KOH BROTHERS GROUP LIMITED
(Company Registration No. 199400775D)

**Unaudited Fourth Quarter and 12 Months Financial Statement And Dividend Announcement for the Period Ended 31 December 2017**

**PART I - INFORMATION REQUIRED FOR ANNOUNCEMENTS OF QUARTERLY (Q1, Q2 & Q3), HALF-YEAR AND FULL YEAR RESULTS**

**1(a) CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME**

| | | GROUP | | | | | |
|---|---|---|---|---|---|---|---|
| | | 3 months ended | | | 12 months ended | | |
| | Notes | 31/12/2017 S$'000 | 31/12/2016 S$'000 | Change % | 31/12/2017 S$'000 | 31/12/2016 S$'000 | Change % |
| Sales | 1 | 125,101 | 157,942 | -21% | 369,428 | 345,720 | 7% |
| Cost of sales | | (118,443) | (149,997) | -21% | (354,953) | (316,675) | 12% |
| Gross profit | | 6,658 | 7,945 | -16% | 14,475 | 29,045 | -50% |
| Other income | 2 | 1,558 | 929 | 68% | 10,469 | 3,238 | 223% |
| Other gains, net | 3 | 569 | 464 | 23% | 10,854 | 1,014 | 970% |
| Expenses | | | | | | | |
| - Distribution | | 919 | (980) | N.M. | (1,163) | (904) | 29% |
| - Administrative | | (4,047) | (4,378) | -8% | (23,706) | (18,926) | 25% |
| - Other | | 5,578 | (5,206) | N.M. | 6,423 | (5,368) | N.M. |
| - Finance | | (1,825) | (1,010) | 81% | (5,397) | (4,101) | 32% |
| Share of profit (net of tax) of: | | | | | | | |
| - associated companies | | 140 | 72 | 94% | 262 | 175 | 50% |
| - joint ventures | | 5,963 | 12,262 | -51% | 13,561 | 13,105 | 3% |
| Profit before income tax | 4 | 15,513 | 10,098 | 54% | 25,778 | 17,278 | 49% |
| Income tax credit/(expense) | 5 | 174 | (1,333) | N.M. | (895) | (2,398) | -63% |
| Profit after income tax | | 15,687 | 8,765 | 79% | 24,883 | 14,880 | 67% |
| Other comprehensive income/(loss), net of tax: | | | | | | | |
| Exchange differences on translating foreign operations | | 276 | (386) | N.M. | 557 | (143) | N.M. |
| Fair value gain/(loss) on available-for-sale financial assets | | 1,072 | 47 | 2181% | (288) | (411) | -30% |
| Other comprehensive profit/(loss), net of tax | | 1,348 | (339) | N.M. | 269 | (554) | N.M. |
| Total comprehensive income | | 17,035 | 8,426 | 102% | 25,152 | 14,326 | 76% |
| Profit attributable to: | | | | | | | |
| Equity holders of the Company | | 12,168 | 7,006 | 74% | 19,830 | 13,315 | 49% |
| Non-controlling interests | | 3,519 | 1,759 | 100% | 5,053 | 1,565 | 223% |
| | | 15,687 | 8,765 | 79% | 24,883 | 14,880 | 67% |
| Total comprehensive income attributable to: | | | | | | | |
| Equity holders of the Company | | 13,672 | 6,566 | 108% | 20,057 | 12,109 | 66% |
| Non-controlling interests | | 3,363 | 1,860 | 81% | 5,095 | 2,217 | 130% |
| | | 17,035 | 8,426 | 102% | 25,152 | 14,326 | 76% |

N.M. - Not meaningful

**Notes to the Consolidated Statement of Comprehensive Income**

| | GROUP | | | |
|---|---|---|---|---|
| | 3 months ended | | 12 months ended | |
| | 31/12/2017 S$'000 | 31/12/2016 S$'000 | 31/12/2017 S$'000 | 31/12/2016 S$'000 |
| **Note 1** | | | | |
| **Sales include the following :** | | | | |
| Sales of products | 15,380 | 18,395 | 59,851 | 73,501 |
| Services rendered | 1,541 | 1,498 | 6,354 | 6,162 |
| Property development and rental | 2,106 | 809 | 4,072 | 3,164 |
| Contract revenue | 106,074 | 137,240 | 299,151 | 262,893 |
| | 125,101 | 157,942 | 369,428 | 345,720 |
| **Note 2** | | | | |
| **Other income include the following :** | | | | |
| Rental income | 122 | 113 | 712 | 421 |
| Interest income | 1,925 | 606 | 3,332 | 2,288 |
| Compensation income | (549) | - | 6,173 | - |
| Others | 60 | 210 | 252 | 529 |
| | 1,558 | 929 | 10,469 | 3,238 |
| **Note 3** | | | | |
| **Other gains include the following :** | | | | |
| Gain on disposal of property, plant and equipment | 71 | 64 | 70 | 1,176 |
| Gain on disposal of a joint venture | - | - | 11,563 | - |
| Fair value loss on financial assets and financial liabilities | (39) | (415) | (96) | (308) |
| Fair value gain/(loss) on investment properties | 267 | (271) | 267 | (271) |
| Fair value gain/(loss) on financial assets through profit or loss | 2 | (2) | (3) | (9) |
| Net foreign exchange gain/(loss) | 142 | 1,088 | (883) | 426 |
| Other gain/(loss) | 126 | - | (64) | - |
| | 569 | 464 | 10,854 | 1,014 |
| **Note 4** | | | | |
| **Profit before income tax is stated after charging the following items:** | | | | |
| (Write-back of allowance for)/allowance for impairment on trade and non-trade receivables | (981) | 410 | (523) | (882) |
| (Write-back of allowance for)/allowance for impairment of loan to joint ventures | (4,630) | 5,151 | (9,379) | 5,151 |
| (Write-back of allowance for)/allowance for impairment of property, plant and equipment | (780) | - | 2,845 | - |
| Depreciation of property, plant and equipment | 1,253 | 1,684 | 5,218 | 6,085 |
| **Note 5** | | | | |
| **Income tax includes the following :** | | | | |
| Current income tax | | | | |
| - in respect of current period | 504 | 1,251 | 864 | 2,897 |
| - Under/(over) provision in respect of prior period | 211 | (279) | 620 | (860) |
| Deferred income tax | | | | |
| - in respect of current period | (153) | 363 | (153) | 363 |
| - Over provision in respect of prior period | (736) | (2) | (436) | (2) |
| | (174) | 1,333 | 895 | 2,398 |

**1(b)(i) BALANCE SHEETS**

| | GROUP | | COMPANY | |
|---|---|---|---|---|
| | 31/12/2017 S$'000 | 31/12/2016 S$'000 | 31/12/2017 S$'000 | 31/12/2016 S$'000 |
| **ASSETS** | | | | |
| **Current assets** | | | | |
| Cash and bank balances | 64,823 | 43,227 | 11,186 | 134 |
| Financial assets at fair value through profit or loss | 37 | 40 | 3,090 | - |
| Trade and other receivables | 107,712 | 140,917 | 1,063 | 16 |
| Due from customers on construction contracts | 51,702 | 35,067 | - | - |
| Amounts due from subsidiaries | - | - | 106,759 | 57,506 |
| Amounts due from joint ventures | 69,220 | 76,056 | - | - |
| Inventories | 9,342 | 8,395 | - | - |
| Development properties | - | 1,189 | - | - |
| Available-for-sale financial assets | 765 | 7,529 | - | - |
| Notes receivables | 56,671 | 5,963 | - | - |
| | 360,272 | 318,383 | 122,098 | 57,656 |
| **Non-current assets** | | | | |
| Trade and other receivables | 46,839 | 9,251 | - | - |
| Amounts due from joint ventures | - | 5,936 | - | - |
| Available-for-sale financial assets | 2,925 | - | - | - |
| Investments in associated companies | 1,504 | 1,347 | - | - |
| Investments in joint ventures | 90,923 | 77,196 | - | - |
| Investments in subsidiaries | - | - | 114,117 | 104,752 |
| Investment properties | 90,973 | 90,706 | - | - |
| Property, plant and equipment | 108,067 | 108,879 | - | - |
| Goodwill | 5,078 | 5,078 | - | - |
| | 346,309 | 298,393 | 114,117 | 104,752 |
| **Total assets** | 706,581 | 616,776 | 236,215 | 162,408 |
| **LIABILITIES** | | | | |
| **Current liabilities** | | | | |
| Trade and other payables | 146,916 | 133,416 | 2,983 | 614 |
| Due to customers on construction contracts | 13,331 | 31,974 | - | - |
| Amounts due to subsidiaries | - | - | 5,861 | 25,693 |
| Amounts due to an associated company | 508 | 485 | - | - |
| Amounts due to joint ventures | 16,282 | 15,507 | - | - |
| Current income tax liabilities | 1,485 | 3,289 | 65 | 3 |
| Short-term borrowings | 14,619 | 28,224 | - | - |
| Notes payables | 37,000 | - | 37,000 | - |
| | 230,141 | 212,895 | 45,909 | 26,310 |
| **Non-current liabilities** | | | | |
| Amounts due to subsidiaries | - | - | 19,011 | - |
| Trade and other payables | 17,064 | 7,399 | - | - |
| Finance lease | 3,634 | 2,755 | - | - |
| Bank borrowings | 72,890 | 58,963 | - | - |
| Notes payables | 70,000 | 50,000 | 70,000 | 50,000 |
| Deferred income tax liabilities | 8,261 | 8,559 | - | - |
| | 171,849 | 127,676 | 89,011 | 50,000 |
| **Total liabilities** | 401,990 | 340,571 | 134,920 | 76,310 |
| **NET ASSETS** | 304,591 | 276,205 | 101,295 | 86,098 |
| **EQUITY** | | | | |
| **Capital and reserves attributable to equity holders of the Company** | | | | |
| Share capital | 36,981 | 36,981 | 36,981 | 36,981 |
| Treasury shares | (7,910) | (7,614) | (7,910) | (7,614) |
| Capital and other reserves | 989 | 1,203 | - | - |
| Retained profits | 261,964 | 243,087 | 72,224 | 56,731 |
| Currency translation reserve | (8,916) | (9,361) | - | - |
| | 283,108 | 264,296 | 101,295 | 86,098 |
| Non-controlling interests | 21,483 | 11,909 | - | - |
| Total equity | 304,591 | 276,205 | 101,295 | 86,098 |

**1(b)(ii) Aggregate amount of Group's borrowings and debt securities.**

| | As at 31/12/2017 | | As at 31/12/2016 | |
|---|---|---|---|---|
| | Secured | Unsecured | Secured | Unsecured |
| | S$'000 | S$'000 | S$'000 | S$'000 |
| Amount repayable in one year or less, or on demand | 5,819 | 45,800 | 5,448 | 22,776 |
| Amount repayable after one year | 76,524 | 70,000 | 61,718 | 50,000 |

**Details of any collateral**

**The Group's secured borrowings are secured by the Group's properties, plant and machinery, motor vehicles and fixed deposits.**

**1(c) CONSOLIDATED CASH FLOW STATEMENT**

| | 12 months ended | |
|---|---|---|
| CASH FLOWS FROM OPERATING ACTIVITIES | 31/12/2017 S$'000 | 31/12/2016 S$'000 |
| Total profit | 24,883 | 14,880 |
| Adjustments for non-cash items : | | |
| Income tax expenses | 895 | 2,398 |
| Depreciation of property, plant and equipment | 5,218 | 6,085 |
| Impairment loss of property, plant and equipment | 2,845 | - |
| Property, plant and equipment written off | 17 | 9 |
| Profit on disposal of a joint venture | (11,563) | - |
| Fair value (gain)/loss on investment properties | (267) | 271 |
| Gain on disposal of property, plant and equipment | (70) | (1,176) |
| Transaction cost relating to issuance of notes | 510 | - |
| Fair value loss on financial asset and financial liabilities | 96 | 308 |
| Fair value loss on financial assets at fair value through profit or loss | 3 | 9 |
| Dividend income | (1) | (1) |
| Share of profit from associated companies | (262) | (175) |
| Share of profit from joint ventures | (13,561) | (13,105) |
| Interest expense | 5,397 | 4,101 |
| Interest income | (3,332) | (2,288) |
| Unrealised foreign exchange loss/(gain) | 1,066 | (245) |
| Operating profit before working capital changes | 11,874 | 11,071 |
| Working capital changes : | | |
| - Receivables | 17,686 | 79,141 |
| - Inventories | (947) | 3,009 |
| - Due from/to customers on construction contracts | (30,343) | 6,981 |
| - Development properties | 1,189 | 9 |
| - Payables | 15,254 | 4,353 |
| - Due from associated companies | 23 | (634) |
| - Due from joint ventures | (6,041) | (2,658) |
| Cash used in operations | 8,695 | 101,272 |
| Income tax paid | (2,988) | (9,595) |
| Interest paid | (3,633) | (5,487) |
| Net cash generated from operating activities | 2,074 | 86,190 |
| CASH FLOWS FROM INVESTING ACTIVITIES | | |
| Investment in joint ventures | (2,677) | - |
| Purchase of property, plant and equipment | (6,811) | (12,486) |
| Purchase of available-for-sale financial assets | (2,991) | - |
| Purchase of notes receivables | (56,671) | (5,963) |
| Proceeds from disposal of property, plant and equipment | 104 | 1,529 |
| Proceeds from disposal of a joint venture | 15,000 | - |
| Proceeds from redemption of available-for-sale financial assets | 6,525 | - |
| Proceeds from redemption of notes receivables | 6,000 | - |
| Dividend received from an associate and joint venture | 2,605 | 280 |
| Dividend received from other investment | 1 | 1 |
| Interest received | 2,695 | 2,288 |
| Net cash used in investing activities | (36,220) | (14,351) |
| CASH FLOWS FROM FINANCING ACTIVITIES | | |
| Proceeds from issuance of notes | 70,000 | - |
| Transaction cost relating to issuance of notes | (510) | - |
| Proceeds from bank borrowings | 25,619 | 29,591 |
| Proceeds from rights cum warrants issue by a subsidiary | 5,829 | - |
| Transaction cost relating to rights cum warrants issue | (217) | - |
| Repayment of finance lease | (3,370) | (3,565) |
| Repayment of bank borrowings | (25,806) | (114,487) |
| Release of deposit pledge | (200) | 336 |
| Redemption of notes payables | (13,000) | - |
| Purchase of treasury shares | (296) | (367) |
| Transaction costs relating to change of ownership interest in subsidiaries without loss of control | # | (767) |
| Dividends paid to equity holders of the Company | (1,446) | (3,318) |
| Dividends paid to non-controlling interests | (318) | (399) |
| Net cash used in financing activities | 56,285 | (92,976) |

**# - less than S$1,000**

**1(c) CONSOLIDATED CASH FLOW STATEMENT (CONTINUED)**

| | 12 months ended | |
|---|---|---|
| | 31/12/2017 S$'000 | 31/12/2016 S$'000 |
| NET CHANGE IN CASH AND CASH EQUIVALENTS | 22,139 | (21,137) |
| CASH AND CASH EQUIVALENTS AT BEGINNING OF FINANCIAL YEAR | 41,890 | 62,766 |
| EFFECTS OF CURRENCY TRANSLATION ON CASH AND CASH EQUIVALENTS | (761) | 261 |
| CASH AND CASH EQUIVALENTS AT END OF FINANCIAL YEAR | 63,268 | 41,890 |
| Represented by : | | |
| CASH AND CASH EQUIVALENTS | | |
| Cash and bank balances | 64,823 | 43,227 |
| Restricted cash | (1,555) | (1,337) |
| | 63,268 | 41,890 |

**1(d)(i) STATEMENT OF CHANGES IN EQUITY FOR THE GROUP AND THE COMPANY**

| | Attributable to equity holders of the Group | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| GROUP (S$'000) | Share Capital | Treasury Shares | Capital and Other Reserves | Retained Profits | Currency Translation Reserve | TOTAL | NON-CONTROLLING INTEREST | TOTAL EQUITY |
| Balance as at 01/01/2017 | 36,981 | (7,614) | 1,203 | 243,087 | (9,361) | 264,296 | 11,909 | 276,205 |
| Profit for the financial year | - | - | - | 19,830 | - | 19,830 | 5,053 | 24,883 |
| Other comprehensive (loss)/profit for the financial year | - | - | (214) | - | 441 | 227 | 42 | 269 |
| Purchase of treasury shares | - | (296) | - | - | - | (296) | - | (296) |
| Rights cum warrants issue by a subsidiary | - | - | - | (140) | - | (140) | 5,752 | 5,612 |
| Change in ownership interests in subsidiaries | - | - | - | 633 | 4 | 637 | (637) | - |
| Dividend paid | - | - | - | (1,446) | - | (1,446) | (636) | (2,082) |
| Balance as at 31/12/2017 | 36,981 | (7,910) | 989 | 261,964 | (8,916) | 283,108 | 21,483 | 304,591 |
| Balance as at 01/01/2016 | 42,653 | (12,919) | (441) | 235,916 | (8,004) | 257,205 | 9,378 | 266,583 |
| Profit for the financial year | - | - | - | 13,315 | - | 13,315 | 1,565 | 14,880 |
| Other comprehensive (loss)/profit for the financial year | - | - | (256) | - | (950) | (1,206) | 652 | (554) |
| Dividend in species of shares in a subsidiary | - | - | 19 | (2,147) | 52 | (2,076) | 2,076 | - |
| Change in ownership interests in subsidiaries | - | - | 96 | (679) | (459) | (1,042) | 275 | (767) |
| Cancellation of shares held in treasury shares | (5,672) | 5,672 | - | - | - | - | - | - |
| Warrant expired | - | - | 1,785 | - | - | 1,785 | (1,785) | - |
| Purchase of treasury shares | - | (367) | - | - | - | (367) | - | (367) |
| Dividend paid | - | - | - | (3,318) | - | (3,318) | (252) | (3,570) |
| Balance as at 31/12/2016 | 36,981 | (7,614) | 1,203 | 243,087 | (9,361) | 264,296 | 11,909 | 276,205 |

| | Attributable to equity holders of the Company | | | |
|---|---|---|---|---|
| COMPANY (S$'000) | Share Capital | Treasury Shares | Retained Profits | TOTAL |
| Balance as at 01/01/2017 | 36,981 | (7,614) | 56,731 | 86,098 |
| Total comprehensive income for the financial year | - | - | 16,939 | 16,939 |
| Purchase of treasury shares | - | (296) | - | (296) |
| Dividend paid | - | - | (1,446) | (1,446) |
| Balance as at 31/12/2017 | 36,981 | (7,910) | 72,224 | 101,295 |
| Balance as at 01/01/2016 | 42,653 | (12,919) | 59,535 | 89,269 |
| Total comprehensive income for the financial year | - | - | 2,458 | 2,458 |
| Cancellation of shares held in treasury shares | (5,672) | 5,672 | - | - |
| Purchase of treasury shares | - | (367) | - | (367) |
| Dividend paid | - | - | (5,262) | (5,262) |
| Balance as at 31/12/2016 | 36,981 | (7,614) | 56,731 | 86,098 |

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

| | No. of shares | |
|---|---|---|
| | 31/12/2017 | 31/12/2016 |
| Total number of issued shares | 438,000,000 | 456,475,400 |
| Less: Cancellation of shares held in treasury | - | (18,475,400) |
| End of financial year | 438,000,000 | 438,000,000 |

**1(d)(iii)** **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 | |
|---|---|---|
| | 31/12/2017 | 31/12/2016 |
| Total number of issued shares excluding treasury shares | 412,684,900 | 413,680,000 |

**1(d)(iv)** **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 |
|---|---|
| | 12 months ended |
| | 31/12/2017 |
| Beginning of financial period | 24,320,000 |
| Purchase of treasury shares | 995,100 |
| End of financial period | 25,315,100 |

**2** **Whether the figures have been audited or reviewed and in accordance with which auditing standard or practice.**

**The figures have neither been audited nor reviewed.**

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

**Not applicable.**

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

**The Group has applied the same accounting policies and methods of computation in the financial statements for the current reporting period compared with the audited financial statements as at 31 December 2016 except for the adoption of new or revised Financial Reporting Standards ("FRS") and Interpretations to FRS ("INT FRS") that are mandatory for financial years beginning on or after 1 January 2017. The adoption of these new or revised FRS and INT FRS has no significant impact on the Group's consolidated financial statements.**

**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.**

**Please refer to paragraph 4 above.**

**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.**

| Earnings per ordinary share for the period after deducting any provision for preference dividends: | GROUP | | | |
|---|---|---|---|---|
| | 3 months ended | | 12 months ended | |
| | 31/12/2017 (cents) | 31/12/2016 (cents) | 31/12/2017 (cents) | 31/12/2016 (cents) |
| (i) Basic | 2.94 | 1.69 | 4.80 | 3.21 |
| (ii) On a fully diluted basis | 2.94 | 1.69 | 4.80 | 3.21 |

**Note:**
**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 413,140,517 ordinary shares (31 December 2016: 414,466,760 ordinary shares).**

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 | |
|---|---|---|---|---|
| | 31/12/2017 (cents) | 31/12/2016 (cents) | 31/12/2017 (cents) | 31/12/2016 (cents) |
| Net asset value backing per ordinary share based on existing issued share capital (excluding treasury shares) as at the end of the period reported on | 68.60 | 63.89 | 24.55 | 20.81 |

Note:

The net asset value per share is calculated based on the issued share capital excluding treasury shares of 412,684,900 ordinary shares as at 31 December 2017 (31 December 2016: 413,680,000 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.

Review of Group performance

4Q 2017 VS 4Q 2016

For the 3-month period ended 31 December 2017 ("4Q 2017"), sales decreased 21% to S$125.10 million from S$157.94 million in the corresponding period last year ("4Q 2016"). In line with the lower sales, gross profit in 4Q 2017 decreased 16% to S$6.66 million from S$7.95 million in 4Q 2016.

Other income increased from S$0.93 million in 4Q 2016 to S$1.56 million in 4Q 2017 mainly due to increase in interest income. Other gains increased from S$0.46 million in 4Q 2016 to S$0.57 million in 4Q 2017 mainly because of fair value gain on an investment property.

Distribution expenses recorded a credit of S$0.92 million in 4Q 2017 compared to expenses of S$0.98 million in 4Q 2016 mainly due to write-back of allowance made for impairment on trade receivables. Administrative expenses decreased marginally to S$4.05 million in 4Q 2017. Other expenses was a positive S$5.58 million in 4Q 2017 mainly due to write-back allowance made for impairment of loan to joint ventures. Finance expenses increased from S$1.01 million in 4Q 2016 to S$1.83 million in 4Q 2017 mainly due to increase in interest expenses on notes payables. Depreciation expenses decreased by S$0.43 million primarily due to decrease in depreciable assets.

Share of results of joint venture companies decreased from S$12.26 million in 4Q 2016 to S$5.96 million in 4Q 2017. This was mainly due to higher fair value gain recognised on an investment property a year ago, partially offset by profit recognised from sale of a residential project during the year.

Income tax expenses was a positive S$0.17 million in 4Q 2017 mainly due to reversal of over-provision of tax for prior year.

The Group's profit before income tax increased by 54% to S$15.51 million in 4Q 2017 as compared to 4Q 2016. The Group's net profit attributable to shareholders increased by 74% to S$12.17 million in 4Q 2017 from S$7.01 million in 4Q 2016.

FY2017 VS FY2016

The Group's sales for the year ended 31 December 2017 ("FY2017") increased by 7% to S$369.43 million, compared to S$345.72 million for the corresponding year ended 31 December 2016 ("FY2016"). The increase was primarily contributed by the Construction and Building Materials division. However, the Group's gross profit decreased 50% to S$14.48 million in FY2017 from S$29.05 million in FY2016 primarily due to lower gross profit margin.

Other income increased from S$3.24 million in FY2016 to S$10.47 million in FY2017 mainly due to compensation income for early termination of a land lease. Other gains increased from S$1.01 million in FY2016 to S$10.85 million in FY2017 mainly due to gain on disposal of a joint venture.

Distribution expenses increased to S$1.16 million in FY2017 from S$0.90 million in FY2016. Administrative expenses increased from S$18.93 million in FY2016 to S$23.71 million in FY2017 mainly due to increase in legal and professional fees and higher staff cost. Other expenses was a positive S$6.42 million in FY2017 mainly due to write-back of allowance made for impairment of loan to joint ventures. Finance expenses increased to S$5.40 million in FY2017 from S$4.10 million in FY2016 mainly due to increase in interest expenses on notes payables. Depreciation expenses decreased from S$6.09 million in FY2016 to S$5.22 million in FY2017 mainly due to decrease in depreciable assets.

Share of results of joint venture companies increased marginally to S$13.56 million in FY2017 as compared to S$13.11 million in FY2016.

Income tax expenses decreased from S$2.40 million in FY2016 to S$0.90 million in FY2017.

The Group's profit before income tax increased from S$17.28 million in FY2016 to S$25.78 million in FY2017. The Group's net profit attributable to shareholders increased from S$13.32 million in FY2016 to S$19.83 million in FY2017.

Earnings per share increased to 4.80 cents in FY2017 compared to 3.21 cents in FY2016.

Review of changes in working capital, assets and liabilities

The movements in assets and liabilities are as follows:

1) Increase in cash and cash equivalents was mainly due to proceeds from disposal of assets, redemption of available-for-sale financial assets and issuance of notes, offset by cash used in investing activities.
2) Decrease in trade and other receivables was mainly due to collection from buyers for a residential project.
3) Increase in amount due from customers on construction contracts was mainly due to construction work-in-progress in excess of progress billings.
4) Decrease in amount due from joint ventures was mainly due to conversion of the loan of S$18 million to promissory notes as a result of the disposal of a joint venture. This amount has been classified as non-current trade and other receivables.
5) Decrease in available-for-sale financial assets was mainly due to redemption of bonds at maturity.
6) Increase in notes receivables were mainly due to purchase of short term investments securities.
7) Non-current assets increased by S$47.92 million mainly due to increase in trade and other receivables of S$37.59 million and investment in joint ventures of S$13.73 million.

8) Current liabilities increased by S$17.25 million mainly due to reclassification of notes payables of S$37.0 million from non-current liabilities and increase in trade and other payables of S$13.50 million, offset by decrease in short-term borrowings of S$13.61 million and amount due to customers on construction contracts of S$18.64 million.

9) Non-current liabilities increased by S$44.17 million mainly due to increase in notes payables of S$20 million, bank borrowings of S$13.93 million, and trade and other payables of S$9.67 million.

**Review of changes in cashflow**

The Group reported a net Increase in cash and cash equivalents mainly due to proceeds from disposal of assets, redemption of available-for-sale financial assets and issuance of notes, offset by cash used in investing activities.

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 30 September 2017.

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 by the Ministry of Trade and Industry ("MTI"), the Singapore economy grew by 3.1% on a year-on-year basis in the fourth quarter of 2017, easing from the 5.4% growth in the previous quarter. For the whole of 2017, the economy grew by 3.5% which is in line with MTI's growth forecast. The construction sector contracted by 8.5% on a year-on-year basis in the fourth quarter, extending the 7.7% decline in the third quarter. The contraction was largely due to the weakness in private sector construction activities.

For 2018, the Building and Construction Authority (BCA) projected that public sector construction demand or the value of construction contracts to be awarded would be between S$16 billion and S$19 billion. They are expected to contribute to about 60 % of total demand, which is between S$26 billion and S$31 billion. Some of the projects expected to be awarded this year include more major contracts for infrastructure projects such as the North-South Corridor, national water agency PUB's deep tunnel sewerage system, and various healthcare facilities. Although the construction sector remains challenging on the back of a competitive environment, being an established building and civil engineering contractor, the Group is well poised to actively participate in the tender for more construction projects.

Latest statistics from the Urban Redevelopment Authority showed that price index of private residential property increased by 0.8% in the fourth quarter of 2017, similar to the 0.7% increase in the previous quarter. For the whole of 2017, prices increased by 1.1%, compared with the 3.1% decline in 2016. We remain cautiously optimistic of the outlook for the private residential market and will continue to pursue acquisitions as and when opportunity arises.

11 Dividend

(a) Current Financial Period Reported On:

(i) Any dividend declared for the current financial period reported on? No

(ii) Any dividend recommended for the current financial period reported on? Yes

| | |
|---|---|
| Name of Dividend | (1) Special<br>(2) Final |
| Dividend Type | Cash |
| Dividend Amount per Share | (1) Special: 0.40 cent per ordinary share<br>(2) Final: 0.60 cent per ordinary share |
| Dividend Rates (in %) | NA |
| Par value of shares | NA |
| Tax rate | Tax exempt (One-tier) |

(b) Corresponding Period of the Immediately Preceding Financial Year

Any dividend declared for the corresponding period of the immediately preceding financial year? Yes

| | |
|---|---|
| Name of Dividend | Final |
| Dividend Type | Cash |
| Dividend Amount per Share | Final: 0.35 cent per ordinary share |
| Dividend Rates (in %) | NA |
| Par value of shares | NA |
| Tax rate | Tax exempt (One-tier) |

(c) Date payable

Subject to approval by the Shareholders at the next Annual General Meeting and to be announced at a later date.

(d) Books closure date

Subject to approval by the Shareholders at the next Annual General Meeting and to be announced at a later date.

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

Not applicable.

13 Interested Person Transaction

| Name of Interested Person | Aggregate value of all interested person transactions during the financial period under review (excluding transactions less than S$100,000 and transactions conducted under Shareholders' mandate pursuant to Rule 920) | Aggregate value of all interested person transactions conducted under Shareholders' mandate pursuant to Rule 920 (excluding transactions less than S$ 100,000) |
|---|---|---|
| | S$'000 | S$'000 |
| Koh Keng Siang | 165 | - |

The Company has not obtained a general mandate from shareholders for Interested Person Transactions.

**PART II - ADDITIONAL INFORMATION REQUIRED FOR FULL YEAR ANNOUNCEMENT**

**14 Segmented revenue and results for business or geographical segments (of the Group) in the form presented in the issuer's most recently audited financial statements, with comparative information for the immediately preceding year.**

| GROUP (S$'000) | REAL ESTATE | LEISURE & HOSPITALITY | CONSTRUCTION & BUILDING MATERIALS | OTHERS | TOTAL |
|---|---|---|---|---|---|
| **2017** | | | | | |
| **SALES** | | | | | |
| External | 7,163 | 3,264 | 358,985 | 16 | 369,428 |
| Inter-segment | 299 | - | 11,059 | 3,012 | 14,370 |
| | 7,462 | 3,264 | 370,044 | - | 383,798 |
| Elimination | | | | | (14,370) |
| | | | | | 369,428 |
| **RESULTS** | | | | | |
| Segment results | 6,236 | (636) | (3,265) | 185 | 2,520 |
| Net investment gain | 11,563 | - | 1 | (64) | 11,500 |
| Interest income | | | | | 3,332 |
| Finance expenses | | | | | (5,397) |
| Share of profit from: | | | | | |
| -associates | - | - | 262 | - | 262 |
| -joint ventures | 13,561 | - | - | - | 13,561 |
| Profit before income tax | | | | | 25,778 |
| **2016** | | | | | |
| **SALES** | | | | | |
| External | 6,234 | 3,092 | 336,394 | - | 345,720 |
| Inter-segment | 372 | 8 | 10,392 | - | 10,772 |
| | 6,606 | 3,100 | 346,786 | - | 356,492 |
| Elimination | | | | | (10,772) |
| | | | | | 345,720 |
| **RESULTS** | | | | | |
| Segment results | 5,319 | (760) | 1,659 | (408) | 5,810 |
| Net investment gain | - | - | 1 | - | 1 |
| Interest income | | | | | 2,288 |
| Finance expenses | | | | | (4,101) |
| Share of profit from: | | | | | |
| -associates | - | - | 175 | - | 175 |
| -joint ventures | 13,105 | - | - | - | 13,105 |
| Profit before income tax | | | | | 17,278 |

**Sales by Geographical Segment (S$'000):**

| | 2017 | 2016 |
|---|---|---|
| Singapore | 347,614 | 315,485 |
| China | 31 | 1,640 |
| Malaysia | 9,061 | 7,804 |
| Indonesia | 2,288 | 3,496 |
| Others ** | 10,434 | 17,295 |
| | 369,428 | 345,720 |

****Including Bangladesh,Hong Kong, Africa and Thailand.**

**15 In the review of performance, the factors leading to any material changes in contributions to turnover and earnings by the business or geographical segments.**

**By Business Segment**

**Total sales increased by S$23.71 million in FY2017 as compared to FY2016. This was mainly contributed by the Construction and Building Materials division.**

**The total segment results decreased by S$3.29 million in FY2017 as compared to FY2016 mainly due to loss recognised from the Building Materials division on lower gross profit margin resulting from competitive market condition.**

**By Geographical Segment**

**The sales contributed by Singapore increased by S$32.13 million in FY2017 mainly due to increase in sales from the Construction and Building Materials division.**

**The sales contributed by Others decreased by S$6.86 million in FY2017 mainly due to lower percentage of revenue recognition from the Construction division.**

**16 A breakdown of sales.**

| S$'000 | 2017 | 2016 | Change |
|---|---|---|---|
| Sales reported for first half year | 154,499 | 124,041 | 25% |
| Profit after income tax before deducting non-controlling interests reported for first half year | 5,180 | 6,010 | -14% |
| Sales reported for second half year | 214,929 | 221,679 | -3% |
| Profit after income tax before deducting non-controlling interests reported for second half year | 19,703 | 8,870 | 122% |

**17 A breakdown of the total annual dividend (in dollar value) for the issuer's latest full year and its previous full year.**

| | S$'000 | |
|---|---|---|
| Ordinary dividend | 31/12/2017 | 31/12/2016 |
| - Interim (dividend in specie) | - | 1,944 |
| - Final* | 4,127 | 1,448 |
| | 4,127 | 3,392 |

***2016 - 2017 Final ordinary dividend is estimated based on number of shares outstanding as at the end of the financial year.**

**18 CONFIRMATION PURSUANT TO RULE 720(1) OF THE LISTING MANUAL**

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

**19 Disclosure of person occupying a managerial position in the issuer or any of its principal subsidiaries who is a relative of a director or chief executive officer or substantial shareholder of the substantial shareholders of the issuer pursuant to Rule 704(11) in the format below. If there are no such persons, the issuer must make an appropraite negative statement.**

| Name | Age | Family relationship with any Director and/or substantial shareholder | Current position and duties, and the year the position was held | Details of changes in duties and position held, if any, during the year |
|---|---|---|---|---|
| Phua Siew Gaik | 52 | Spouse of Mr Koh Keng Siang, daughter-in-law of Mr Koh Tiat Meng and Mdm Quek Chee Nee, and sister-in-law of Mr Koh Keng Hiong | Senior Group Human Resources and Administration Manager since 2015.<br><br>Responsible for overseeing the Group's human resources and administration function. | Nil |
| Erliana Sutadi | 48 | Spouse of Mr Koh Keng Hiong, daughter-in-law of Mr Koh Tiat Meng and Mdm Quek Chee Nee, and sister-in-law of Mr Koh Keng Siang | Office Manager, Oxford Hotel, since 2000.<br><br>Responsible for office administration. | Nil |
| Koh Keng Seng | 54 | Nephew of Mr Koh Tiat Meng and Mr Koh Teak Huat and cousin of Mr Koh Keng Siang and Mr Koh Keng Hiong | Executive Director, Construction division, since 2008.<br><br>Responsible for overseeing machinery, equipment and logistic functions under the Construction division. | Nil |
| Koh Siew Kiang | 55 | Niece of Mr Koh Tiat Meng and Mr Koh Teak Huat and cousin of Mr Koh Keng Siang and Mr Koh Keng Hiong | Chief Executive Officer,Building Materials division, Ready-mix and Industries units, since 2015<br><br>Responsible for overseeing ready-mix and industries units | Nil |
| Tay Juak Chiang | 44 | Nephew of Mr Koh Tiat Meng and Mr Koh Teak Huat and cousin of Mr Koh Keng Siang and Mr Koh Keng Hiong | Senior Manager, Steel division, since 2012.<br><br>Responsible for overseeing steel fabrication division. | Nil |
| Phua Eng Hong | 55 | Brother-in-law of Mr Koh Keng Siang | Director of Dalian Megacity Trading Co., Ltd, since 2008.<br><br>No executive duties. | Nil |
| Koh Kheng Yeow | 51 | Nephew of Mr Koh Tiat Meng and Mr Koh Teak Huat and cousin of Mr Koh Keng Siang and Mr Koh Keng Hiong | Director of Dalian Megacity Trading Co., Ltd, since 2008.<br><br>No executive duties. | Nil |

**BY ORDER OF THE BOARD**

**Koh Keng Siang**
**Managing Director & Group CEO**

**Koh Keng Hiong**
**Executive Director**

**13 February 2018**
**Singapore**