A term loan of S\$99,000,000 (2020: S\$99,000,000) is secured by way of a first legal mortgage over the Group's development properties [Note 17]. The term loan is fully repayable on 7 December 2023 (2020: 7 June 2022) or 6 months after the date of issuance of the Temporary Occupation Permit, whichever is earlier.
- (vii) A term loan of S\$1,943,000 (2020: S\$2,546,000) is secured by way of a first legal mortgage on freehold land [Note 23(v)]. It is repayable in 60 monthly instalments commencing from 5 December 2018.
- (viii) A term loan of S\$3,637,000 (2020: S\$7,273,000) is unsecured and repayable in 36 monthly instalments commencing from April 2020.
- (ix) A term loan of S\$4,800,000 (2020: S\$5,000,000) is unsecured and interest servicing only for the first 12 months commencing October 2020 and will subsequently be converted into a 48 months term loan repayable in equal monthly instalments thereafter.
- (x) A term loan of S\$8,000,000 (2020: S\$ nil) is secured by way of a first legal mortgage over the Group's freehold land and building [Note 23], assignments of all rights, title, benefits and interests in connection with any insurance policies, leases, tenancy agreements and/or sale and purchase agreements with respect to the land and building. The term loan shall be interest servicing only for the first 5 years commencing February 2021 and will subsequently be converted into an 18 years term loan with monthly instalment repayment computed on monthly rests basis.
- (xi) The carrying amounts of the non-current term loans approximate their fair values, as the term loans bear interest at variable rates, which are re-priced within a period of up to six months. These term loans can be contractually re-priced at one, two, three or six-monthly intervals.
- (xii) The weighted average effective interest rate at the balance sheet date is 1.72% (2020: 1.80%) per annum.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2021

30. Notes payables

The Company has established a S\$250 million Multicurrency Medium Term Note programme, under which the Company may, from time to time, issue notes in series or tranches in Singapore Dollars or in other currencies, in various amounts and tenors and interest rates agreed between Company and the relevant dealer. The net proceeds arising from the issue of notes will be used for general corporate purposes, financing investments and general working capital of the Group.

The Company issued the second series of notes amounting to S\$70,000,000 in October 2017. The notes bear a fixed rate of 5.10% per annum payable semi-annually in arrear and are due on 27 October 2022.

At the balance sheet date, the fair value of the notes payables is S\$69,671,000 (2020: S\$64,122,000).

31. Share capital, treasury shares and reserves

(a) Share capital and treasury shares

	No. of ordinary shares		Amount	
	Issued share capital '000	Treasury shares '000	Share capital S\$'000	Treasury shares S\$'000
Group and Company				
2021				
Balance at 1 January and 31 December	438,000	(25,541)	36,981	(7,983)
2020				
Balance at 1 January and 31 December	438,000	(25,541)	36,981	(7,983)

All issued ordinary shares are fully paid. There is no par value for these ordinary shares. Fully paid ordinary shares carry one vote per share and carry a right to dividends as and when declared by the Company.

(b) Other reserves

	Group	
	2021 S\$'000	2020 S\$'000
<u>Composition</u>		
Fair value reserve	(4,807)	(3,916)
Capital reserve	1,596	1,596
Share-based payment reserve	17	9
	(3,194)	(2,311)

Other reserves are non-distributable.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2021

31. Share capital, treasury shares and reserves (continued)**(b) Other reserves (continued)**

<u>Movements</u>	Group	
	2021 S\$'000	2020 S\$'000
<i>(i) Fair value reserve</i>		
Balance at 1 January	(3,916)	(2,555)
Change in ownership interests in subsidiaries	257	(29)
Transfer to retained profits upon disposal of equity financial assets, at FVOCI	3,000	–
Fair value loss on financial assets, at FVOCI [Note 13(b)]	(4,150)	(1,381)
Less: Non-controlling interests	2	49
Balance at 31 December	(4,807)	(3,916)
<i>(ii) Capital reserve</i>		
Balance at 1 January	1,596	1,577
Transfer to retained profits upon disposal of a subsidiary	–	19
Balance at 31 December	1,596	1,596
<i>(iii) Share-based payment reserve</i>		
Balance at 1 January	9	4
Performance share plan of a subsidiary		
- Value of employee services (Note 8)	15	24
- Performance shares awarded	(7)	(19)
Balance at 31 December	17	9

Performance share plan of a subsidiary

On 20 April 2017, the shareholders of a listed subsidiary, Koh Brothers Eco Engineering Limited ("KBE"), approved a new performance share plan to be known as the "Koh Brothers Eco Engineering Limited Performance Share Plan 2017" ("KBE PSP"). Under the KBE PSP, the total number of shares which may be delivered (whether in the form of shares or in the form of cash in lieu of shares) shall not exceed 20% of the total number of issued shares (excluding treasury shares) from time to time. The KBE PSP shall continue in force at the discretion of its Remuneration Committee subject to a maximum period of 10 years commencing on the date on which KBE PSP is adopted.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2021

31. Share capital, treasury shares and reserves *(continued)*

(b) Other reserves *(continued)*

(iii) *Share-based payment reserve (continued)*

Performance share plan of a subsidiary (continued)

During the previous financial year, KBE awarded 1,117,282 new ordinary shares of KBE to its employees. The award comprised of (i) 328,702 fully paid-up ordinary shares of KBE, free of payment, which vested on 29 December 2020; and (ii) 788,580 fully paid-up ordinary shares of KBE, free of payment and will vest in accordance with the vesting schedule commencing on 29 December 2020 and ending on the ninth anniversary of the date of grant, subject to certain vesting conditions (including service condition).

During the current financial year, there is no new ordinary share of KBE awarded to its employee. However, 133,120 ordinary shares of KBE were vested on 29 December 2021.

Details of the performance share plan granted by KBE are disclosed in KBE's audited consolidated financial statements for the financial year ended 31 December 2021, which is publicly available.

(c) Retained profits

Retained profits of the Group are distributable except for accumulated losses of associated companies amounting to S\$656,000 (2020: retained profit of S\$497,000). Retained profits of the Company are fully distributable.

(d) Currency translation reserve

	Group	
	2021	2020
	S\$'000	S\$'000
Balance at 1 January	(9,432)	(9,475)
Change in ownership interests in subsidiaries	617	(75)
Net currency translation differences of financial statements of foreign operations	(553)	305
Reclassification on disposal of a subsidiary	-	(248)
Less: Non-controlling interests	(14)	61
Balance at 31 December	<u>9,382</u>	<u>(9,432)</u>

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2021

32. Dividend

	Company	
	2021	2020
	S\$'000	S\$'000
Final dividend paid in respect of the previous financial year ended of nil cent (2020: 0.25 cent) per share	-	1,031

At the forthcoming Annual General Meeting, a final cash dividend of 0.20 Singapore cent per share amounting to a total of S\$825,000 will be recommended. These financial statements do not reflect these dividends, which will be accounted for in shareholders' equity as an appropriation of retained profits in the financial year ending 31 December 2022.

33. Commitments

Capital commitments

Capital expenditures contracted for at the balance sheet date but not recognised in the financial statements are as follows:

	Group	
	2021	2020
	S\$'000	S\$'000
Property, plant and equipment	150	245

The contracts are entered into with non-related parties.

34. Financial risk management

Financial risk factors

The Group's activities expose it to market risk (including currency risk, interest rate risk and price risk), credit risk and liquidity risk. The Group's overall risk management strategy seeks to minimise adverse effects from the unpredictability of financial markets on the Group's financial performance. Where possible, the Group seeks to match assets and liabilities of the same currency. Derivative financial instruments are only used where necessary to reduce exposure to fluctuation in foreign exchange rates and interest rates.

(a) Market risk

(i) Currency risk

The Group operates mainly in Asia with operations primarily in Singapore, Malaysia, Indonesia, and South Korea. Entities in the Group transact predominantly in their respective functional currencies, except for balances between entities in the Group.

Currency risk arises within entities in the Group when transactions are denominated in foreign currencies such as the Singapore Dollar ("SGD"), United States Dollar ("USD"), and others. The Group monitors the foreign currency exchange rate movements closely to ensure that its exposures are minimised. The Group also has investments in foreign subsidiaries and is exposed to currency translation risk.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2021

34. Financial risk management *(continued)*

(a) Market risk *(continued)*

(i) Currency risk *(continued)*

The Group's currency exposure is as follows:

Group	SGD S\$'000	USD S\$'000	Others S\$'000	Total S\$'000
At 31 December 2021				
Financial assets				
Cash and bank balances	72,392	10,214	12,546	95,152
Investment securities	4,521	8,914	–	13,435
Trade and other receivables	71,395	2,720	5,507	79,622
Amounts due from joint ventures	45,245	–	–	45,245
Inter-company balances	1,807	–	6,632	8,439
	195,360	21,848	24,685	241,893
Financial liabilities				
Notes payables, borrowings and lease liabilities	(343,840)	–	(2,429)	(346,269)
Trade and other payables	(68,428)	(990)	(13,267)	(82,685)
Amounts due to joint ventures	(37,778)	–	–	(37,778)
Inter-company balances	(1,807)	–	(6,632)	(8,439)
	(451,853)	(990)	(22,328)	(475,171)
Net financial assets/(liabilities)	(256,493)	20,858	2,357	(233,278)
Less: Net financial liabilities denominated in the respective entities' functional currency	256,367	–	(2,602)	253,765
Net currency exposure	(126)	20,858	(245)	20,487

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2021

34. Financial risk management (continued)**(a) Market risk (continued)***(i) Currency risk (continued)*

Group	SGD S\$'000	USD S\$'000	Others S\$'000	Total S\$'000
At 31 December 2020				
Financial assets				
Cash and bank balances	80,884	10,626	10,339	101,849
Investment securities	4,281	–	–	4,281
Trade and other receivables	64,242	448	2,436	67,126
Amounts due from joint ventures	44,009	–	–	44,009
Inter-company balances	1,811	–	10,204	12,015
	195,227	11,074	22,979	229,280
Financial liabilities				
Notes payables, borrowings and lease liabilities	(357,451)	–	(3,257)	(360,708)
Trade and other payables	(91,754)	(1,411)	(8,984)	(102,149)
Amounts due to joint ventures	(38,340)	–	–	(38,340)
Inter-company balances	(1,811)	–	(10,204)	(12,015)
	(489,356)	(1,411)	(22,445)	(513,212)
Net financial assets/(liabilities)	(294,129)	9,663	534	(283,932)
Less: Net financial liabilities denominated in the respective entities' functional currency	295,552	–	490	296,042
Net currency exposure	1,423	9,663	1,024	12,110

As at 31 December 2021 and 2020, the Company's business operations are not exposed to significant foreign currency risks as it has no significant transactions denominated in foreign currencies. All financial assets and financial liabilities are mainly denominated in SGD.

If the USD changes against the SGD by 5% (2020: 5%) respectively with all other variables including tax rate being held constant, the effects arising from the net financial assets and liabilities on profit after tax and other comprehensive income will be as follows:

Group	Increase/(decrease) Profit after tax	
	2021 S\$'000	2020 S\$'000
USD against SGD		
- Strengthened	866	401
- Weakened	(866)	(401)

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2021

34. Financial risk management *(continued)*

(a) Market risk *(continued)*

(ii) Interest rate risk

Cash flow interest rate risk is the risk that the future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Fair value interest rate risk is the risk that the fair value of a financial instrument will fluctuate due to changes in market interest rates. The Group has no significant interest-bearing assets. The Group's exposure to cash flow interest rate risks arises mainly from the Group's debt obligations. The Group manages its cash flow interest rate risks by adopting a preference for fixed rate instruments over variable-rate instruments.

The Group's borrowings at variable rates are denominated mainly in SGD. If the SGD interest rates increase/decrease by 1% (2020: 1%) with all other variables including tax rate being held constant, the profit after tax will be lower/higher by S\$2,105,000 (2020: S\$2,114,000) as a result of higher/lower interest expense on these borrowings.

(iii) Price risk

The Group is exposed to equity and debt securities price risk arising from the quoted investments held by the Group which are classified either as financial assets, at fair value through profit or loss or financial assets, at FVOCI. These securities are listed in Singapore. The Group is not exposed to commodity price risk.

If prices for the equity and debt securities listed in Singapore change by 10% (2020: 10%) with all other variables including tax rate being held constant, the profit after tax and other comprehensive income will be:

	Increase/(decrease)	
	Other comprehensive income	
	2021	2020
	S\$'000	S\$'000
Group		
Listed in Singapore		
- Increased by 10%	1,120	128
- Decrease by 10%	(1,120)	(128)
	Increase/(decrease)	
	Profit after tax	
	2021	2020
	S\$'000	S\$'000
Company		
Listed in Singapore		
- Increased by 10%	-	22
- Decreased by 10%	-	(22)

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2021

34. Financial risk management *(continued)*

(b) Credit risk

Credit risk refers to the risk that the counterparty will default on its contractual obligations resulting in financial loss to the Group. The Group adopts the policy of dealing only with:

- Customers of appropriate credit standing and history, where cash term, advance payments, bankers' guarantees and performance bonds are required for customers of lower credit standing; and
- High credit quality counterparties.

The Group's investments in quoted debt instruments are considered to be low risk investments. The credit ratings of the investments are monitored for credit deterioration. The trade receivables of the Group comprise five debtors (2020: five debtors) that accounted for approximately 55% (2020: 55%) of the balance.

As the Group and the Company do 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 on the balance sheet, except for corporate guarantees as follows:

	2021 S\$'000	2020 S\$'000
Group		
Corporate guarantees provided to banks on		
- Joint ventures' loan	202,532	202,532
Company		
Corporate guarantees provided to banks on		
- Subsidiaries' loan	210,155	212,060
- Joint ventures' loan	202,532	202,532

Information on trade receivables provided to key management are as follows:

Group

By geographical areas

Singapore	34,714	25,082
Malaysia	2,540	1,383
Others	3,835	1,053
	41,089	27,518

Group

By industry sectors

Construction and Building Materials	38,738	27,022
Real Estate	2,130	477
Leisure & Hospitality	221	19
	41,089	27,518

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2021

34. Financial risk management *(continued)*

(b) Credit risk *(continued)*

The movement in credit loss allowance are as follows:

	Group	
	2021 S\$'000	2020 S\$'000
Trade receivables⁽¹⁾		
Balance at 1 January	1,487	2,012
Loss allowance recognised in profit or loss on:		
- Assets acquired/originated	-	645
- Reversal of unutilised amounts	(658)	-
	(658)	645
Currency translation difference	(32)	(49)
Allowance written off	-	(1,121)
Balance at 31 December	797	1,487

⁽¹⁾ Loss allowance measured at lifetime expected credit loss

The Group's contract assets and other receivables are subject to immaterial credit loss. Within other receivables are non-trade amounts due from non-related parties of S\$30,127,000 (2020: S\$29,393,000) [Note 14(iii)] which are considered to have low credit risk. This was based on management's assessment of the debtors' financial position and performance, cash flows, valuation of residential properties held and their ability to repay via realisation of these residential properties.

The Company's debt financial assets are subject to immaterial credit loss.

(i) Trade receivables and contract assets

In measuring the expected credit losses ("ECL"), trade receivables and contract assets are grouped based on shared credit risk characteristics and days past due. The contract assets relate mainly to unbilled work in progress, which have substantially the same risk characteristics as the trade receivables for the same type of contracts.

The Group has therefore concluded that the expected loss rates for trade receivables are a reasonable approximation of the loss rates for the contract assets.

In calculating the expected credit loss rates, the Group considers historical loss rates for each category of customers and adjusts for forward-looking macroeconomic data. The Group has identified the gross domestic product ("GDP") growth of the countries in which it sells goods and services to be the most relevant factor, and accordingly adjust the historical loss rates based on expected changes in this factor.

The Group considers a financial asset as in default when the counterparty fail to make contractual payments for a prolonged period of time when they fall due, and the Group may also consider internal and external information, such as significant adverse changes in business, financial or economic conditions that are expected to cause a significant change to the debtor's ability to meet its obligation. Financial assets are written off when there is no reasonable expectation of recovering the contractual cash flow, such as a debtor failing to engage in a repayment plan with the Group and it is becoming probable that the debtor will enter bankruptcy or other financial reorganisation. Where receivables have been written off, the Group continues to engage in enforcement activity to attempt to recover the receivables due. Where recoveries are made, these are recognised in profit or loss.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2021

34. Financial risk management *(continued)*

(b) Credit risk *(continued)*

(i) Trade receivables and contract assets *(continued)*

Management has assessed and concluded that the expected credit loss rate for trade receivables past due less than 1 year is immaterial, while the expected credit loss rate for trade receivables past due more than 1 year approximates 50% to 100%, except for specific cases where management has assessed the amount is still fully recoverable.

The Group's credit risk exposure in relation to trade receivables and contract assets under SFRS(I) 9 are set out as follows:

Group	Current S\$'000	Past due			Total S\$'000
		1 to 6 months S\$'000	7 to 12 months S\$'000	Over 12 months S\$'000	

At 31 December 2021					
Construction and Building Materials					
Contract assets	122,423	–	–	–	122,423
Trade receivables	37,716	1,022	–	91	38,829
Loss allowance	–	–	–	91	91
Real Estate					
Contract assets	5,243	–	–	–	5,243
Trade receivables	2,091	39	–	706	2,836
Loss allowance	–	–	–	706	706
Leisure & Hospitality					
Trade receivables	221	–	–	–	221
Loss allowance	–	–	–	–	–

At 31 December 2020					
Construction and Building Materials					
Contract assets	123,065	–	–	–	123,065
Trade receivables	19,138	7,176	708	788	27,810
Loss allowance	–	–	–	788	788
Real Estate					
Contract assets	10,893	–	–	–	10,893
Trade receivables	26	13	–	1,137	1,176
Loss allowance	–	–	–	699	699
Leisure & Hospitality					
Trade receivables	19	–	–	–	19
Loss allowance	–	–	–	–	–

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2021

34. Financial risk management *(continued)*

(b) Credit risk *(continued)*

(ii) Financial guarantee contracts

The Company has issued financial guarantees to banks for borrowings of its subsidiaries and joint ventures. These guarantees are subject to the impairment requirements of SFRS(I) 9. The Company has assessed that its subsidiaries have strong financial capacity to meet the contractual cash flow obligations in the near future and hence, does not expect significant credit losses arising from these guarantees.

(c) Liquidity risk

The table below analyses the maturity profile of the Group's and Company's financial liabilities based on contractual undiscounted cash flows.

Group	Less than 1 year S\$'000	Between 1 and 2 years S\$'000	Between 2 and 5 years S\$'000	Over 5 years S\$'000
At 31 December 2021				
Payables	113,520	–	6,943	–
Borrowings and lease liabilities	86,109	154,632	13,219	39,738
Notes payables	72,975	–	–	–
Financial guarantee contracts	202,532	–	–	–
At 31 December 2020				
Payables	135,840	–	4,649	–
Borrowings and lease liabilities	94,883	115,743	61,661	36,405
Notes payables	3,570	72,975	–	–
Financial guarantee contracts	202,532	–	–	–
Company				
At 31 December 2021				
Payables	1,602	–	–	–
Amounts due to subsidiaries	8,305	19,011	–	–
Notes payables	72,975	–	–	–
Financial guarantee contracts	412,687	–	–	–
At 31 December 2020				
Payables	1,706	–	–	–
Amounts due to subsidiaries	10,934	19,011	–	–
Notes payables	3,570	72,975	–	–
Financial guarantee contracts	414,592	–	–	–

The Group and Company manage the liquidity risk by maintaining sufficient cash and marketable securities to enable them to meet their normal operating commitments and having an adequate amount of committed credit facilities.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2021

34. Financial risk management *(continued)*

(d) Capital risk

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern and to maintain an optimal capital structure so as to maximise shareholder value. In order to maintain or achieve an optimal capital structure, the Group may adjust the amount of dividend payment, issue new shares, buy back issued shares, obtain new borrowings or sell assets to reduce borrowings.

The gearing ratio is calculated as net debt divided by shareholders' funds. Net debt is calculated as notes payables, bank borrowings and lease liabilities less cash and bank balances.

	Group	
	2021	2020
	S\$'000	S\$'000
Net debt	251,117	258,859
Shareholders' funds	287,111	287,888
Gearing ratio (times)	0.87	0.90

The Group and the Company are in compliance with all externally imposed capital requirements for the financial years ended 31 December 2021 and 2020.

(e) Fair value measurements

The following presents the assets and liabilities measured at fair value and classified by level of the following fair value measurement hierarchy:

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

See Note 22 for disclosure of the investment properties that are measured at fair value.

Group	Level 1 S\$'000	Level 2 S\$'000	Level 3 S\$'000	Total S\$'000
31 December 2021				
<i>Assets</i>				
Financial assets, at FVOCI	11,196	–	–	11,196
31 December 2020				
<i>Assets</i>				
Financial assets, at FVOCI	1,281	–	–	1,281

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2021

34. Financial risk management *(continued)*

(e) Fair value measurements *(continued)*

Company	Level 1 S\$'000	Level 2 S\$'000	Level 3 S\$'000	Total S\$'000
31 December 2021				
<i>Assets</i>				
Financial assets, at fair value through profit or loss	-	-	-	-
31 December 2020				
<i>Assets</i>				
Financial assets, at fair value through profit or loss	218	-	-	218

The fair value of financial instruments traded in active markets (such as trading and available-for-sale securities) is based on quoted market prices at the balance sheet date. The quoted market price used for financial assets held by the Group is the current bid price. These instruments are included in Level 1.

The fair value of financial instruments that are not traded in active market is determined by using valuation techniques. The Group uses a variety of methods and makes assumptions that are based on market conditions existing at each balance sheet date. Quoted market prices or dealer quotes for similar instruments with adjustment on the market price of linked listed equity securities and interest rate curve are used to estimate the fair value of unquoted short-term structured notes. These instruments are classified as Level 2.

(f) Financial instrument by category

The carrying amounts of financial assets measured at fair value (fair value through profit and loss and FVOCI) are disclosed in Note 13.

The aggregate carrying amounts of financial assets and liabilities at amortised cost are as follows:

	Group		Company	
	2021 S\$'000	2020 S\$'000	2021 S\$'000	2020 S\$'000
Financial assets at amortised cost	222,258	215,984	40,916	42,386
Financial liabilities at amortised cost	466,732	501,197	98,918	101,651

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2021

35. Related party transactions

In addition to the related party information disclosed elsewhere in the financial statements, the Group has significant transactions with related parties on terms agreed between the parties concerned as shown below:

(a) Sales and purchases of goods and services

	Group	
	2021	2020
	S\$'000	S\$'000
(i) Progressive billing recognised from sale of residential property to related parties	349	698
(ii) Construction works performed by a related party	-	876

Related party comprises companies which are controlled or significantly influenced by the Group's key management personnel and their close family members.

Outstanding balances at 31 December 2021 and 2020, arising from sale/purchase of goods and services, are disclosed in Notes 14, 15, and 27.

(b) Key management personnel compensation

Key management personnel compensation is analysed as follows:

Salaries and other short-term employee benefits	7,298	6,234
Post-employment benefits – contribution to Central Provident Fund	272	207
	7,570	6,441

Included in the above was total directors' fees to directors of the Company amounting to S\$487,000 (2020: S\$454,500).

36. Segment information

Management has determined the operating segments based on the reports reviewed by the Executive Committee ("Exco") that are used to make strategic decisions. The Exco comprises the Chief Executive Officer and Executive Directors.

The Exco considers the business from a business segment perspective. Management manages and monitors the business in three main business segments which are Construction and Building Materials, Real Estate and Leisure & Hospitality. The Exco assesses the performance of these business segments based on sales, segment results, segment assets and segment liabilities.

- (a) Construction and Building Materials – This business segment undertakes construction activities for "Engineering and Construction", "Bio-Refinery and Renewable Energy" segments and sales of building materials. Management has aggregated the above businesses under Construction and Building Materials as they have similar economic growth prospects.
- (b) Real Estate – This business segment involves real estate development and rental of properties.
- (c) Leisure & Hospitality – This business segment involves hotel and leisure operations.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2021

36. Segment information (continued)

The segment information and the reconciliations of segment results to profit before tax and segment assets and liabilities to total assets and liabilities are as follows:

Group (S\$'000)	Construction and Building Materials	Real Estate	Leisure & Hospitality	Others	Total
2021					
Sales					
- External	233,458	17,705	1,458	-	252,621
- Inter-segment	7,656	1,022	-	488	9,166
	<u>241,114</u>	<u>18,727</u>	<u>1,458</u>	<u>488</u>	<u>261,787</u>
Elimination					(9,166)
					<u>252,621</u>
Results					
Segment results					
- Company and subsidiaries	5,934	6,918	(755)	1,683	13,780
- Associated companies	159	-	-	-	159
- Joint ventures	-	2,880	-	-	2,880
Earnings/(loss) before interest and tax	<u>6,093</u>	<u>9,798</u>	<u>(755)</u>	<u>1,683</u>	<u>16,819</u>
Interest income (Note 5)					1,209
Finance expenses (Note 9)					(9,200)
Profit before income tax					<u>8,828</u>
Other information					
Capital expenditure	3,388	40	614	-	4,042
Depreciation	15,140	356	447	-	15,943
As at 31 December 2021					
Segment assets	<u>295,617</u>	<u>367,450</u>	<u>24,714</u>	<u>3,474</u>	<u>691,255</u>
Associated companies	439	-	-	-	439
Joint ventures	-	94,202	-	-	94,202
<u>Unallocated assets:</u>					
Income tax receivables					730
Short-term bank deposits					28,898
Investment securities					13,435
Consolidated total assets					<u>828,959</u>
Segment liabilities					
<u>Unallocated liabilities:</u>	<u>81,830</u>	<u>47,844</u>	<u>557</u>	<u>1,625</u>	<u>131,856</u>
Current income tax liabilities					818
Deferred income tax liabilities					7,278
Bank borrowings, notes payables and lease liabilities					346,269
Consolidated total liabilities					<u>486,221</u>

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2021

36. Segment information (continued)

Group (S\$'000)	Construction and Building Materials	Real Estate	Leisure & Hospitality	Others	Total
2020					
Sales					
- External	225,923	15,133	2,010	-	243,066
- Inter-segment	4,213	548	-	563	5,324
	230,136	15,681	2,010	563	248,390
Elimination					(5,324)
					243,066
Results					
Segment results					
- Company and subsidiaries	(12,717)	(254)	(62)	(112)	(13,145)
- Associated companies	(1,071)	-	-	-	(1,071)
- Joint ventures	-	6,844	-	-	6,844
(Loss)/earnings before interest and tax	(13,788)	6,590	(62)	(112)	(7,372)
Interest income (Note 5)					1,986
Finance expenses (Note 9)					(10,833)
Loss before income tax					(16,219)
Other information					
Capital expenditure	3,796	1,793	291	-	5,880
Depreciation	20,875	379	490	-	21,744
Impairment of property, plant and equipment	-	224	-	-	224
As at 31 December 2020					
Segment assets	320,078	352,056	24,693	1,660	698,487
Associated companies	280	-	-	-	280
Joint ventures	-	99,516	-	-	99,516
<u>Unallocated assets:</u>					
Income tax receivables					730
Short-term bank deposits					16,081
Investment securities					4,281
Consolidated total assets					819,375
Segment liabilities	100,121	45,996	299	1,443	147,859
<u>Unallocated liabilities:</u>					
Current income tax liabilities					463
Deferred income tax liabilities					7,775
Bank borrowings, notes payables and lease liabilities					360,708
Consolidated total liabilities					516,805

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2021

36. Segment information (continued)

The measurement of segment sales, results, assets and liabilities are as follows:

- (a) Inter-segment transactions are determined on an arm's length basis. The sales from external parties reported to the Exco are measured in a manner consistent with that in the statement of comprehensive income.
- (b) The Exco assesses the performance of the business segments based on a measure of earnings before interest and tax for continuing operations. This measurement excludes the income or expenses that are not expected to recur regularly in every period. Interest income and finance expenses are not allocated to segments, as this type of activity is driven by the Group Treasury, which manages the cash performance of the Group.
 - (i) The amounts provided to the Exco with respect to total assets are measured in a manner consistent with that of the financial statements. All assets are allocated to reportable segments other than income tax receivables, short-term bank deposits and investment securities.
 - (ii) The amounts provided to the Exco with respect to total liabilities are measured in a manner consistent with that of the financial statements. All liabilities are allocated to the reportable segments other than current income tax liabilities, deferred income tax liabilities, bank borrowings, notes payables, and lease liabilities.

Geographical information

The Group's three business segments operate in four main geographical areas: Singapore, Malaysia, Indonesia and others.

The following table presents sales and non-current assets information for the main geographical areas for the financial years ended 31 December 2021 and 2020.

	Group	
	2021	2020
	S\$'000	S\$'000
Total sales		
Singapore	219,440	215,263
Malaysia	10,411	6,822
Indonesia	11,983	3,439
Others	10,787	17,542
	252,621	243,066
Total non-current assets		
Singapore	336,924	341,025
Malaysia	11,565	11,818
Others	9,242	14,713
	357,731	367,556

Information about major customers

Revenue of approximately 53% (2020: 49%) are derived from two (2020: two) major customers. These revenues are attributable to the Construction and Building Materials segment.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2021

37. Property held-for-sale

During the financial year, the Group has entered an agreement with a non-related party to dispose off the leasehold property and other related assets located at 50 Tuas Crescent for a gross consideration of S\$14,900,000. Accordingly, the Group reclassified the non-current assets and liabilities associated with the disposal group as Property held-for-sale.

In accordance to SFRS(I) 5 *Non-current Assets Held for Sale and Discontinued Operation*, the assets and liabilities associated with the property were presented as a disposal group classified as held-for-sale as at 31 December 2021. The disposal group was previously presented under property, plant and equipment of the Group.

Details of the assets and liabilities of disposal group classified as held-for-sale were as follows:

	As at 31 December 2021 S\$'000
Leasehold land and buildings (Note 23)	8,142
Plant and machineries (Note 23)	169
Lease liabilities (Note 28)	(5,095)
	<u>3,216</u>

Subsequent to year end, the above transaction was completed after satisfaction of all the conditions set out in the agreement.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2021

38. Significant Group companies

The Group's significant subsidiaries, joint ventures, joint operations and associated companies at 31 December 2021 and 2020 are as follows:

	Country of incorporation and business		Effective holding by the Group	
Name of company		Principal activities	2021	2020
SUBSIDIARIES				
Held by the Company:				
Construction Consortium Pte Ltd ^a	Singapore	Investment holding	100%	100%
Koh Brothers Development Pte Ltd ^a	Singapore	Property development and management services	100%	100%
Koh Brothers Eco Engineering Ltd ^a	Singapore	Investment holding and management services	54.82%	77.27%
Koh Brothers Holdings Pte Ltd ^a	Singapore	Investment holding and property investment	100%	100%
Koh Brothers Investment Pte Ltd ^a	Singapore	Hotel investment	100%	100%
Oxford Hotel Pte Ltd ^a	Singapore	Hotel management	100%	100%
Held by Subsidiaries:				
G & W Industrial Corporation Pte Ltd ^a	Singapore	Investment holding	100%	100%
G & W Precast Pte Ltd ^a	Singapore	Manufacture of precast products	100%	100%
G & W Ready-Mix Pte Ltd ^a	Singapore	Manufacture of building materials and rental of construction equipment	100%	100%
KBD Kosdale Pte Ltd ^a	Singapore	Property investment	100%	100%
KBD Holland Pte Ltd ^a	Singapore	Property Development	100%	100%
Koh Brothers Building & Civil Engineering Contractor (Pte) Ltd ^a	Singapore	Engineering and construction	54.82%	77.27%
Koh Eco Engineering Pte Ltd ^a	Singapore	Engineering and construction	54.82%	77.27%
Kosland Pte Ltd ^a	Singapore	Property investment	100%	100%
Oiltek Internaitonal Limited ^a	Singapore	Investment holding	43.88%	-
Oiltek Sdn Bhd ^b	Malaysia	Specialist engineers and commission agent	43.88%	61.85%
Oiltek Global Energy Sdn Bhd ^b (formerly known as Oiltek Nova Bioenergy Sdn Bhd)	Malaysia	Specialist engineers	43.88%	61.85%

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2021

38. Significant Group companies *(continued)*

	Country of incorporation and business	Principal activities	Effective holding by the Group	
Name of company			2021	2020
SUBSIDIARIES <i>(continued)</i>				
Held by Subsidiaries: <i>(continued)</i>				
G & W Building Materials Sdn Bhd ^h	Malaysia	Manufacture of building materials	100%	100%
PT Koh Brothers Indonesia ^d	Indonesia	Property investment and development	100%	100%
JOINT VENTURE COMPANIES				
Held by Subsidiaries:				
Canberra Development Pte Ltd ^c	Singapore	Property investment	50%	50%
Phileap Pte Ltd ^c	Singapore	Property development	25%	25%
Atlantic Star Pte Ltd ^c	Singapore	Property management	50%	50%
FEC Skypark Pte Ltd ^a	Singapore	Property development	20%	20%
Global KB Venture Sdn Bhd ^g	Malaysia	Property development	25%	25%
JOINT OPERATIONS				
Held by a Subsidiary:				
Samsung – Koh Brothers Joint Venture ^{f, #}	Singapore	Construction	16.45%	23.18%
POKB JV ^{a, #}	Singapore	Construction	19.19%	27.04%
Koh Brothers – China Harbour Joint Venture ^{a, #}	Singapore	Construction	32.89%	46.36%
ASSOCIATED COMPANIES				
Held by Subsidiaries:				
Tricaftan Environmental Technology Pte Ltd ^e	Singapore	Construction and project management	21.93%	30.91%

^a Audited by PricewaterhouseCoopers LLP, Singapore.^b Audited by PricewaterhouseCoopers PLT, Malaysia.^c Audited by Ernst & Young LLP, Singapore.^d Audited by Riyanto, SE, Ak, Registered Public Accountants.^e Audited by Apen Chartered Accountants, Singapore.^f Audited by RSM Chio Lim LLP, Singapore.^g Audited by Chong Yew & Co., Malaysia.^h Audited by Baker Tilly HYT, Malaysiaⁱ In accordance with Rule 716 of The Singapore Exchange Securities Trading Limited – Listing Rules, the Audit and Risk Committee and Board of Directors of the Company confirmed that they are satisfied that the appointment of different auditors for its subsidiaries, joint venture companies and associated companies would not compromise the standard and effectiveness of the audit of the Group.[#] These partnerships are regarded as joint operations in accordance with SFRS(I) 11 Joint Arrangements as the joint venture agreements for these partnerships require unanimous consent from all parties and the partners have direct rights to the assets of the partnership and are jointly and severally liable for the liabilities incurred by the partnership. Therefore these partnerships are classified as joint operations and the Group recognise its direct right to the jointly held assets, liabilities, revenues and expenses as described in Note 2.4(d).

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2021

39. New or revised accounting standards and interpretations

Below are the mandatory standards, amendments and interpretations to existing standards that have been published, and are relevant for the Group's accounting periods beginning on or after 1 January 2022 and which the Group has not early adopted:

Amendments to SFRS(I) 1-1 Presentation of Financial Statements: Classification of Liabilities as Current or Non-current (effective for annual periods beginning on or after 1 January 2023)

The narrow-scope amendments to SFRS(I) 1-1 Presentation of Financial Statements clarify that liabilities are classified as either current or non-current, depending on the rights that exist at the end of the reporting period. Classification is unaffected by the expectations of the entity or events after the reporting date (e.g. the receipt of a waiver or a breach of covenant). The amendments also clarify what SFRS(I) 1-1 means when it refers to the 'settlement' of a liability.

The amendments could affect the classification of liabilities, particularly for entities that previously considered management's intentions to determine classification and for some liabilities that can be converted into equity.

Amendments to SFRS(I) 1-16 Property, Plant and Equipment: Proceeds before Intended Use (effective for annual periods beginning on or after 1 January 2022)

The amendment to SFRS(I) 1-16 Property, Plant and Equipment (PP&E) prohibits an entity from deducting from the cost of an item of PP&E any proceeds received from selling items produced while the entity is preparing the asset for its intended use. It also clarifies that an entity is 'testing whether the asset is functioning properly' when it assesses the technical and physical performance of the asset. The financial performance of the asset is not relevant to this assessment.

Entities must disclose separately the amounts of proceeds and costs relating to items produced that are not an output of the entity's ordinary activities.

Amendments to SFRS(I) 1-37 Provisions, Contingent Liabilities and Contingent Assets: Onerous Contracts – Cost of Fulfilling a Contract (effective for annual periods beginning on or after 1 January 2022)

An onerous contract is a contract in which the unavoidable costs of meeting the obligations under the contract exceed the economic benefits expected to be received under it. The unavoidable costs under a contract reflect the least net cost of exiting from the contract, which is the lower of the costs of fulfilling it and any compensation or penalties arising from failure to fulfil it. The amendment to SFRS(I) 1-37 clarifies that the direct costs of fulfilling a contract include both the incremental costs of fulfilling the contract and an allocation of other costs directly related to fulfilling contracts.

The Group does not expect any significant impact arising from applying these amendments.

40. Events occurring after balance sheet date

Listing of Oiltek International Limited

On 3 March 2022, an indirect subsidiary of the Group, Oiltek International Limited ("OIL"), was successfully admitted and listed on Catalist Board of the Singapore Exchange Securities Trading Limited. Following the OIL listing, the Group's effective shareholding interest in OIL and its subsidiaries will be reduced from approximately 43.88% to approximately 36.97%. However, OIL remains an indirect subsidiary of the Group as it remains a subsidiary of Koh Brothers Eco Engineering Limited.

41. Authorisation of financial statements

These financial statements were authorised for issue in accordance with a resolution of the Board of Directors of Koh Brothers Group Limited on 16 March 2022.

**UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS OF KOH
BROTHERS GROUP LIMITED AND ITS SUBSIDIARIES FOR THE SIX MONTHS
PERIOD ENDED 30 JUNE 2022**

The information in this Appendix IV has been reproduced from the announcement of Koh Brothers Group Limited and its subsidiaries for the six months ended 30 June 2022 and has not been specifically prepared for inclusion in this Supplemental Information Memorandum.

KOH BROTHERS GROUP LIMITED

A. CONDENSED INTERIM CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six months period ended 30 June 2022

		6 months ended		
	Note	30 June 2022 S\$'000	30 June 2021 S\$'000	Change %
Sales	4(a)	158,877	140,963	13
Cost of sales		(147,184)	(132,789)	11
Gross profit		11,693	8,174	43
Other income	5	769	712	8
Other gains – net	5	7,925	6,710	18
Expenses				
- Distribution and marketing		(1,476)	(793)	86
- Administrative		(8,474)	(6,671)	27
- Finance		(4,422)	(4,550)	(3)
- Other		(920)	(1,194)	(23)
Share of profit of associated companies and joint ventures		1,157	1,455	(20)
Profit before income tax		6,252	3,843	63
Income tax expense	7	(207)	(1,276)	(84)
Profit after income tax		6,045	2,567	135
Profit attributable to:				
Equity holders of the Company		4,996	1,990	151
Non-controlling interests		1,049	577	82
		6,045	2,567	135
Earnings per share for profit attributable to equity holders of the Company:				
- Basic earnings per share (in cents)		1.21	0.48	152
- Diluted earnings per share (in cents)		1.21	0.48	152
Profit after income tax		6,045	2,567	135
Other comprehensive loss:				
<i>Items that may be reclassified subsequently to profit or loss:</i>				
Currency translation arising from consolidation		(1,825)	(195)	836
Fair value losses on debt financial assets, at FVOCI		(6)	(8)	(25)
		(1,831)	(203)	802
<i>Items that may not be reclassified subsequently to profit or loss:</i>				
Fair value losses on equity financial assets, at FVOCI		(541)	-	N.M.
Other comprehensive loss, net of tax		(2,372)	(203)	1,069
Total comprehensive income		3,673	2,364	55
Total comprehensive income attributable to:				
Equity holders of the Company		2,694	1,794	50
Non-controlling interests		979	570	72
		3,673	2,364	55

N.M. – Not Meaningful

KOH BROTHERS GROUP LIMITED
B. CONDENSED INTERIM BALANCE SHEETS
As at 30 June 2022

		GROUP		COMPANY	
	Note	30 June 2022 S\$'000	31 December 2021 S\$'000	30 June 2022 S\$'000	31 December 2021 S\$'000
ASSETS					
Current assets					
Cash and bank balances		103,894	95,152	9,128	989
Investment securities		2,730	2,730	-	-
Trade and other receivables		55,962	57,293	6	7
Contract assets		134,429	123,370	-	-
Amounts due from subsidiaries		-	-	44,575	39,920
Amounts due from joint ventures		42,514	45,245	-	-
Inventories		8,345	10,291	-	-
Development properties		122,353	128,402	-	-
Income tax receivables		730	730	-	-
Other current assets		4,792	4,799	-	-
		475,749	468,012	53,709	40,916
Property held-for-sale		-	3,216	-	-
		475,749	471,228	53,709	40,916
Non-current assets					
Trade and other receivables		30,483	30,127	-	-
Contract assets		4,817	4,296	-	-
Investment securities		10,158	10,705	-	-
Investment in subsidiaries		-	-	156,615	156,615
Investments in associated companies		447	439	-	-
Investments in joint ventures		95,351	94,202	-	-
Investment properties	12	102,080	102,169	-	-
Property, plant and equipment	11	108,595	110,715	-	-
Goodwill	10	5,078	5,078	-	-
		357,009	357,731	156,615	156,615
Total assets		832,758	828,959	210,324	197,531
LIABILITIES					
Current liabilities					
Trade and other payables		93,818	75,783	2,156	1,602
Contract liabilities		9,839	11,352	-	-
Amounts due to subsidiaries		-	-	21,980	8,305
Amounts due to joint ventures		39,087	37,778	-	-
Current income tax liabilities		1,144	818	-	-
Bank borrowings and lease liabilities	13	62,006	81,219	-	-
Notes Payables		70,000	70,000	70,000	70,000
		275,894	276,950	94,136	79,907
Non-current liabilities					
Trade and other payables		8,312	6,943	-	-
Amount due to a subsidiary		-	-	19,011	19,011
Bank borrowings and lease liabilities	13	192,328	195,050	-	-
Deferred income tax liabilities		6,792	7,278	-	-
		207,432	209,271	19,011	19,011
Total liabilities		483,326	486,221	113,147	98,918
NET ASSETS		349,432	342,738	97,177	98,613
EQUITY					
Capital and reserves attributable to equity holders of the Company					
Share capital	14	36,981	36,981	36,981	36,981
Treasury shares		(7,983)	(7,983)	(7,983)	(7,983)
Other reserves		(3,742)	(3,194)	-	-
Retained profits		275,648	270,689	68,179	69,615
Currency translation reserve		(10,916)	(9,382)	-	-
		289,988	287,111	97,177	98,613
Non-controlling interests		59,444	55,627	-	-
Total equity		349,432	342,738	97,177	98,613

KOH BROTHERS GROUP LIMITED

C. CONDENSED INTERIM CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months period ended 30 June 2022

Group	Note	← Attributable to equity holders of the Company →					Non-controlling interests S\$'000	Total equity S\$'000
		Share capital S\$'000	Treasury shares S\$'000	Other reserves S\$'000	Retained profits S\$'000	Currency translation reserve S\$'000		
Balance at 1 January 2022		36,981	(7,983)	(3,194)	270,689	(9,382)	55,627	342,738
Profit for the financial period		-	-	-	4,996	-	1,049	6,045
Other comprehensive loss for the financial period		-	-	(548)	-	(1,754)	(70)	(2,372)
Total comprehensive (loss)/income for the financial period		-	-	(548)	4,996	(1,754)	979	3,673
Change in ownership interests in subsidiaries		-	-	-	949	220	(1,169)	-
Issuance of shares by a listed subsidiary, net of expenses		-	-	-	(161)	-	4,901	4,740
Dividend		-	-	-	(825)	-	(894)	(1,719)
Total transactions with owners, recognised directly in equity		-	-	-	(37)	220	2,838	3,021
Balance at 30 June 2022		36,981	(7,983)	(3,742)	275,648	(10,916)	59,444	349,432

KOH BROTHERS GROUP LIMITED

C. CONDENSED INTERIM CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months period ended 30 June 2022

Group	Note	← Attributable to equity holders of the Company →					Non-controlling interests S\$'000	Total equity S\$'000
		Share capital S\$'000	Treasury shares S\$'000	Other reserves S\$'000	Retained profits S\$'000	Currency translation reserve S\$'000	Total S\$'000	
Balance as at 1 January 2021		36,981	(7,983)	(2,311)	270,633	(9,432)	287,888	302,570
Profit for the financial period		-	-	-	1,990	-	1,990	2,567
Other comprehensive loss for the financial period		-	-	(4)	-	(192)	(196)	(203)
Total comprehensive (loss)/income for the financial period		-	-	(4)	1,990	(192)	1,794	2,364
Change in ownership interests in subsidiaries		-	-	257	(2,889)	617	(2,015)	-
Transfer upon disposal of equity financial assets, at FVOCI		-	-	-	(893)	-	(893)	36,914
Exercise of warrants issued by a subsidiary		-	-	-	-	-	-	437
Dividend		-	-	-	-	-	(324)	(324)
Total transactions with owners, recognised directly in equity		-	-	257	(3,782)	617	(2,908)	37,027
Balance at 30 June 2021		36,981	(7,983)	(2,058)	268,841	(9,007)	286,774	341,961

KOH BROTHERS GROUP LIMITED

C. CONDENSED INTERIM CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months period ended 30 June 2022

COMPANY	<u>Share capital</u>	<u>Treasury shares</u>	<u>Retained profits</u>	<u>Total equity</u>
	S\$'000	S\$'000	S\$'000	S\$'000
Balance at 1 January 2022	36,981	(7,983)	69,615	98,613
Loss for the financial period	-	-	(611)	(611)
Dividend	-	-	(825)	(825)
Balance at 30 June 2022	36,981	(7,983)	68,179	97,177
 Balance at 1 January 2021	 36,981	 (7,983)	 68,434	 97,432
Profit for the financial period	-	-	144	144
Balance at 30 June 2021	36,981	(7,983)	68,578	97,576

KOH BROTHERS GROUP LIMITED
D. CONDENSED INTERIM CONSOLIDATED STATEMENT OF CASH FLOWS
For the six months period ended 30 June 2022

	6 months ended	
	30 June	30 June
	2022	2021
	S\$'000	S\$'000
Cash flows from operating activities		
Profit after income tax	6,045	2,567
Adjustments for:		
- Income tax expense	207	1,276
- Write-back of allowance of inventory obsolescence	-	(306)
- Depreciation of property, plant and equipment	4,266	8,193
- Property, plant and equipment written off	-	6
- Fair value gain on investment properties	(60)	(6,580)
- Gain on disposal of property, plant and equipment	(7,382)	(436)
- Share of profit of associated companies and joint ventures	(1,157)	(1,455)
- Finance expense	4,422	4,550
- Interest income	(599)	(613)
- Unrealised translation (gain)/loss	(806)	101
	4,936	7,303
Change in working capital, net of effects from disposal of subsidiaries:		
- Trade and other receivables	982	7,901
- Inventories	1,945	(2,975)
- Contract assets and liabilities	(13,093)	(3,110)
- Development properties	6,049	(8,866)
- Other current assets	7	724
- Trade and other payables	16,976	(22,365)
- Amount due from/to joint ventures	4,041	(931)
Cash generated from/(used in) operations	21,843	(22,319)
Income tax paid	(357)	(270)
Net cash generated from/(used in) operating activities	21,486	(22,589)
Cash flows from investing activities		
Purchase of property, plant and equipment	(513)	(907)
Proceeds from disposal of property, plant and equipment	12,479	463
Proceeds from liquidation of a joint venture	-	2,539
Net proceeds from investment securities	-	210
Dividends received from joint ventures	-	2,905
Interest received	599	613
Net cash provided by investing activities	12,565	5,823
Cash flows from financing activities		
Proceeds from issuance of share by a listed subsidiary, net of expenses	4,740	36,914
Proceeds from exercise of warrants in a subsidiary	-	437
Principal payment of lease liabilities	(3,770)	(4,142)
Net repayment of bank borrowings	(20,159)	(11,031)
Acquisition of additional interest in subsidiaries	(230)	-
Transaction cost relating to acquisition of additional interest in subsidiaries	(1)	-
Dividends paid to non-controlling interests	(894)	(324)
Interest paid	(4,464)	(4,552)
Net cash (used in)/provided by financing activities	(24,778)	17,302
Net change in cash and bank balances	9,273	536
Beginning of financial period	95,152	101,849
Effects of currency translation on cash and bank balances	(531)	(16)
End of financial period	103,894	102,369

1. Corporate information

Koh Brothers Group Limited (the “Company”) is listed on the Singapore Exchange and incorporated and domiciled in Singapore.

The principal activities of the Company are investment holding and provision of management services.

The principal activities of the Group are:

- (a) Building and civil engineering contracting;
- (b) Specialist engineers;
- (c) Manufacturing of building materials and precast products;
- (d) Property investment and development; and
- (e) Hotel investment and management.

2. Basis of preparation

The condensed interim financial statements of the six months ended 30 June 2022 have been prepared in accordance with Singapore Financial Reporting Standards (International) (“SFRS(I)”) 1-34 Interim Financial Reporting issued by the Accounting Standards Council Singapore. The condensed interim financial statements do not include all the information required for a complete set of financial statements. However, selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in the Group’s financial position and the Group’s performance since the last audited annual financial statements for the year ended 31 December 2021.

The financial statements are presented in Singapore Dollars, which is the Group’s functional currency. All financial information presented in Singapore Dollars have been rounded to the nearest thousand, unless otherwise stated.

The accounting policies and method of computations used in the condensed consolidated interim financial statements are consistent with those of the previous financial year which were prepared in accordance with SFRS(I)s, except for the adoption of new and amended standards as set out as below:

2.1 New and amended Standards adopted by the Group

The Group has adopted the new and revised SFRS(I)s and SFRS(I) Interpretations and amendments to SFRS(I)s that are mandatory for application from 1 January 2022:

- Amendment to SFRS(I) 1-16 *Property, Plant and Equipment: Proceeds before intended use*
- Amendment to SFRS(I) 1-37 *Provisions, Contingent Liabilities and Contingent Assets: Onerous Contracts – Cost of Fulfilling a Contract*

The adoption of these amendments to SFRS(I)s did not result in material changes to the Group’s accounting policies and has no material effect on the amounts reported for the current financial period.

2.2 Use of judgment and estimates

In the process of applying the Group’s accounting policies, there is no instance of application of judgments with significant updates since the audited financial statements as at 31 December 2021 and is expected to have a significant effect on the amounts recognised in the condensed consolidated interim financial statements.

KOH BROTHERS GROUP LIMITED**E. NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS***For the six months period ended 30 June 2022*

Estimates and assumptions are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

- (a) Estimation of total contract sum and contract costs for construction contracts
- (b) Assessment on impairment of goodwill
- (c) Valuation of investment properties

3. Seasonal operations

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

4. Revenue and segment information**(a) Disaggregation of revenue**

	Construction and Building Materials		Real Estate		Leisure & Hospitality		Total	
	6 months ended		6 months ended		6 months ended		6 months ended	
	30 June 2022	30 June 2021	30 June 2022	30 June 2021	30 June 2022	30 June 2021	30 June 2022	30 June 2021
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
Contract revenue – over time	96,218	106,814	-	-	-	-	96,218	106,814
Revenue from sale of products – point in time	45,086	27,041	-	-	-	-	45,086	27,041
Revenue from sale of development properties – over time	-	-	14,259	4,332	-	-	14,259	4,332
Revenue from services rendered – over time	-	-	1,066	1,006	778	691	1,844	1,697
Revenue from contracts with customers	141,304	133,855	15,325	5,338	778	691	157,407	139,884
Rental income from investment properties	-	-	1,470	1,079	-	-	1,470	1,079
Total revenue	141,304	133,855	16,795	6,417	778	691	158,877	140,963

(b) Segment information

The Group considers the business from a business segment perspective. Management manages and monitors the business in three main business segments which are Construction and Building Materials, Real Estate and Leisure & Hospitality. The Group assesses the performance of these business segments based on sales, segment results, segment assets and segment liabilities.

- (i) Construction and Building Materials – This business segment undertakes construction activities for “Engineering and Construction”, “Bio-Refinery and Renewable Energy” and “Building Materials” segments. Management has aggregated the above businesses under Construction and Building Materials as they have similar economic growth prospects.
- (ii) Real Estate – This business segment involves property investment, development and management services.
- (iii) Leisure & Hospitality – This business segment involves hotel and leisure operations.

KOH BROTHERS GROUP LIMITED
E. NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS
For the six months period ended 30 June 2022

The segment information and the reconciliations of segment results to profit before tax and segment assets and liabilities to total assets and liabilities are as follows:

Group (\$'000)	Construction and Building Materials	Real Estate	Leisure & Hospitality	Others	Total
6 months ended 30 June 2022					
Sales					
- External	141,304	16,795	778	-	158,877
- Inter-segment	6,014	326	-	150	6,490
	<u>147,318</u>	<u>17,121</u>	<u>778</u>	<u>150</u>	<u>165,367</u>
Elimination					(6,490)
					<u>158,877</u>
Results					
Segment results					
- Company and subsidiaries	8,621	739	(413)	(29)	8,918
- Associated companies	8	-	-	-	8
- Joint ventures	-	1,149	-	-	1,149
	<u>8,629</u>	<u>1,888</u>	<u>(413)</u>	<u>(29)</u>	<u>10,075</u>
Earnings/(loss) before interest and tax					599
Interest income					(4,422)
Finance expenses					<u>6,252</u>
Profit before income tax					
Other information					
Capital expenditure	345	14	154	-	513
Depreciation	3,887	176	203	-	4,266
As at 30 June 2022					
Segment assets	279,254	366,492	24,486	4,437	674,669
Associated companies	447	-	-	-	447
Joint ventures	-	95,351	-	-	95,351
<u>Unallocated assets:</u>					
Income tax receivables					730
Short-term bank deposits					48,673
Investment securities					12,888
Consolidated total assets					<u>832,758</u>
Segment liabilities	99,993	48,879	317	1,867	151,056
<u>Unallocated liabilities:</u>					
Current income tax liabilities					1,144
Deferred income tax liabilities					6,792
Bank borrowings, notes payables, and lease liabilities					324,334
Consolidated total liabilities					<u>483,326</u>

KOH BROTHERS GROUP LIMITED
E. NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS
For the six months period ended 30 June 2022

Group (\$S'000)	Construction and Building Materials	Real Estate	Leisure & Hospitality	Others	Total
6 months ended					
30 June 2021					
Sales					
- External	133,855	6,417	691	-	140,963
- Inter-segment	2,904	324	-	958	4,186
	<u>136,759</u>	<u>6,741</u>	<u>691</u>	<u>958</u>	<u>145,149</u>
Elimination					(4,186)
					<u>140,963</u>
Results					
Segment results					
- Company and subsidiaries	28	6,196	(467)	568	6,325
- Associated companies	(5)	-	-	-	(5)
- Joint ventures	-	1,460	-	-	1,460
(Loss)/earnings before interest and tax	<u>23</u>	<u>7,656</u>	<u>(467)</u>	<u>568</u>	<u>7,780</u>
Interest income					613
Finance expenses					(4,550)
Loss before income tax					<u>3,843</u>
Other information					
Capital expenditure	825	19	63	-	907
Depreciation	7,782	182	229	-	8,193
As at 30 June 2021					
Segment assets	316,462	372,585	24,375	680	714,102
Associated companies	275	-	-	-	275
Joint ventures	-	95,459	-	-	95,459
Unallocated assets:					
Income tax receivables					730
Short-term bank deposits					10,351
Investment securities					4,060
Consolidated total assets					<u>824,977</u>
Segment liabilities	78,970	47,903	311	1,103	128,287
Unallocated liabilities:					
Current income tax liabilities					606
Deferred income tax liabilities					8,634
Bank borrowings, notes payables, and lease liabilities					345,489
Consolidated total liabilities					<u>483,016</u>

KOH BROTHERS GROUP LIMITED
E. NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS
For the six months period ended 30 June 2022
(c) Geographical information

The Group's three business segments operate in four main geographical areas: Singapore, Malaysia, Indonesia and others.

The following table presents sales and non-current assets information for the main geographical areas for the financial period ended 30 June 2022 and 30 June 2021.

	Group 6 months ended	
	30 June 2022 S\$'000	30 June 2021 S\$'000
<u>Total sales</u>		
Singapore	132,830	125,698
Malaysia	3,769	7,679
Indonesia	17,120	4,406
Others	5,158	3,180
	158,877	140,963

	Group	
	As at 30 June 2022 S\$'000	As at 30 June 2021 S\$'000
<u>Total non-current assets</u>		
Singapore	336,969	341,630
Malaysia	11,172	12,570
Others	8,868	8,704
	357,009	362,904

5. Other income and other gains – (net)

	Group 6 months ended	
	30 June 2022 S\$'000	30 June 2021 S\$'000
<u>Other income</u>		
Interest income	599	613
Other income	170	99
	769	712

<u>Other gains – net</u>		
Fair value gain on investment properties	60	6,580
Gain on disposal of property, plant and equipment	7,382	436
Net foreign exchange gain/(loss)	483	(306)
	7,925	6,710

KOH BROTHERS GROUP LIMITED
E. NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS
For the six months period ended 30 June 2022

6. Expenses by nature

	Group	
	6 months ended	
	30 June	30 June
	2022	2021
	S\$'000	S\$'000
Allowance for impairment of trade and other receivables	468	83
Allowance for impairment of loans to joint ventures	537	1,152
Write-back of allowance for impairment of inventories	-	(306)
Depreciation of property, plant and equipment	4,266	8,193

7. Taxation

The major components of income tax expense in the condensed interim consolidated statement of comprehensive income are:

	Group	
	6 months ended	
	30 June	30 June
	2022	2021
	S\$'000	S\$'000
Tax expense attributable to profit is made up of:		
- Current income tax	779	438
- Deferred income tax	98	1,113
	877	1,551
Over provision of current income tax in prior financial periods	(670)	(275)
	207	1,276

8. Related party transactions

Related party comprises companies which are controlled or significantly influenced by the Group's key management personnel and their close family members.

The Group has no significant transaction with related parties during the current and prior corresponding financial period.

9. Fair value measurements

The following presents the assets and liabilities measured at fair value and classified by level of the following fair value measurement hierarchy:

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

Investment properties

The Group's investment properties are measured at fair value based on valuations performed by independent professional valuers at least once a year. The valuation techniques and key unobservable inputs that were used to determine the fair value of the investment properties are classified within Level 3 of the fair value hierarchy.

Other financial assets and liabilities

The fair value of financial instruments traded in active markets (such as trading and available-for-sale securities) is based on quoted market prices at the balance sheet date. The quoted market price used for financial assets held by the Group is the current bid price. These instruments are included in Level 1.

The fair value of financial instruments that are not traded in active market is determined by using valuation techniques. The Group uses a variety of methods and makes assumptions that are based on market conditions existing at each balance sheet date. Quoted market prices or dealer quotes for similar instruments with adjustment on the market price of linked listed equity securities and interest rate curve are used to estimate the fair value of unquoted short-term structured notes. These instruments are classified as Level 2.

For unquoted convertible notes, the fair value is determined using discounted cash flow analysis which involves the use of significant unobservable inputs. These instruments are classified as Level 3.

The following table presented the assets measured at fair value:

	Level 1 S\$'000	Level 2 S\$'000	Level 3 S\$'000	Total S\$'000
Group				
30 June 2022				
Investment properties	-	-	102,080	102,080
Financial assets, at FVOCI	10,649	-	-	10,649
31 December 2021				
Investment properties	-	-	102,169	102,169
Financial assets, at FVOCI	11,196	-	-	11,196

10. Goodwill

	Group	
	30 June	31 December
	2022	2021
	S\$'000	S\$'000
Cost	5,078	5,078

Impairment tests for goodwill

Goodwill arising from the Group's acquisition of Koh Brothers Eco Engineering Limited and its subsidiaries is allocated to the "Bio-Refinery and Renewable Energy" cash-generating unit ("CGU").

The Group tests the CGU annually for impairment or more frequently if there are indicators that the goodwill might be impaired.

The recoverable amount of the CGU was determined based on value-in-use calculation. Cash flow projections used in the value-in-use calculations were based on financial budgets approved by management covering a one-year period.

11. Property, plant and equipment

During the 6-month period ended 30 June 2022, the Group acquired assets amounted to S\$513,000 (30 June 2021: S\$907,000), and disposed assets at net book value amounted to S\$6,000 (30 June 2021: S\$33,000).

12. Investment properties

	Group	
	30 June	31 December
	2022	2021
	S\$'000	S\$'000
Balance at 1 January	102,169	95,224
Fair value gain recognised in profit or loss	60	7,089
Currency translation difference	(149)	(144)
Balance at 30 June/31 December	102,080	102,169

As at 30 June 2022, the Group's investment properties with a total carrying amount of S\$94,900,000 (31 December 2021: S\$94,900,000) are mortgaged to banks for banking facilities granted.

Valuation processes of the Group

The fair value of investment properties determined by independent professional valuers at least once a year based on the properties "As-Is" market value. They are carried at fair value at 30 June 2022 and 31 December 2021.

At each reporting date, management:

- provides all major inputs to the independent valuation report;
- assesses property valuation movements when compared to the prior year valuation reports; and
- holds discussions with the independent valuers.

KOH BROTHERS GROUP LIMITED
E. NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS
For the six months period ended 30 June 2022
13. Bank borrowing, lease liabilities and notes payables

	Group	
	30 June 2022 S\$'000	31 December 2021 S\$'000
<u>Current</u>		
Bank borrowings payable within one year		
- Secured [Note 13(i)]	18,378	17,983
- Unsecured	36,547	55,852
	54,925	73,835
Lease liabilities payable within one year	7,081	7,384
	62,006	81,219
Notes payables within one year		
- Unsecured [Note 13(ii)]	70,000	70,000
<u>Non-current</u>		
Bank borrowings payable after one year		
- Secured [Note 13(i)]	180,292	180,993
- Unsecured	2,968	3,585
	183,260	184,578
Lease liabilities payable after one year	9,068	10,472
	192,328	195,050
Total bank borrowings, lease liabilities and notes payables	324,334	346,269

- (i) The Group's secured borrowings are secured by the Group's properties, plant and machinery and motor vehicles.
- (ii) The Company has established a S\$250 million Multicurrency Medium Term Note programme, under which the Company may, from time to time, issue notes in series or tranches in Singapore Dollars or in other currencies, in various amounts and tenors and interest rates agreed between Company and the relevant dealer. The net proceeds arising from the issue of notes will be used for general corporate purposes, financing investments and general working capital of the Group.

The Company issued the second series of notes amounting to S\$70,000,000 in October 2017. The notes bear a fixed rate of 5.10% per annum payable semi-annually in arrear and are due on 27 October 2022.

KOH BROTHERS GROUP LIMITED
E. NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS
For the six months period ended 30 June 2022

14. Share capital

	No. of ordinary shares		Amount	
	Issued share <u>capital</u> '000	Treasury <u>shares</u> '000	Share <u>capital</u> S\$'000	Treasury <u>shares</u> S\$'000
Group and Company				
30 June 2022				
Balance at 1 January and 30 June	438,000	(25,541)	36,981	(7,983)
31 December 2021				
Balance at 1 January and 31 December	438,000	(25,541)	36,981	(7,983)

All issued ordinary shares are fully paid. There is no par value for these ordinary shares. Fully paid ordinary shares carry one vote per share and carry a right to dividends as and when declared by the Company.

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

	No. of shares	
	As at 30 June 2022	As at 31 December 2021
Total number of issued shares	438,000,000	438,000,000
Less: number of treasury shares	(25,540,900)	(25,540,900)
Total number of issued shares excluding treasury shares	412,459,100	412,459,100

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

	No. of shares	
	As at 30 June 2022	As at 31 December 2021
Total number of issued shares excluding treasury shares	412,459,100	412,459,100

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

	No. of shares
	As at 30 June 2022
Beginning and end of the financial period	25,540,900

- 1(iv) A statement showing all sales, transfer, cancellation and/or use of subsidiaries holdings as at the end of the current financial period reported on.

Not applicable.

2. Whether the figures have been audited, or reviewed and if so which auditing standard or practice has been followed

The figures have not been audited or reviewed by the Company's auditors.

3. Where the figures have been audited or reviewed, the auditor's report (including any modification or emphasis of matter)

Not applicable.

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

Refer to note 2 - basis of preparation of the condensed interim consolidated financial statement.

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

Refer to note 2 - basis of preparation of the condensed interim consolidated financial statement.

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

		Group	
		6 months ended	
		30 June	30 June
		2022	2021
		(cent)	(cents)
(i)	Basic	1.21	0.48
(ii)	On a fully diluted basis	1.21	0.48

Basic earnings per share

Basic earnings per share is calculated by dividing the net profit attributable to equity holders of the Company over the weighted average number of ordinary shares in issue during the current financial period of 412,459,100 ordinary shares (2021: 412,459,100 ordinary shares).

Diluted earnings per share

For the financial period ended 30 June 2022, warrants of the Group's subsidiary, Koh Brothers Eco Engineering Limited ("KBE Warrants"), are not included in the calculation of diluted earnings per share because all the outstanding KBE warrants are antidilutive.

For the previous financial period ended 30 June 2021, KBE warrants of 75,777,456 were included in the calculation of diluted earnings per share because they are dilutive, and the impact on the diluted earning per share is immaterial.

7. **Net asset value (for the issuer and group) per ordinary share based on the total number of issued shares excluding treasury shares of the issuer as at the end of the (a) current financial period reported on and (b) immediately preceding financial year.**

	Group		Company	
	30 June 2022 (cents)	31 December 2021 (cents)	30 June 2022 (cents)	31 December 2021 (cents)
Net asset value per ordinary share based on existing issued share capital (excluding treasury shares) as at the end of the period reported on	70.31	69.61	23.56	23.92

The net asset value per share is calculated based on the issued share capital excluding treasury shares of 412,459,100 ordinary shares as at 30 June 2022 (31 December 2021: 412,459,100 ordinary shares).

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

(a) Review of Group Performance

1H 2022 VS 1H 2021

Revenue

The Group's sales for the first half-year ended 30 June 2022 ("1H 2022") increased to S\$158.88 million from S\$140.96 million in the corresponding period ended 30 June 2021 ("1H 2021"). The increase was mainly due to higher revenue generated by the Construction and Building Materials division and Real Estate division.

Gross profit

With increased construction activities, the Group's gross profit increased to S\$11.69 million in 1H 2022 from S\$8.17 million in 1H 2021.

Other income and other gains

Other income, which mainly comprised interest income, increased marginally from S\$0.71 million in 1H 2021 to S\$0.77 million in 1H 2022.

Other gains increased from S\$6.71 million in 1H 2021 to S\$7.93 million in 1H 2022 mainly due to higher gain recognised from disposal of property, plant and equipment, and partially offset by lower fair value gain from investment properties.

Expenses

Distribution expenses increased from S\$0.79 million in 1H 2021 to S\$1.48 million in 1H 2022 mainly due to higher sales and marketing expenses incurred for development properties.

Administrative expenses increased from S\$6.67 million in 1H 2021 to S\$8.47 million in 1H 2022 mainly due to professional fees incurred for the listing of a subsidiary in early this year and lower government grant income.

Other expenses decreased from S\$1.19 million in 1H 2021 to S\$0.92 million in 1H 2022 mainly due to lower impairment on loans to joint ventures.

Finance expenses decreased from S\$4.55 million in 1H 2021 to S\$4.42 million in 1H 2022 mainly due to decrease in bank borrowings.

Depreciation expenses decreased from S\$8.19 million in 1H 2021 to S\$4.27 million in 1H 2022 mainly due to decrease in depreciable assets.

Share of profit of associated companies and joint ventures

Share of profit of associated companies and joint ventures decreased from S\$1.46 million in 1H 2021 to S\$1.16 million in 1H 2022 mainly due to the absence of contribution from a property development project in South Korea, which has been completed last year.

Profit before tax and net profit

Overall, the Group's profit before tax increased from S\$3.84 million in 1H 2021 to S\$6.25 million in 1H 2022, and the Group's net profit attributable to shareholder increased from S\$1.99 million in 1H 2021 to S\$5.00 million in 1H 2022.

Earnings per share increased from 0.48 cent in 1H 2021 to 1.21 cents in 1H 2022.

(b) Review of change in working capital, assets and liabilities

The Group's current assets increased by S\$4.52 million mainly due to increase in contract assets of S\$11.06 million, cash and bank balances of S\$8.74 million, and partially offset by the decrease in development properties of S\$6.05 million, and amount due from joint ventures of S\$2.73 million. The increase in contract assets was mainly due to revenue recognised during the period and timing of billing to the customers. The increase in cash and bank balances was mainly due to net cash generated from operating and investing activities. The decrease in development properties was mainly due to progressive billing to the customers. The decrease in amount due from joint ventures was mainly due to repayment from joint ventures.

The Group's non-current assets decreased by S\$0.73 million mainly due to decrease in property, plant and equipment of S\$2.12 million, and partially offset by the increase of investment in joint ventures of S\$1.15 million.

The Group's current liabilities decreased by S\$1.06 million mainly due to decrease in bank borrowing and lease liabilities of S\$19.21 million, and partially offset by the increase in trade and other payables of S\$18.04 million. The decrease in bank borrowing and lease liabilities was mainly due to repayment during the period. The increase in trade and other payables was mainly due to increased construction activities which lead to more purchases of goods and services during the period.

The Group's non-current liabilities decreased by S\$1.84 million mainly due to decrease in bank borrowings and lease liabilities.

(c) Review of change in cash flow

The Group reported a net increase in cash and bank balances mainly due to net cash provided by operating activities and investing activities, and partially offset by net cash used in financing activities.

The net cash provided by investing activities was primarily due to proceeds received from disposal of property, plant and equipment.

The net cash used in financing activities was primarily due to repayment of bank borrowings and lease liabilities.

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

The current announced results are in line with the general prospect commentary previously disclosed in the results announcement for the financial period ended 31 December 2021.

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

Based on advance estimates from the Ministry of Trade and Industry announced on 14 July 2022, the Singapore economy grew by 4.8% on a year-on-year basis in 2Q 2022, extending the 4.0% growth recorded in the previous quarter. On a quarter-on-quarter seasonally-adjusted basis, GDP was unchanged in the second quarter, after posting an expansion of 0.9% in the first quarter.

The construction sector grew by 3.8% year-on-year in 2Q 2022, faster than the 1.8% growth in the previous quarter. Construction activity picked up during the quarter, supported in part by the relaxation of border restrictions on the inflow of migrant workers. In absolute terms, the valued-added of the construction sector remained at 23.7% below its pre-pandemic (i.e., second quarter of 2019) level due to continued labour shortages as the inflow of migrant workers would take time to recover.

According to the projection by the Building and Construction Authority Singapore ("BCA") on 26 January 2022, BCA expects a steady improvement in construction demand over the medium term. It is projected to reach between S\$27 billion and S\$32 billion per year in 2022. The public sector is expected to lead the demand and contribute S\$16 billion to S\$19 billion per year with similar proportions of demand coming from building projects and civil engineering works. The Group expects the construction industry to remain challenging on the back of a competitive environment, supply chain disruptions, labour shortage, higher energy cost and cost of construction materials. The Group will continue to tender for more construction projects where we have the requisite track record, experience and capabilities which will help us to maintain a strong order book for sustainable growth.

Latest statistics from the Urban Redevelopment Authority showed that prices of private residential properties increased by 3.5% in 2Q 2022, compared with a 0.7% increase in the previous quarter. Developers launched 1,956 uncompleted private residential units (excluding ECs) for sale in 2Q 2022, compared with 613 units in the previous quarter. As at the end of 2Q 2022, there was a total supply of 48,836 uncompleted private residential units (excluding ECs) in the pipeline with planning approvals, compared with the 47,415 units in the previous quarter. The Government has significantly increased the supply of private housing on the Confirmed List for the GLS Programmes in 2022 to cater to the strong housing demand, and will continue to monitor economic and property market conditions closely and calibrate housing supply to keep the property market stable and sustainable. Going forward, the Group will remain cautious and selective in replenishing our land bank.

11. Dividend

(a) Current Financial Period Reported On:

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

(b) Corresponding Period of the Immediately Preceding Financial Year

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

(c) Date payable

Not applicable.

(d) Book closure date

Not applicable.

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

Not applicable. No dividend was declared/recommendeded for the period ended 30 June 2022 in view of the current uncertainty in the business environment, and to preserve the Group's working capital.

13. Interested Person Transaction

There are no interested person transactions of S\$100,000 and above entered into in 1H 2022.

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

14. Disclosure on acquisition and realisation of shares pursuant to rule 706a of the listing manual

There is no acquisition or realisation of shares pursuant to rule 706a of the listing manual during the period under review.

15. Confirmation pursuant to rule 720(1) of the listing manual

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

16. Confirmation by the Board pursuant to rule 705(5) of the listing manual

On behalf of the Board of Directors of the Company, we, the undersigned, do hereby confirm to the best of our knowledge that nothing has come to the attention of the Board of Directors of the Company which may render the financial results for the six months period ended 30 June 2022 to be false or misleading in any material aspect.

Koh Keng Siang
Managing Director & Group CEO

Koh Keng Hiong
Executive Director

6 August 2022