許光弟
KOH BROS
Building Cities Building Dreams

Building Sustainable Success

ANNUAL REPORT 2017

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Our Promise

At **Koh Brothers**, customer satisfaction is our priority. To achieve this, we are committed to deliver quality products, services and solutions. With strong support from our business partners and dedicated staff, we strive to add value by adopting an innovative work approach. With these strengths, we are confident to excel and grow our organisation to achieve shareholder satisfaction.

THE ILLUSTRIOUS JOURNEY THUS FAR

KOH BROS
Building Cities Building Dreams

1960s

- Founded and established by Mr Koh Tiat Meng

1970s

- Rochor Canal Flood Alleviation
- Sungei Ulu Drainage
- Setup G & W Ready-Mix Pte Ltd providing ready-mix concrete

1980s

- G & W began equipment sale and rental operations
- Production of concrete products by G & W
- Established PT. Koh Brothers Indonesia and ventured into real estate development in Indonesia

1990s

- Registered with the CIDB as G8 Building and Civil Engineering Contractor
- Bukit Timah Flood Alleviation Scheme
- Refurbished and renovated Asian Hotel in Vietnam and Changi Hotel in Singapore
- New Hall of Residence for NTU
- Set up Automated Batching Plants
- First City Complex Project in Batam, Indonesia
- Development of HDB flats in Jurong West
- Holland Road/Farrer Road/ Queensway Interchange
- SASCO Hanger Complex
- Substructures and Civil Works for NUH
- Listed on the Mainboard of SGX
- Improvements to Kallang River (from Braddell Road to Jalan Toa Payoh)
- Awarded by CIDB for Construction Excellence of Reconstruction of Geylang River
- Land Reclamation Phase 1 Project at Xinjin River Mouth, Shantou, China
- G & W Ready-Mix Pte Ltd and G & W Concrete Products Pte Ltd awarded ISO 9002 certification
- Opening of Oxford Hotel
- Building works at Choa Chu Kang Neighbourhood 4
- Construction of Civil Defence Academy at Jalan Bahar
- Construction of Container Stacking Yard for Container Terminal at Pasir Panjang Road
- Sun Plaza (Construction and Real Estate Project)
- The Capri (Real Estate Project)
- Koh Brothers Building & Civil Engineering Contractor (Pte.) Ltd. awarded ISO 9000

THE ILLUSTRIOUS JOURNEY THUS FAR

2000s

- Building & electrical works at Jurong West Neighbourhood 6
- BCA Award for Construction Excellence 2000 (Civil Engineering) and for Construction of Holland Road/ Farrer Road/Queensway Interchange
- Ranked amongst the top companies in Singapore 1000
- Extension/addition and alteration to existing Singapore Conference Hall
- Construction of SAF Warrant Officers & Specialists Club
- Designing and building of Provost & Armour Clusters in Kranji Camp
- Singapore Civil Defence Force HQ Complex
- The Sierra (Real Estate Project)
- The Montana (Real Estate Project)
- Starville (Construction and Real Estate Project)
- Construction of Common Services Tunnel Project in Marina South
- Changi Water Treatment Plants
- Marina Barrage
- The Lumos (Real Estate Project)
- Bungalows @ Caldecott (Real Estate Project)
- Construction of River Valley High School & Hostel
- Upgrading of Vehicular Bridges
- Fiorenza (Construction and Real Estate Project)
- Construction of Bugis Station and its Associated Tunnels for Downtown Line Stage 1
- Construction of Punggol Waterway
- Construction of HDB flats in Choa Chu Kang
- Koh Brothers Building & Civil Engineering Contractor (Pte.) Ltd. awarded OHSMS
- Koh Brothers Building & Civil Engineering Contractor (Pte.) Ltd. awarded ISO 14000

2010s

- South East Asia Property Award (Singapore) - The Real Estate Personality of the Year 2016
- 15th & 16th SIAS Investors' Choice Awards – Most Transparent Company Awards 2014 & 2015 (Construction & Materials Category)
- Singapore Quality Brand Award 2014 – (Special Merit)
- Promising SME 500 2014 (Distinguished Business Leader of the Year) Award
- BCA Construction Productivity Award – Advocates (Builder - Open Category) - Merit
- Malaysia Landscape Architecture Awards 2014 Excellence Award (International) – My Waterway @ Punggol
- Singapore Prestige Award – Heritage Brands Category 2013
- HDB BTO Project at Vine Grove @ Yishun
- Acquisition of Koh Brothers Eco Engineering Limited (formerly known as Metax Engineering Corporation Limited)
- Bukit Timah First Diversion Canal
- Geylang River Makeover
- Design and Engineering Safety Excellence Award 2010 - Marina Barrage (Merit - Civil Engineering Category)
- Green and Gracious Builder Award 2010 (Merit)
- BizSAFE STAR Certificate
- BizSAFE Partner Certificate
- Green and Gracious Builder Award 2012 (Excellent)
- BCA Construction Excellence Award 2011 - Marina Barrage (Civil Engineering Projects Category)
- Parc Olympia (Construction and Real Estate Project)
- Total Defence Award 2011
- Sewerage Scheme to serve Jurong Eastern Catchment Package C (Contract 1) - Proposed used water lift station at Jurong Water Reclamation Plant
- Lincoln Suites (Construction and Real Estate Project)
- Design & Build Contract for Proposed Retention Pond, associated drainage and backfill works at Singapore Changi Airport
- BCA Construction Productivity Award - Platinum (Civil Engineering) Punggol Waterway Part 1
- HDB Construction Award – Punggol Waterway Part 1
- Upgrading Kallang River between Bishan and Braddell Road
- Singapore Changi Airport 3 - Runway - Package One
- Westwood Residence EC (Construction and Real Estate Project)
- Marina East Desalination Plant
- Deep Tunnel Sewerage System (Phase 2)
- Construction of cut and cover tunnel at Marina Bay Area for Circle Line 6

OUR CORPORATE PROFILE

Listed on SGX Mainboard in August 1994, Koh Brothers Group Limited is a well-established construction, property development and specialist engineering solutions provider. Koh Brothers was started as a sole proprietorship in 1966 by Mr Koh Tiat Meng. Today, the Group has more than 40 subsidiaries, joint venture companies and associated companies spread across Singapore, Indonesia, Malaysia, China and South Korea.

Over the years, the Group has undertaken numerous construction and infrastructure projects with its A1 grading by the Building and Construction Authority ("BCA"). It is currently the highest grade for contractors' registration in this category and allows the Group to tender for public sector construction projects of unlimited value. Koh Brothers is also the single largest shareholder of SGX Catalist-listed Koh Brothers Eco Engineering Limited ("KBE"), a sustainable engineering solutions group that provides engineering, procurement and construction services for infrastructure and building, water and wastewater treatment, hydro-engineering, bio-refinery and bio-energy projects. In addition, the Group has developed a name for itself as a niche real estate developer with an established reputation for quality and innovation.

Koh Brothers' diversified businesses have created multiple revenue streams, with operating synergies arising from these core areas:

- **CONSTRUCTION AND BUILDING MATERIALS**
  - Construction and Civil Engineering
  - Building Materials
  - Water and Wastewater Treatment
  - Hydro-Engineering
  - Bio-Refinery Engineering
  - Bio-Energy Engineering
- **REAL ESTATE**
- **LEISURE & HOSPITALITY**

▲The Lumos

Construction and Civil Engineering

Our Construction and Civil Engineering division provides a complete and diverse range of infrastructure and building project management, products, services and solutions for the construction industry. Harnessing synergies from KBE, the Group is able to offer turnkey engineering solutions and tap opportunities in the water and wastewater treatment & hydro-engineering sectors to the construction industry. Recent projects undertaken include the development of an executive condominium site at Westwood Avenue, the HDB building works at Yishun Neighbourhood Park, the PUB Bukit Timah First Division Canal Contract 2, Kallang-Bishan River, Singapore Changi Airport Runway 3 (Package 1), Marina East Desalination Plant, Circle Line 6 contract and the Deep Tunnel Sewage System Phase 2 contract.

▲Bugis MRT contract (903)

▼HDB (Yishun)

OUR CORPORATE PROFILE

▲ Marina Barrage

Other recently completed projects include the Downtown Line 1 Bugis MRT Station, Punggol Waterway, Geylang River makeover, the Used Water Lift Station at Jurong Water Reclamation Plant, the Design and Build Contract for Proposed Retention Pond, Drainage and Backfilling Works at Singapore Changi Airport, Parc Olympia Condominium and Lincoln Suites.

Building Materials

Our Building Materials division is a long established and renowned one-stop quality provider of concrete solutions to the construction industry. The Building Materials division is supported by three batching plants in Singapore and one in Malaysia. Additional, the Group has pre-cast yard in both Singapore and in Iskandar, Malaysia. The supply chain includes cement, ready-mix concrete, equipment rental and various types of products such as pre-cast elements.

▲ G&W Plant

Water and Wastewater Treatment

Constituting one of KBE's mission-critical businesses, the Water and Wastewater Treatment Division enjoys established expertise and a sterling track record in the areas of water and wastewater treatment, hydro-engineering, bio-refinery engineering and bio-energy engineering.

Backed by a diverse 35-year track record in the water-solutions business, KBE has delivered numerous water and wastewater treatment projects in Singapore, Indonesia, Malaysia, Thailand, the Philippines and India – for public and private sectors, and both domestic and industrial use.

KBE provides a complete solution which starts with technology, engineering, manufacturing and infrastructure procurement, specialist equipment and turnkey systems, followed by project management, installation, performance trials, commissioning, training, operations and maintenance.

Our water treatment capabilities span the entire process effectively covering the primary, secondary and tertiary treatments. The result is an effluent of drinking-water quality – a precious resource vital to countries all over the world.

▲ Geylang River

Hydro-Engineering

Complementing our water and wastewater treatment function is our longstanding expertise in hydro-engineering and fluid mechanics, which focuses on the flow and conveyance of fluids such as water and sewerage.

KBE designs and supplies devices which use state-of-the-art electrical drives and control systems. These are incorporated into infrastructure and products like pump systems, gates, valves and other operating equipment. We also act as a system integrator for mechanical and electrical power, the instrumentation, as well as control systems. Whether it is flow or flood control, bespoke or turnkey solutions, we have the capabilities to design, build and install hydro-engineering equipment and systems to meet all its clients' needs.

KBE has provided EPC services for major hydro-engineering projects undertaken by the Singapore Government and also supplied hydro-engineering equipment and systems to the private sector. Our operations also extend beyond local shores to Malaysia.

OUR CORPORATE PROFILE

Bio-Refinery Engineering

Through our subsidiary, Oiltek Sdn. Bhd. ("Oiltek"), KBE engineers, procures and constructs facilities to refine palm oil. This includes complete edible and non-edible oil refining plants, renewable energy and biofuel plants as well as systems and processes improvement for existing refining operations. Oiltek is the process licensee of Malaysia Palm Oil Board for biodiesel, winter fuel, multi-feedstock biodiesel, phytonutrient extraction and other downstream processes and also plays an important industry role as a distributor of machinery and components.

Oiltek's technological breakthroughs, such as the ENORMOUS system, which greatly increases the yield of refined oil, and various achievements have won us distinguished accolades such as the Asia Pacific Super Excellent Brand 2009, Asia Success Award 2013, Super Outstanding Brand 2013, Asia Top Honesty Enterprise Award and Asia Honesty and Product Award in 2013, The Most Prestigious Brand Award 2015, The Most Prestigious Service Award 2015, Golden Eagle Award 2016 and Golden Bull Award 2017.

▲ Bio-Refinery Engineering (KBE)

▲ Changi Water Reclamation Plant

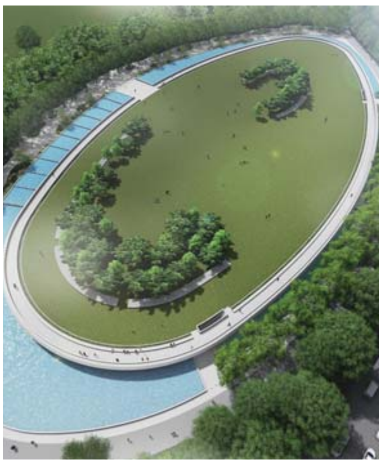
With more than 37 years of experience, Oiltek has successfully designed, built and supplied to more than a thousand plants operating in more than 32 countries across Asia, Africa, Central America and Latin America.

Bio-Energy Engineering

KBE enjoys a leading track record in integrated and multi-feedstock biodiesel plants. It is one of the pioneering engineering companies in Malaysia and is also currently operating successfully in Thailand. We provides consultancy, design, engineering, procurement and construction services for palm oil mills seeking to recover and utilise methane as a source of renewable energy.

The biogas recovery plant set up in palm oil mills across the two leading palm oil producing countries namely Malaysia and Indonesia using POME (palm oil mill effluent) as feed, had been proven with its consistent and high performance in COD reduction and high methane purity and volume generation with zero down time.

KBE also assists in designing, reviewing, submitting and supporting POME biogas recovery projects to achieve Certified Emission Reduction registration, commonly known as carbon credits.



▲ Marina East Desalination Plant

Real Estate

Our Real Estate division provides quality property developments with specialised lifestyle themes at choice locations. Koh Brothers Development Pte Ltd, established in 1993, is a wholly-owned flagship company for this division.

Koh Brothers has managed to carve a niche in developing themed properties that are innovative and promote the modern lifestyle. Amongst its many successes, there is the 175-unit Lincoln Suites off Newton Road, the 53-unit Lumos development at Leonie Hill, Montana and Starville.

Some of our current development projects include the development of Singapore's first bike-themed Executive Condominium (EC), Westwood Residence, as well as the 486-unit Parc Olympia Condominium at Flora Drive.

▲ Westwood Residences

▲ Fiorenza

OUR CORPORATE PROFILE

Leisure & Hospitality

Our Leisure & Hospitality division provides 'no-frills' hospitality services through the Oxford Hotel brand name with more than 130 hotel rooms. Oxford Hotel has also recently completed major renovations as part of an upgrading programme.

▲ Oxford Hotel

▲ Punggol Waterway

▲ Sun Plaza

▲ Parc Olympia

▲ Gangnam

► Gangnam

OUR CORE VALUES

STATEMENT

With knowledge and honesty, we add value to organisational excellence through commitment, teamwork, continuous self-development and opportunities for innovation.

Knowledge

Our culture of continuous improvement allows for the developmental opportunities that are responsive to the current and future challenges of our Company and our customers.

Openness

We need to be open-minded to adapt and respond well to changes according to the environment.

Honesty

We emphasise honesty in every aspect of our business, resulting in a Company that is trusted by our society at large whom we work with.

Bonding

Our culture of teamwork allows us to bring together the best thinking from our professionals and deliver optimum solutions to our clients' complex needs.

Responsibility

Our culture encourages employees to pursue set goals and work towards achieving high standards of performance.

Opportunities

We provide equal opportunity to all individuals to be innovative so as to bring Koh Brothers to the next level of excellence.

Standards

We strive to achieve organisational excellence in whatever we set out to perform.

OUR AWARDS

- **SS ISO 14001:2004/OHSAS 18001:2007/ SS ISO 9001:2008**
- **Singapore 1000 Company**
- **2 BCA Awards for Construction Excellence 2000 (Civil Engineering)**

  – Construction of Holland Road/ Farrer Road/ Queensway Interchange

- **CIDB Awards for Construction Excellence 1995 (Civil Engineering)**
  - Reconstruction of Geylang River

- **BCA**
  - Design & Engineering Safety Excellence Award 2010
  - Merit Award (Civil Engineering)
  - Marina Barrage

- **BCA**
  - Construction Excellence Award 2011
  - (Civil Engineering Projects) Construction of Marina

- **BCA**
  - Construction Productivity Award 2012
  - (Platinum) – Civil Engineering
  - Punggol Waterway Part 1

- **BCA**
  - Green & Gracious Builder Award

    (Merit) 2011

    (Excellent) 2012

- **HDB**
  - Construction Productivity Award

    My Waterway@Punggol (infrastructure)

- **Singapore Prestige Brand Award 2013 (SPBA)**
  - Heritage Brand Category

- **BCA**
  - Construction Productivity Award

    2014 – Advocates (Builder-Open) Merit

- **Singapore Quality Brand Award 2014 (Special Merit)**
- **Promising SME 500 -2014**
- **Distinguished Business Leader of the Year Award**
- **15th SIAS Investors' Choice Awards**
  - The Most Transparent Company Award (2014 & 2015) Construction & Materials Category

- **South East Asia Property Awards (Singapore)**
  - The Real Estate Personality of the Year 2016

- **The Singapore Property Awards 2017**
  - Low Rise Residential Category

EXECUTIVE CHAIRMAN'S MESSAGE

Koh Tiat Meng (PBM)
Executive Chairman

DEAR SHAREHOLDERS

Business cycles, the natural rise and fall of economic growth that occur over time, are both inevitable and essential in weeding out inefficiencies and propelling businesses further.

The mild contraction was exactly what we witnessed in the past few years, but the imminent expansion is just unfolding. The Singapore economy saw a respectable GDP growth of 3.6%[1] for the year financial ended 31 December 2017 ("FY2017"), outperforming initial forecasts of 1% – 3% by the Monetary Authority of Singapore back in December 2016.

[1] *https://www.mti.gov.sg/NewsRoom/Pages/MTI-Expects-GDP-Growth-in-2018-to-Moderate-but-Remain-Firm.aspx*

EXECUTIVE CHAIRMAN'S MESSAGE

"Our construction order book was boosted by the Circle Line 6 contract, the Deep Tunnel Sewerage System Phase 2 contract, as well as the remaining package for Runway 3 by Changi Airport Group, the first package of which was awarded to the Group's joint venture with Samsung C&T."

ROBUST FINANCIALS

Amidst this macro landscape, the Group achieved an impressive revenue of S$369.4 million for FY2017. This is 7% higher than the S$345.7 million achieved last financial year ("FY2016"). The increase of S$23.7 million was mainly due to stronger contributions from the Construction and Building Materials division.

The Group's net profit attributable to shareholders rose 49% to S$19.8 million in FY2017 compared to S$13.3 million in FY2016, outpacing revenue growth. The bottomline growth was lifted by a 970% rise in other gains relating to gains relating to the bulk sale of units at The Lumos, as well as share of profit of joint ventures on completion of Westwood Residences – our first executive condomiunium ("EC") project and Singapore's first cycling-themed residential development.

During the year, our construction order book was boosted by the Circle Line 6 contract, the Deep Tunnel Sewerage System Phase 2 contract, as well as the remaining package for Runway 3 by Changi Airport Group, the first package of which was awarded to the Group's joint venture with Samsung C&T. Subsequent to the year end and alongside its partners, the Group had also in March 2018 won a S$960.0 million landmark project from the Ministry of Health through a joint venture to construct the upcoming Woodlands Health Campus, a first in the Woodlands vicinity.

STRONG FOUNDATIONS

The Group stands steadfast and unwavering today, having first laid the bricks of its foundations from a sole proprietorship in 1966. It has since remained resilient, having weathered all storms and outlasted all disasters over the past five decades. With the numerous multimillion-dollar revenue streams annually, the unyielding foundation is set for the Group to achieve greater heights.

This foundation is built on our ardent efforts in adopting a strategy of diversification: in addition to honing and growing our core expertise, we continually keep a lookout for opportunities in new sectors, while meticulously engineering synergies and cementing our niche as a lifestyle-themed developer.

From humble beginnings, we have grown to become an established brand that commands top-of-mind awareness in all our endeavours. Ranging from the iconic Marina Barrage to Singapore's first cycling-themed residential development, Westwood Residences EC, the Group enjoys a sterling track record that includes both landmark infrastructures as well as distinctive developments.

In 2016, we identified emerging opportunities in the water and wastewater treatment as well as hydro-engineering sectors and hence injected our flagship civil engineering arm, Koh Brothers Building & Civil Engineering Contractor (Pte.) Ltd., into our SGX Catalist-listed subsidiary, Koh Brothers Eco Engineering Limited ("KBE") to sharpen our niche in the water and wastewater treatment, and hydro-engineering industry. Our controlling stake in KBE also allows us to harness operational efficiencies, synergies and cost savings, as well as to participate actively in its growth.

The enhanced KBE enables the Group to access the government's increased emphasis on water as a resource and hence more local business opportunities in this sector. It also empowers the Group to explore regional opportunities in the water and wastewater treatment, hydro-engineering, bio-refinery and bio-energy engineering sectors along with other infrastructure projects to build our businesses.

With the strategic recruitment of talented, international staff to aid in strengthening our existing technical competencies and incorporating new technologies, while maximising the efficiencies of our incumbent staff, we are able to tender for more and increasingly complex projects.

The results are evident as the Construction and Building Materials division recently won a S$225.4 million contract for the construction of cut-and-cover tunnels connecting the future Prince Edward station to the existing Marina Bay station, as part of Circle Line 6, as well as a S$520 million joint venture project for the design and construction of the Deep Tunnel Sewerage System (DTSS) Phase 2 from PUB.

EXECUTIVE CHAIRMAN'S MESSAGE

FORGE AHEAD

With the Comprehensive and Progressive Agreement for Trans-Pacific Partnership recently signed and the optimistic world economic outlook by the International Monetary Fund[2], along with the restructuring in the local economy and the government-projected maturation at a long-term Gross Domestic Product (GDP) growth of 1.5% to 3.5%, the upcoming year seems promising.

Real Estate
The Urban Redevelopment Authority (URA) has recently released statistics[3] signaling a turnaround for the sector, with private residential property prices in 4Q2017 rising 0.8%, continuing the 0.7% growth in 3Q2017. For the whole of 2017, prices rose 1.1% while developers sold 10,566 units, as compared to the 3.1% decline in the previous year with only 7,972 units sold.

Being cognisant of rising land prices, we have prudently and selectively replenished our land bank subsequent to the financial year end, prioritising locational attributes and the ability to clearly distinguish our products from the crowded market.

In March 2018, we were awarded the en bloc tender for the freehold Toho Mansion, an elevated site within a private enclave overlooking the adjacent Good Class Bungalow estate. This is a prime and rare site in the heart of the vibrant Holland Village lifestyle enclave that we are confident to be able to create a fresh concept to offer a seamless and integrated experience with the convenience and connectivity in the up-and-coming neighbourhood that has been earmarked by the Government for a highly-anticipated makeover and expansion. We will continue to monitor the market closely to launch the project at an opportune time to ride on the residential market's upcycle.

While we continue to explore opportunities in Singapore to accumulate sites for development, our maiden foray into South Korea is slated to be launched in 1H2018. The 45%-owned project in South Korea will be developed into a mixed-use development comprising two 19-storey towers with 5 basement floors. The proposed development will consist of 293 residential units, including SOHO units, and 5,629 square metres of retail space.

Our Real Estate division will continue to prudently seek opportunities to replenish land bank locally and abroad so that we can uphold our niche in unique lifestyle-themed developments and continually pursuit redefining lifestyle, in a way that we are able maintain healthy development margins. The group is also open to the possibility of collaboration with other developers, for better diversification of risks and efficient use of capital.

Construction and Building Materials
The Building and Construction Authority ("BCA") has projected construction demand for 2018 to be sustained between S$26 billion and S$31 billion, 60% of which will be for public projects. With a controlling stake in KBE that has enhanced its suite of capabilities, and a strong track record in public and civil engineering projects, this puts the group at an edge.

For the Building Materials division, the Group is exploring ways to build up our PPVC capability.

Leisure and Hospitality
While we continue to drive growth for the real estate and construction pillars, the leisure and hospitality segment continues to contribute positive recurring income to the Group. We'll continue to keep a look out for yield-accretive investment opportunities in Singapore and abroad to bolster our recurring income streams.

Our vision is to be the Best and Largest Contractor in Singapore. In order to transcribe our vision into reality, we have to remain steadfast in driving up our overall productivity and reduce dependency on manpower, innovate in our work processes, as well as scale up our technical capabilities to improve our competency. This will empower us to take on even higher value projects and move up the supply chain.

As we seek these upgrades, we resolve to keep in mind and be guided by our overarching strategy to stay prudent, safety-conscious and quality-conscious while constantly anticipating the ever-changing and highly competitive market conditions to best position ourselves.

PROPOSED DIVIDENDS

It has been another successful year for us, and we'd like to share the fruits of our labour with our valued shareholders who have stood by us. I am therefore pleased to report that the Board has proposed a final and special cash dividend of 0.60 Singapore cent per share and 0.40 Singapore cent per share, respectively, payable on 13 June 2018 after approval by shareholders at the forthcoming Annual General Meeting. This brings the total dividends distributed for FY2017 to 1.0 Singapore cent per share and translates to a dividend payout ratio of 21%.

APPRECIATION

Weathering the ups and downs of business cycles to attain our achievements today is only made possible by the hard work and sheer determination and commitment of all our management and staff – the driving force behind our business. I would therefore like to convey my deepest appreciation, thank you for your dedication and hard work that has made the Group the success it is today. To our clients, business associates and shareholders, I would like to extend my sincere and heartfelt appreciation for your unwavering support over the years. Let us forge ahead together, and let us achieve our shared vision!

Koh Tiat Meng
Executive Chairman
28 March 2018

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[2] *https://www.imf.org/en/Publications/WEO/Issues/2018/01/11/world-economic-outlook-update-january-2018*
[3] *https://www.ura.gov.sg/Corporate/Media-Room/Media-Releases/pr18-04*

GROUP STRUCTURE

KOH BROS
Building Cities Building Dreams

KOH BROTHERS GROUP LIMITED

CONSTRUCTION AND BUILDING MATERIALS

- Beijing G & W Cement Products Co., Ltd
- Construction Consortium Pte. Ltd.
- Dalian Megacity Trading Co., Ltd
- G & W Building Materials Sdn. Bhd.
- G & W Concrete Products Pte Ltd
- G & W Industrial Corporation Pte Ltd
- G & W Industries (M) Sdn. Bhd.
- G & W Industries Pte Ltd
- G & W Precast Pte Ltd
- G & W Ready-Mix Pte Ltd
- Koh Brothers Building & Civil Engineering Contractor (Pte.) Ltd.
- Koh Brothers Eco Engineering Limited
- Koh Eco Engineering Pte. Ltd.
- Megacity Investment Pte Ltd
- Metax Eco Solutions Pte. Ltd.
- Oiltek Nova Bioenergy Sdn. Bhd.
- Oiltek Sdn. Bhd.
- G&W Global Pte. Ltd.
- Oiltek (S) Pte. Ltd.
- KBEE Engineering Sdn. Bhd.
- WSB Pte. Ltd.

LEISURE & HOSPITALITY

- Koh Brothers Investment Pte Ltd
- Oxford Hotel Pte Ltd

REAL ESTATE

- Changi Properties Pte. Ltd.
- KBD Flora Pte. Ltd.
- KBD Kosdale Pte. Ltd.
- KBD Ventures Pte. Ltd.
- Koh Brothers Development Pte Ltd
- Koh Brothers Gangnam Limited
- Koh Brothers Holdings Pte Ltd
- Koh Brothers International Pte. Ltd.
- Kosland Pte. Ltd.
- PT. Koh Brothers Indonesia

Note: This list is not exhaustive.

OPERATIONS REVIEW BY THE MANAGING DIRECTOR & GROUP CEO

Koh Keng Siang (Francis)
Managing Director & Group CEO

DEAR SHAREHOLDERS

Direction defines our everyday actions; As we review the past fiscal year and outline the plans for the future, it is essential that we focus our efforts with the goal in mind.

For the year financial ended 31 December 2017 ("FY2017"), the Singapore economy saw an admissible GDP growth of 3.6%, faster than the 2.4% growth in 2016, and surpassing the initial forecasts of 1.0% – 3.0% for the year. This advancement has benefited the Group, reflecting amiably in our performance.

OPERATIONS REVIEW BY THE MANAGING DIRECTOR & GROUP CEO

> "Overall, the Group maintained a strong balance sheet with a lower net gearing of 0.47 time. The Group also sustains substantial liquidity with S$64.8 million of cash and bank balances, as compared to S$43.2 million as at 31 December 2016, as well as S$360.2 million worth of current assets, an increase from S$318.4 million last year."

FINANCIAL REVIEW

The Group's revenue increased by 7% to S$369.4 million in FY2017, compared to S$345.7 million for the financial year ended 31 December 2016 ("FY2016"). The increase was primarily contributed by the Construction and Building Materials division. However, largely due to a lower gross profit margin, the Group's gross profit decreased by 50% to S$14.5 million in FY2017, down from S$29.1 million in FY2016.

The Group's profit before income tax increased from S$17.3 million in FY2016 to S$25.8 million in FY2017. Correspondingly, the Group's net profit attributable to shareholders increased from S$13.3 million in FY2016 to S$19.8 million in FY2017.

The Group registered a 223% increase in other income to S$10.5 million in FY2017, up from S$3.2 million in FY2016, mainly due to compensation income for early termination of a land lease by a subsidiary in China. Other gains increased from S$1.0 million in FY2016 to S$10.9 million in FY2017 mainly due to gain relating to the bulk sale of units at The Lumos, while share of profit of joint ventures saw a 3% rise to S$13.6 million, partly due to recognised profit on the completion of Westwood Residences EC – Singapore's first cycling-themed residential development.

Overall, the Group maintained a strong balance sheet with a lower net gearing of 0.47 time.

The Group maintains a healthy balance sheet and enjoys ample liquidity. As at 31 December 2017, we have S$64.8 million of cash and bank balances, up from S$43.2 milion as at 31 December 2016. Current assets stand at S$360.3 million as at 31 December 2017, up from S$318.4 million as at 31 December 2016. This leaves us in a comfortable position that provides sufficient resources to explore opportunities without the risk of overexposure.

CONSTRUCTION AND BUILDING MATERIALS DIVISION

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, bringing the contraction for the whole year to 5.0%. This is primarily due to weakness in private sector construction activities, which contracted by 29.1% on the back of a decline in private residential and private industrial works.

Despite the challenging conditions, the Construction and Building Materials division successfully managed to acquire a S$225.4 million contract relating to the Circle Line 6 for the construction of cut-and-cover tunnels connecting the future Prince Edward station to the existing Marina Bay station, and a S$520 million joint venture project for the design and construction of the Deep Tunnel Sewerage System (DTSS) Phase 2. Our other major ongoing construction projects include the remaining package for Runway 3 by Changi Airport Group, the first package of which was awarded to the Group's joint venture with Samsung C&T.

OPERATIONS REVIEW BY THE MANAGING DIRECTOR & GROUP CEO

This undoubtedly highlights the strengths in our proactive move to inject our flagship construction and civil engineering business, Koh Brothers Building & Civil Engineering Contractor (Pte.) Ltd., into Koh Brothers Eco Engineering Limited ("KBE"), that had served to sharpen our competitive edge amidst a difficult operating environment. This will allow us to remain relevant and resilient for sustainable growth.

With regards to the Building Materials arm, the Group is exploring ways to increase involvement in boosting our PPVC capability.

Furthermore, the division providing one-stop quality building materials which are for building and infrastructure projects in Singapore, is poised to benefit from the aforementioned increase in construction contracts. The Group manufactures and supplies ready-mix concrete, as well as pre-cast concrete products such as facades, household shelters, bathroom units, columns and planks. This also allows Koh Brothers to reap cost savings amidst rising construction costs.

REAL ESTATE AND LEISURE & HOSPITALITY DIVISION

Our maiden EC project, Westwood Residences achieved TOP in October 2017 and contributed positively to FY2017. Adding on to the success, Parc Olympia, our 99-year leasehold property along Flora Drive in District 17, was awarded The Singapore Property Awards 2017 for its outstanding performance in the Low Rise Residential category. This is a heartening endorsement of Koh Brother Development's unwavering efforts to develop unique lifestyle-themed development. With the animated developments in real estate market and the economy, we will continually and carefully look out for attractive sites to replenish our land bank, both locally and abroad. Additionally, the Group would also be exploring the possibility of collaboration with other developers for better diversification of risks and efficient use of capital.

In the coming year, we will focus our efforts on the launch of our Gangnam project, our maiden project in South Korea, by the first half of 2018. The 45%-owned project in South Korea will be developed into a mixed-use development comprising two 19-storey towers with 5 basement floors. The proposed development will consist of 293 residential units, including SOHO units, and 5,629 square metres of retail space.

Revenue from our leisure and hospitality arm recorded a slight increase to S$3.3 million in FY2017 from S$3.1 million in FY2016. With Singapore's strong growth in international visitor arrivals and the striking increase in tourism receipts in 2017, Oxford Hotel and Alocassia Apartments are in good position for the upcoming year.

CONCLUSION

FY2018 is definitely more optimistic relative to previous years, and GDP growth is forecasted to moderate between 1.5% – 3.5% as the Singapore economy undergoes restructuring. This fiscal year, the Group will focus largely on maximising revenues from the fast picking up economy, while continually reinforcing our solid foundations.

While the property market had cooled substantially in 2013, it is finally on the upturn with the market gearing up for what many believe to be the start of another bout of en bloc fever. With such favourable developments, we are optimistic and will continue to look out for yield-accretive sites and opportunities to astutely augment our land bank, as we keep our vision at the back our minds.

We'd like to thank shareholders, employees and business partners who continue rendering us your support, so that the Group can deliver greater value to you in the years to come.

Koh Keng Siang (Francis)
Managing Director & Group CEO
28 March 2018

SUSTAINABILITY APPROACH

KOH BROS
Building Cities Building Dreams
KOH BROTHERS GROUP LIMITED

Utilities and Emissions

Employees' Wellbeing

Health and Safety

Corporate Social Responsibility Initiatives

SUSTAINABILITY APPROACH

Board Statement

Koh Brothers Group Limited (the " Company", and together with its subsidiaries, the "Group") is pleased to publish its first Sustainability Report. The Company is supportive of the new sustainability reporting regulatory requirements set by the Singapore Exchange Securities Trading Limited ("SGX-ST") pursuaut to SGX-ST Listing Rules 711A and 711B. To the best of the Company's knowledge, this Sustainability Report is aligned to the SGX-ST Listing Rules and references the internationally recognised Global Reporting Initiative Standards (2016) ("GRI").

The directors of the Company (the "Board") consider sustainability issues as part of the Group's strategic formulation. Further to a materiality assessment process, the Company has identified 4 material environmental, social and governance ("ESG") factors, namely employees' wellbeing, health and safety, utilities and emissions, and economic performance. The Board oversees the direction of sustainability within the Group, and delegates the monitoring and management of the material ESG factors, sustainability related performance and development of the sustainability reporting to the management from across the Group.

1. ABOUT THIS REPORT

This report addresses the Group ESG factors from 1 January to 31 December 2017.

1.1 REPORTING SCOPE

This report focuses on the Group's sustainability performance across its main operating entities under the Construction and Building Materials, and Real Estate business units.

1.2 REPORTING STANDARD

This report has been prepared in compliance with the requirements of SGX-ST Listing Rules 711A and 711B,. and with reference to the GRI.

2. ASSESSING MATERIALITY WITH STAKEHOLDERS IN MIND

2.1 MATERIALITY ASSESSMENT

The Company is committed to maintaining regular and transparent communication with its stakeholders, namely government, regulators, business partners, investors, customers, contractors, local communities, and the media. Regular stakeholder engagement enables ongoing learning within the organisation and fosters accountability between the Group and its stakeholders.

KEY STAKEHOLDERS	ENGAGEMENT METHODS
Government / Regulators	• Participation in government initiatives and policy working groups
Employees	• Annual appraisals
Investors	• Annual general meetings ("AGMs") • Annual reports • Notices, circulars, and announcements
Customers	• Websites • Face-to-face meetings
Contractors / Suppliers	• Periodic meetings • Contractor/supplier evaluation exercises
Local communities	• Corporate social responsibility ("CSR") initiatives • Community meetings
Media	• Media announcements

SUSTAINABILITY APPROACH

2.2 MATERIALITY ASSESSMENT PROCESS

The Company conducted a materiality assessment in September 2017. An independent sustainability consultant was engaged to facilitate this process, which involved an online questionnaire and a physical workshop.

The exercise involved members of the management team. The assessment covered the Group's operations in Engineering and Construction, and Bio-refinery and Bio-energy, and was conducted in accordance with the materiality principle as set out in the GRI.

In prioritising the material factors, the Company considered the following:

- Global and local emerging sustainability trends
- Main topics and future challenges for the construction, and building materials, and real estate sectors, as identified by peers
- Insights gained from regular day-to-day interactions with internal and external stakeholders

2.3 MATERIAL ESG FACTORS

The Company identified the following 4 factors which are material. These factors form the focus of the Company's inaugural Sustainability Report. Please refer to the financial statements set out in the Annual Report 2017 for more information on the Group's economic performance for the financial year ended 31 December 2017.

SUSTAINABILITY FOCUS AREA	MATERIAL ESG FACTORS
Environmental	Utilities and emissions
Economic	Economic performance
Social	Employees' wellbeing
	Health and safety

SUSTAINABILITY APPROACH

3. UTILITIES AND EMISSIONS

3.1 FY2017 HIGHLIGHTS

PERFORMANCE FOR 2017		TARGET
Total water consumed within the organisation (m^3) for 2017	46,296 m^3	Maintain or reduce water consumption levels as per 2017 levels
Total energy consumed within the organisation (kWh) for 2017	997,458 kWh	Maintain or reduce energy consumption levels as per 2017 levels

Note: The disclosures encompass the Group's performance in its main operating entities under the Construction business unit.

The Company is committed to ensuring that its operations bear no direct and significant impact on the environment. Hence, the Company has adopted and adhered to ISO management systems relating to the utilities and emissions within the Construction business unit which has supplemented its operations with ISO 14000 Certifications.

Building on these frameworks, the Company took a holistic and systematic approach to manage the Group's environmental impacts, and to improve on the Group's utilities and emissions management performances. The Group will continue to maintain zero non-conformances for all its external management system audits.

- The Group has introduced strategies including the provision of high-efficiency systems such as lifts with variable voltage frequency and sleep mode features, energy-efficient light fittings and the use of motion sensors at the common staircases and toilets to reduce energy consumption at project work sites.
- Periodic and frequent maintenance checks were conducted on the various equipment/facilities located across projects to maintain optimal energy efficiency.
- Selected key staff shall be sent for training in the design and implementation of Green Building and Energy Conservation.
- The Group aims to achieve at least the Green Mark Gold PLUS Award by the Building and Construction Authority of Singapore ("BCA") for new projects in Singapore, and the BCA Green Mark Gold Award or its equivalent for new projects overseas.
- The Group also aims to reduce carbon footprint and implement sustainable practices when developing new buildings and managing existing projects.

SUSTAINABILITY APPROACH

4. EMPLOYEES' WELLBEING

4.1 FY2017 HIGHLIGHTS

PERFORMANCE FOR 2017		
Gender distribution in the Group for 2017	Male	75%
	Female	25%

The Company believes that having a pool of dedicated and professional staff is the key ingredient to maintaining its reputation for quality and innovations. The Company will continue to develop its employees to help them achieve their fullest potential and to provide them with a fulfilling career. Integrity is one of the fundamental values that the Company seeks in its employees. It is the hallmark of the Company's employees who are committed to maintaining the highest degree of integrity, and demonstrating sound moral and ethical principles at work, and to the Company's values.

Equal Opportunity: The Company is committed in its pursuit for "equal opportunities" to promote an inclusive culture, and values diversity. New entrants as well as existing employees have an equal chance to apply and be selected for posts, to be trained and/or promoted and to have their employments terminated equally and fairly. There is no discrimination on the grounds of sex, age, racial origin, religious affiliation, disability or marital status.

The Company recognises that the industries it operates in have a predominantly male workforce. The Company targets to maintain a gender distribution ratio within the Group of between 70% to 80% for male employees and between 20% to 30% for female employees. The Company will continue to explore opportunities to improve inclusivity and increase gender diversity within the Group.

Talent Retention: Retaining employees is an essential part of both workforce optimization and business productivity. The Company aims to create a "win-win" situation between management and employees, where the needs of the employees are met to the greatest extent possible without sacrificing or losing sight of the needs and goals of the Company. The Company's culture of "Open-door" policy, and having a set of effective employee retention strategies, and incentives, increase staff retention and decrease staff turnover.

Training and Education: The Company makes employees' training and education programs engaging by personalising and making them bite-sized. Most importantly, the Company includes training in its employees' yearly reviews and development plans to help them with goal-setting and keeping them motivated. The Company encourages job rotation to drive engagement. The Company believes the importance of seeing the same entity through a different pair of lens. This different perspective results in serendipity which can lead to unexpected innovation and process efficiency, allowing employees to improve their skills sets and experience potential new jobs.

SUSTAINABILITY APPROACH

5. HEALTH AND SAFETY

5.1 FY2017 HIGHLIGHTS

PERFORMANCE FOR 2017		TARGET
Accident severity rate ("ASR")	44.995	Maintain or reduce ASR as per 2017 levels
Total number of workplace fatalities for 2017	0	Zero fatalities

Notes: 1 "ASR" refers to the number of lost work days experienced by the Company's Construction unit. It was computed based on the number of man-days lost to workplace accidents over the number of man-hours worked (x 1,000,000).
2 The disclosures encompass the Group's performance in its main operating entities under Construction unit.

The Company regards management of health and safety as an integral and fundamentally important part of its Group's day-to-day operations. The management is held accountable for any health and safety related issues. All employees are expected to take personal responsibility for their actions and to be involved in health and safety improvement initiatives. All business lines are required to implement a high level of health and safety standards, in line with the Group's policies.

Health and Safety Budget: The Company's Construction business unit sets aside a budget to implement health and safety improvement initiatives and ensures that health and safety aspects become part of its operational plan.

Health and Safety Policies: The Company emphasises "health and safety first" in its policies. These policies lead to increased efficiency, free of debris and tangles of cords. In addition, working in a clean, efficient environment allows workers to enhance productivity.

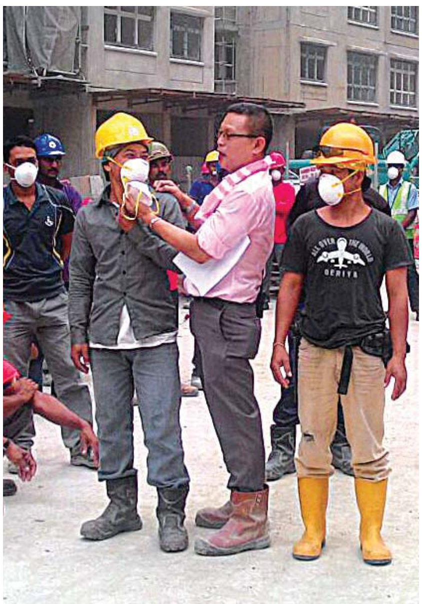
Risk Management Committee: The Risk Management Committee of the Company's Construction unit meets on a monthly basis to discuss health and safety, from organisation to projects. This will also include deployment of sufficient resources and initiatives to mitigate health and safety risks.

Health and Safety Impact Assessment: Health and safety impacts of projects are assessed for improvement in the life cycle stages (such as the development of project plan, project execution, and project handover).

Quarterly Health and Safety CEO Forum: The CEO of the Construction unit chairs the Quarterly Health and Safety CEO Forum. He discusses health and safety issues with the Health, Safety, and Environment (HSE) Division.

Health and Safety Meetings: Health and safety issues are discussed as the first item at all project weekly meetings. Thereafter, discussion topics are cascaded to all supervisors and workers every morning before work starts. A WhatsApp group has been formed between the management and project teams to keep respective parties acquainted with housekeeping, safety and incident reporting.



6. CORPORATE SOCIAL RESPONSIBILITY INITIATIVES

Corporate social responsibility ("CSR") is one of the Company's core values and is part and parcel of the Company's philosophy towards society. As a home-grown organisation, the Company believes that its achievements today would not have been possible without the help of the people who collectively made up Singapore. As such, the Company believes in giving back to the society and is committed to CSR which entails corporate philanthropy, volunteerism, the environment and corporate sponsorship.

Habitat for Humanity Singapore: The Company is proud to be a part of Habitat for Humanity Singapore's inaugural Home Sweep Home initiative. Volunteers from the Group came together to improve the living conditions of vulnerable elderly and revitalise shared living spaces for thousands of residents. The event included a large-scale clean-up, comprising 120 homes and 378kg of litter picked up across 3 neighbourhoods in Chai Chee, Toa Payoh and Redhill.

Singapore Children's Society: The Company is an active participant in the Singapore Children's Society's 1000 Enterprises for Children-In-Need Programme, where it pledges its donation to Singapore Children's Society annually. The Company will continue to contribute as it believes that its support will go a long way and will continue to help the children in need.

Society for the Physically Disabled (SPD) Charity Hongbao: The Company is proud to be part of SPD's Charity Hongbao Donation Drive. It hopes to make a difference in the lives of people with disabilities over the Lunar New Year. The Company's donations using 'hongbaos' will fund over 20 programmes and services offered by SPD, which facilitates the integration of people with disabilities into the society.

BCA-Industry Built Environment Undergraduate Scholarship/Sponsorship: Together with other industry firms, the Company's Construction unit collaborated with BCA to offer BCA-Industry Built Environment Undergraduate Scholarship/Sponsorship to students pursuing full-time built environment courses at local universities and the BCA Academy. The Company believes that through these programmes, graduates will enjoy ample opportunities while being nurtured for an exciting and rewarding career in the Built Environment sector.

Other CSR Initiatives at Koh Brothers: The Company has participated in many CSR programmes organised by various agencies, institutions, and associations. These activities include, among other things, National Crime Prevention Council, SCDF (SGSECURE), Singapore Badminton Association, LTA Charity Golf & Transport Congress Event, Care Community Services Society, Club-100 North West CDC, REDAS 42nd Golf Tournament, BCA-MNDRC Charity Golf, St John's - St Margaret's Church, The Korean Chamber of Commerce (2017 KOCHAM Challenge) Charity Golf/Gala Dinner and Total Defence Force.





BOARD OF DIRECTORS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1. Koh Tiat Meng
2. Koh Teak Huat
3. Koh Keng Siang (Francis)
4. Koh Keng Hiong (Joseph)
5. Lee Sok Khian John
6. Quek Chee Nee
7. Er Dr Lee Bee Wah
8. Ling Teck Luke
9. Lai Mun Onn
10. Gn Hiang Meng
11. Ow Yong Thian Soo

BOARD OF DIRECTORS

KOH TIAT MENG

Executive Chairman

Mr Koh Tiat Meng is the Executive Chairman of Koh Brothers Group Limited (the "Company" and together with its subsidiaries, the "Group"). He was appointed a Director on 2 February 1994 and was last re-elected on 20 April 2017. He is the Chairman of the Executive Committee.

Mr Koh founded the Group in 1966 and has more than 45 years of experience in the construction industry. He was the driving force in charting the strategic expansion of the Group's businesses in Construction, Building Materials, Real Estate and Leisure & Hospitality as well as spearheading its activities into China, 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 a the Company. He was appointed a Director on 2 February 1994 and was last re-elected on 20 April 2017. He is 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 40 years of experience in the construction industry, with in-depth expertise in managing drainage, excavation and reclamation projects.

Mr Koh 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 (FRANCIS)

Managing Director and Group CEO

Mr Koh Keng Siang is the Managing Director and Group Chief Executive Officer of the Company. He was appointed a director on 5 May 1994 and was last re-elected on 29 April 2005. He was appointed as the Managing Director and Group CEO on 12 January 2007. He is a member of the Executive Committee and the Nominating Committee.

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 & 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 2016.

Mr Koh is also the Non-Executive and Non-Independent Chairman of Koh Brothers Eco Engineering Limited and a counsel member of the Teochew Federation Council.

KOH KENG HIONG (JOSEPH)

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

Mr Koh Keng Hiong is an Executive Director of the Company. He was appointed a Director on 7 February 2007 and was last re-elected on 27 April 2016. He is a member of the Executive Committee.

Mr Koh began his career with the Group in 1991 and involved in many key business development projects of the Group in Vietnam and Singapore. With over 20 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 engaged 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.

BOARD OF DIRECTORS

LEE SOK KHIAN JOHN

Executive Director

Mr Lee Sok Khian John is an Executive Director of the Company. He was appointed a Director on 9 May 2016 and was re-elected on 20 April 2017.

Prior to Mr Lee's appointment as a Director of the Company, he was the Company's Chief Financial Officer and Company Secretary. He has an 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 currently a Non-Executive and Non-Independent Director of Koh Brothers Eco Engineering Limited.

QUEK CHEE NEE

Non-Executive and Non-Independent Director

Mdm Quek Chee Nee is a Non-Executive and Non-Independent Director of the Company. She was appointed a Director on 2 February 1994 and was last re-elected on 27 April 2016.

Mdm 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.

Mdm Quek has more than 40 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 Company. She was appointed a Director on 1 July 2015 and was last re-elected on 27 April 2016. She was appointed as the Lead Independent Director on 20 June 2016 and is the Chairperson of the Audit and Risk 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.

Er Dr Lee 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 an 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 headquartered in Singapore. Prior to this, she was the Principal Partner of LBW Consultants LLP, before the acquisition by Meinhardt Group.

Er Dr Lee is an elected Member of Parliament ("MP") since 2006 and is currently an MP for Nee Soon GRC. As an MP, she has brought up many issues in Parliament to improve the standing of the engineering profession in Singapore. These ranged from the salaries of engineers to the implementation of green engineering in building structures. Many of her suggestions had subsequently become national policies. She was the chairman of the Government Parliamentary Committee (GPC) for National Development and currently chair the GPC for Ministry of Environment and Water Resources.

Er Dr Lee was the President of the Singapore Table Tennis Association ("STTA") from 2008 to 2014. During her tenure, STTA had put Singapore on the global sporting map, winning regional and international awards, including medals in the 2008 Beijing Summer Olympics and in the 2012 London Olympics. She is currently the Adviser to the STTA and has been an Adviser to the Singapore Swimming Association since 2014.

Er Dr Lee is also the Non-Executive Chairman of the publicly-Listed company, TEE Land Limited, an integrated real estate group with its operations in Singapore and the region.

BOARD OF DIRECTORS

LING TECK LUKE

Independent Director

Mr Ling Teck Luke is an Independent Director of the Company. He was appointed a Director on 28 May 2003 and was last re-elected on 27 April 2016. He is the Chairman of the Nominating Committee and a member of the Audit and Risk Committee, the Remuneration Committee and the Share Purchase Committee.

Mr Ling holds a Bachelor of Science in Engineering from the University of Bristol. He has also attained other professional qualifications such as MIE(S), MIE(M) and PE(Civil). In 1966, he was awarded a post-graduate training on flood alleviation works in the United Kingdom and in 1969, a scholarship to do a general course at the Asian Institute of Economic Development & Planning in Bangkok.

LAI MUN ONN

Independent Director

Mr Lai Mun Onn is an Independent Director of the Company. He was appointed a Director on 30 July 1994 and was last re-elected on 20 April 2017. He is the Chairman of the Remuneration Committee and a member of the Audit and Risk Committee, the Nominating Committee and the Share Purchase Committee.

Mr Lai graduated from the University of London with a Bachelor of Law with 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 and 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, the Honorary Legal Advisor to the Basketball Association of Singapore and the President of the Keppel Club.

Mr Lai is the Managing Partner of Lai Mun Onn & Co., a law firm in Singapore.

GN HIANG MENG

Independent Director

Mr Gn Hiang Meng is an Independent Director of the Company. He was appointed a Director on 16 August 2007 and was last re-elected on 27 April 2016. He is the Chairman of the Share Purchase Committee and a member of the Audit and Risk Committee, the Remuneration Committee and the Nominating Committee.

Mr Gn was with the United Overseas Bank Group for 28 years and till his resignation in 2001, was the Senior Executive Vice President in charge of investment banking and stock-broking businesses. Prior to his retirement in 2007, he was the Deputy President of UOL Group Limited.

Mr Gn graduated with a Bachelor in Business Administration with Honours from the then University of Singapore.

Mr Gn is also an Independent Director of Centurion Corporation Limited, Haw Par Corporation Limited, Singhaiyi Group Ltd and Tee International Limited.

OW YONG THIAN SOO

Independent Director

Mr Ow Yong Thian Soo is an Independent Director of the Company. He was appointed a Director on 20 June 2016 and was last re-elected on 20 April 2017.

Mr Ow Yong 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.

Mr Ow Yong was admitted to the Singapore Bar in 1982. He was made a Partner of Lee & Lee in 1984 and an Equity Partner in 1985.

SENIOR MANAGEMENT

Shin Yong Seub (Paul)

Chief Executive Officer
(Koh Brothers Eco Engineering Limited)

Mr Shin was appointed the Chief Executive Officer (CEO) of the Koh Brothers Eco Engineering Limited in 2015. Prior to joining the Group, Mr Shin was the Head of Southeast Asia for Samsung C&T Corporation from 2010 to 2015. He was also previously the Vice President and General Manager of the Global Marketing and Operations Division of Samsung C&T Corporation at the Seoul Headquarters from 2004 to 2009. From 1997 to 2004, Mr Shin was the General Manager for Samsung Corporation (E&C Group) in Singapore and the Managing Director for Samsung Singapore's Regional Office for Southeast Asia.

Mr Shin holds a Bachelor of Arts degree in International Business from Hankuk University of Foreign Studies in Korea, as well as a Bachelor of Arts in Middle East Politics & Economics from King Saud University. He also has a Master's degree in International Business Administration from Korea University.

Choo Siew Meng

Executive Director
(Construction)

Mr Choo Siew Meng was appointed as the Executive Director, (Construction) in December 2017. He has more than 45 years of experience in the construction industry including a stint as a Civil Engineer with the Housing & Development Board (HDB) from 1973 to 1977.

Prior to 2009, he was the Executive Director of the Koh Brothers Building & Civil Engineering (Pte.) Ltd. where he was responsible for the overall performance of the construction division. He left the Group in December 2008 and was in another public listed company from 2009 to 2016, where he was the Executive Director of the construction division.

Mr Choo has in-depth knowledge and experience in both the building and highly specialised civil engineering and infrastructural projects.

He holds a Bachelor of Engineering from the University of Singapore.

Tan Soon Pow (Alan)

Chief Executive Officer
(Building Materials Division)

Mr Tan joined the Building Materials division as a Group General Manager in 1995. He was the principal driving force behind the expansion of this division. In recognition of his contributions and expertise, he was progressively promoted to his current position of Chief Executive Officer of the Building Materials division in 2010. He is responsible for strategic business development, planning and overall performance at this division. Mr Tan has more than 45 years of extensive experience in management positions spanning over 3 industries namely Marine, Construction and Building Materials. He has been actively involved in the Building Materials industry and is the current Vice President and designated President of the Cement and Concrete Association of Singapore. He was also previously the President of the Ready Mix Concrete Association of Singapore.

Koh Siew Kiang

Chief Executive Officer
(G&W Ready-Mix Pte Ltd/G&W Industries Pte Ltd)

Mdm Koh joined the Group in 1981. She was transferred from the Group's Construction unit to the Building Materials unit in 1994 and was subsequently promoted to General Manager. She was appointed Chief Operations Officer of the Building Materials unit in 2010 and headed its Productivity & Innovation Center. She was also promoted to Director of the Construction division in 2012. In 2015, she was appointed to her current position as Executive Director, Building Materials division. Mdm Koh has more than 35 years of experience in the construction industry and holds a Bachelor of Civil Engineering from the University of Glasgow.

SENIOR MANAGEMENT

Chan Ping Meng

Executive Director
(Building Materials Division)

Mr Chan joined the Building Materials division as an Operations Manager in 1997. He was promoted to Executive Director of G & W Precast Pte Ltd and G & W Building Materials Sdn. Bhd. in 2013. He has more than 30 years of experience in precast concrete operations. He has been involved in precasting for a wide variety of projects and from civil engineering, building and marine construction. Mr Chan holds a Diploma in Civil Engineering from the Singapore Polytechnic and a Specialist Diploma in Precast Concrete Construction from the Building and Construction Authority, Singapore.

Bernard Wong Ee Yu

Executive Director
(Real Estate Division)

Mr Wong joined the Group as an Executive Director, Real Estate division in 2012 and is responsible for overseeing the overall operations, business performance and growth of this division. Mr Wong has more than 20 years of engineering and management experience in the property sector. Prior to joining the Group, he held senior and management positions with various property developers in Malaysia. He holds a Bachelor of Engineering with Honours in Civil Engineering from the University of Birmingham.

Tay Tze Wen (Sammi)

Financial Controller

Ms Tay joined the Group in 2006 and was promoted to her current position of Financial Controller in May 2016. She is responsible for the Group's financial affairs including accounting, finance, treasury, taxation as well as risk management. Ms Tay has over 15 years of experience in auditing, accounting and finance. She holds a Bachelor of Commerce in Accounting and Finance from Monash University of Australia. She is also a Chartered Accountant of ISCA and member of CPA Australia.

Sharon Kem

Company Secretary

Ms Kem rejoined the Group in March 2016 as the Company Secretary and oversees the Group's corporate secretarial and compliance functions. She has over 15 years of secretarial and compliance experience. She graduated from the University of Tasmania with a Master of International Business. She is a Fellow of the Association of the Chartered Certified Accountants and an Associate of the Chartered Secretaries Institute of Singapore.

Adrian Ruzsicska

IT Director

Mr Ruzsicska joined the company as a Group IT Manager in 2009. He is responsible for overseeing the Group IT function and establising IT and management information systems standards, strategy and policies. He was promoted to the Group IT Director in 2015. He has more than 20 years of relevant experience in the IT and telecommunication industry. He holds a Bachelor of Science in Computer Science from Northern Territory University and a Master of Business Administration from the National University of Singapore.

CORPORATE INFORMATION

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BOARD OF DIRECTORS
Koh Tiat Meng
(Executive Chairman)

Koh Teak Huat
(Executive Deputy Chairman)

Koh Keng Siang
(Managing Director & Group CEO)

Koh Keng Hiong
(Executive Director and Deputy CEO, Leisure & Hospitality and Real Estate divisions)

Lee Sok Khian John
(Executive Director)

Quek Chee Nee
(Non-Executive and Non-Independent Director)

Er Dr Lee Bee Wah
(Lead Independent Director)

Ling Teck Luke
(Independent Director)

Lai Mun Onn
(Independent Director)

Gn Hiang Meng
(Independent Director)

Ow Yong Thian Soo
(Independent Director)

EXECUTIVE COMMITTEE
Koh Tiat Meng (Chairman)
Koh Teak Huat
Koh Keng Siang
Koh Keng Hiong

AUDIT AND RISK COMMITTEE
Er Dr Lee Bee Wah (Chairperson)
Ling Teck Luke
Lai Mun Onn
Gn Hiang Meng

NOMINATING COMMITTEE
Ling Teck Luke (Chairman)
Lai Mun Onn
Gn Hiang Meng
Koh Keng Siang

REMUNERATION COMMITTEE
Lai Mun Onn (Chairman)
Ling Teck Luke
Gn Hiang Meng

SHARE PURCHASE COMMITTEE
Gn Hiang Meng (Chairman)
Ling Teck Luke
Lai Mun Onn

COMPANY SECRETARY
Sharon Kem

GROUP CORPORATE COMMUNICATIONS MANAGER
David Tay

AUDITORS
PricewaterhouseCoopers LLP
(Certified Public Accountants)
7 Straits View
Marina One
East Tower, Level 12
Singapore 018936

Partner–in–charge:
Yeow Chee Keong
(appointed during the financial year ended 31 December 2015)

SHARE REGISTRAR
Tricor Barbindar Share Registration Services
(A division of Tricor Singapore Pte. Ltd.)
80 Robinson Road #02-00
Singapore 068898

INVESTOR RELATIONS
Citigate Dewe Rogerson, i.MAGE Pte Ltd
55 Market Street
#02-01
Singapore 048941

Contact Person:
Dolores Phua/Amelia Lee
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FINANCIAL HIGHLIGHTS

	Results of operations for the financial year ended 31 December			
	2017	2016	2015	2014
	S$'000	S$'000	S$'000	S$'000
Sales	369,428	345,720	427,320	395,145
Profit before income tax	25,778	17,278	36,643	33,806
Income tax expense	(895)	(2,398)	(7,230)	(5,145)
Profit after income tax	24,883	14,880	29,413	28,661
Attributable to:				
Equity holders of the Company	19,830	13,315	27,878	29,529
Non–controlling interests	5,053	1,565	1,535	(868)
	24,883	14,880	29,413	28,661

	Financial position as at 31 December			
	2017	2016	2015	2014
	S$'000	S$'000	S$'000	S$'000
Property, plant and equipment	108,067	108,879	102,173	85,978
Investments in associated companies	1,504	1,347	1,452	1,522
Investments in joint ventures	90,923	77,196	63,950	50,884
Other long–term assets	145,815	110,971	99,476	104,405
Net current assets	130,131	105,488	123,500	209,738
Long–term finance leases	(3,634)	(2,755)	(1,531)	(2,697)
Long-term bank borrowings	(72,890)	(58,963)	(60,569)	(138,081)
Other long–term liabilities	(95,325)	(65,958)	(61,868)	(66,814)
Net Assets	304,591	276,205	266,583	244,935
Share capital	36,981	36,981	42,653	45,320
Treasury shares	(7,910)	(7,614)	(12,919)	(13,061)
Retained profits	261,964	243,087	235,916	211,365
Other reserves and currency translation reserve	(7,927)	(8,158)	(8,445)	(7,935)
	283,108	264,296	257,205	235,689
Non–controlling interests	21,483	11,909	9,378	9,246
Total Equity	304,591	276,205	266,583	244,935

	Key ratios			
Return on equity (%)	7.00	5.04	10.84	12.50
Earnings per share (in cents)	4.80	3.21	6.69	6.76
Net tangible assets per share (in cents)	67.37[1]	62.66[2]	60.76[3]	54.53[4]
Dividend per share (in cents)	1.00	0.81	0.80	0.80

[1] *based on the issued share capital excluding treasury shares of 412,684,900 shares*
[2] *based on the issued share capital excluding treasury shares of 413,680,000 shares*
[3] *based on the issued share capital excluding treasury shares of 414,980,000 shares*
[4] *based on the issued share capital excluding treasury shares of 422,887,400 shares*

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CORPORATE GOVERNANCE REPORT

The board of directors (the "Board") of Koh Brothers Group Limited (the "Company") is committed to ensuring that a high standard of corporate governance is practised throughout the Company and its subsidiaries (the "Group"). The Board believes that good corporate governance enhances shareholder value, corporate performance and accountability. This report discloses the corporate governance framework and practices that the Company has adopted, with specific reference to the principles and guidelines of the Code of Corporate Governance 2012 (the "Code"). Where the Company's practices differ from the recommendations under the Code, the deviations are explained in this report. The Board will continue to review the corporate governance policies regularly in order to further add value to stakeholders and enhance investor confidence.

1 BOARD MATTERS

Guideline ("GL")

The Board's Conduct of Affairs

Principle 1 ***Every company should be headed by an effective Board to lead and control the company. The Board is collectively responsible for the long-term success of the company. The Board works with Management to achieve this objective and Management remains accountable to the Board.***

The Board comprises the following 11 directors (5 of whom are executive directors, 1 of whom is a non-executive and non-independent director, and the rest are independent directors): GL 1.1

Koh Tiat Meng (Executive chairman)
Koh Teak Huat (Executive deputy chairman)
Koh Keng Siang (Managing director & Group chief executive officer ("CEO"))
Koh Keng Hiong (Executive director and deputy CEO (Real Estate and Leisure & 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)
Ling Teck Luke (Independent director)
Lai Mun Onn (Independent director)
Gn Hiang Meng (Independent director)
Ow Yong Thian Soo (Independent director)

The Board assumes responsibility for stewardship of the Group. Its primary objective is to protect and enhance shareholder value. The Board's role is to, *inter alia*,:

(a) provide entrepreneurial leadership, set strategic objectives, and ensure that the necessary financial and human resources are in place for the Company to meet its objectives
(b) establish a framework of prudent and effective controls which enables risks to be assessed and managed (including safeguarding shareholders' interests and the Company's assets)
(c) approve major investment and funding decisions
(d) review and evaluate Management's performance
(e) set the Company's values and standards
(f) consider sustainability issues (eg: environmental and social factors) as part of its strategic formulation

All directors are expected to objectively discharge their duties and responsibilities, and consider the interests of the Company at all times. GL 1.2

CORPORATE GOVERNANCE REPORT

The Board has established the following committees which assist the Board in executing its duties according to clearly defined terms of reference: GL 1.3

(a) Executive Committee ("EC")
(b) Audit and Risk Committee ("ARC")
(c) Nominating Committee ("NC")
(d) Remuneration Committee ("RC")
(e) Share Purchase Committee ("SPC")

The Board delegates the formulation of business policies and day-to-day management to the managing director & Group CEO ("MD & Group CEO") and the executive directors.

The EC comprises 4 executive directors. It is responsible for the supervision and management of the Group's core businesses. The EC reviews and monitors budgets and management reports on financial performance, position and prospects of the Group.

The SPC comprises 3 independent directors. It is responsible for all decision making relating to share repurchases.

Details of the ARC, NC and RC are set out in other sections of this report.

The Board meets at least 4 times a year and convenes additional meetings when warranted by particular circumstances. GL 1.4

A record of the directors' attendance at Board and its committee meetings in 2017 is disclosed below.

	BOARD	EC	ARC	NC	RC	SPC
No. of meetings held in 2017	4	5	4	1	1	4
Koh Tiat Meng	2/4	5/5	-	-	-	-
Koh Teak Huat	3/4	4/5	-	-	-	-
Koh Keng Siang	4/4	5/5	-	1/1	-	-
Koh Keng Hiong	4/4	5/5	-	-	-	-
Lee Sok Khian John	3/4	-	-	-	-	-
Quek Chee Nee	3/4	-	-	-	-	-
Er Dr Le Bee Wah	4/4	-	4/4	-	-	-
Ling Teck Luke	3/4	-	3/4	1/1	1/1	3/4
Lai Mun Onn	4/4	-	4/4	1/1	1/1	4/4
Gn Hiang Meng	4/4	-	4/4	1/1	1/1	4/4
Ow Yong Thian Soo	4/4	-	-	-	-	-

The Board is of the view that the contributions of each director should not be based only on his attendance at Board and/or Board committee meetings. A director's contributions may also extend beyond the formal environment of Board meetings, such as through sharing of views, advice, experience and strategic networking relationships which would further the interests of the Group.

The Company's Constitution allows directors to consider and approve resolutions by written means. A director who is unable to attend any meeting in person may participate in the meeting via telephone or video conference.

The Company has adopted internal controls and guidelines setting forth matters that required Board's approval. These matters relate, *inter alia*, to: GL 1.5

(a) corporate or financial restructurings
(b) material acquisitions and disposals of assets which are outside the ordinary course of business
(c) dividend payments
(d) financial results announcements
(e) bank borrowings and provision of corporate guarantees

The Board also approves transactions exceeding certain threshold limits, while delegating authority for transactions below those limits to the Board committees and the Management via a structured delegation of authority matrix (ie: Group Limits of Authority ("GLA")), which is reviewed, and revised when necessary.

The GLA provides clear guidance and directions to the Management on matters requiring the Board's specific approval. These matters include but are not limited to:

(a) material acquisitions and disposals of assets/investments
(b) corporate/financial restructuring/corporate exercises
(c) budgets/forecasts
(d) material financial/funding arrangements and expenditures

The Company has in place an orientation programme for all newly appointed directors. This is to ensure that they are familiar with the Group's structure, business and operations, corporate governance practices, and their duties as directors. Where appropriate, the Company will also provide first-time directors with training in areas such as accounting, legal and industry-specific knowledge. GL 1.6

The Board is updated on relevant new laws, regulations and changing commercial risks from time to time. Directors are encouraged to attend training sessions, courses and seminars conducted by external consultants and institutions at the Company's expense.

Each newly appointed director will receive a formal letter of appointment, setting out among other things, his duties and obligations. In addition, an information pack containing the Group's organisation structure, the Company's Constitution, Management's contact details and recent minutes of Board meetings will be provided to the director. GL 1.7

Board Composition and Guidance

Principle 2 ***There should be a strong and independent element on the Board, which is able to exercise objective judgment on corporate affairs independently, in particular, from Management and 10% shareholders. No individual or small group of individuals should be allowed to dominate the Board's decision making.***

The Board comprises 11 directors, of whom 5 are independent directors, 1 is a non-executive and non-independent director and the rest are executive directors. The Board is of the view that there is a strong independent element on the Board, which can effectively exercise independent judgement. A majority of the Board members are non-executive directors. There is a sufficient number of non-executive directors on Board to carry significant weight in the Board's deliberations. No individual or small group of individuals is dominating the Board's decision making. GLs 2.1 and 2.2

CORPORATE GOVERNANCE REPORT

The NC reviews and assesses the independence of each director, taking into account examples of the relationships set out in the Code, and the director's ability to act with independent judgement and to discharge his duties objectively. Each independent director is required to complete a director's independence checklist which is drawn up based on the guidelines provided in the Code. The NC reviews and assesses the director's independence before presenting its recommendations to the Board for consideration and endorsement. GL 2.3

During the financial year under review, the Group had received services rendered from M/s Lai Mun Onn & Co ("LMOC"), of which Mr Lai Mun Onn has an interest. The Board is of view that Mr Lai's independence has not been compromised as the aggregate value of the transactions during FY2017 was not significant in the context of both the Company's and LMOC's revenues. The Board believes that Mr Lai is able to exercise strong independent judgement in his deliberations and act in the interests of the Company.

Mr Ow Yong Thian Soo is a partner of Lee & Lee ("L&L"), which had rendered services to the Group during FY2017. The Board considers that Mr Ow Yong's independence has not been compromised as the aggregate value of the transactions during FY2017 was not significant in the context of both the Company's and L&L's revenues. The Board believes that Mr Ow Yong is able to exercise strong independent judgement and act in the interests of the Company.

Based on the NC's recommendations, the Board has determined that the following directors are considered independent:

Er Dr Lee Bee Wah
Ling Teck Luke
Lai Mun Onn
Gn Hiang Meng
Ow Yong Thian Soo

Mr Ling Teck Luke, Mr Lai Mun Onn and Mr Gn Hiang Meng have served on the Board for more than 9 years. The Board had conducted a rigorous review on their status and considered them to be independent directors of the Company. They have consistently exercised strong independent judgement in their deliberations. The Board believes that they have acted and will continue to act in the interests of the Company. In addition, their knowledge, experience and contributions have been valuable to the Company. GL 2.4

The Board, having examining the scope and nature of the Group's business and operations, is of the view that the current Board size is appropriate for facilitating effective decision making. The Board will restructure the Board's and its committees' compositions, if warranted, to meet the changing needs and demands of the Group's business and operations. GL 2.5

Directors have been appointed based on the strength of their calibre, expertise and experience. Board members comprise business leaders and professionals with finance, legal and industry knowledge. The Board, in concurrence with the NC, is satisfied that the Board has the appropriate mix of expertise and experience, and collectively possesses the necessary core competencies to lead and govern the Group effectively. GL 2.6

The Board currently comprises 6 non-executive directors who constructively challenge and help develop strategies for the Group. The non-executive directors also review the performance of the Management in meeting agreed goals and objectives, and monitor the reporting of performance. GL 2.7

The independent directors meet up at least once annually, without the presence of the Management to facilitate a more effective check on the Management. GL 2.8

Chairman and Chief Executive Officer

Principle 3 ***There should be a clear division of responsibilities between the leadership of the Board and the executives responsible for managing the company's business. No one individual should represent a considerable concentration of power.***

Mr Koh Tiat Meng is the executive chairman of the Board of the Company. The Board has appointed Mr Koh Keng Siang, who is the son of the executive chairman, as the MD & Group CEO. GL 3.1

The Board is of the view that it may not be in the best interest of the Company for the division of responsibilities between the executive chairman and the MD & Group CEO to be clearly established and set out in writing as the MD & Group CEO assists the executive chairman in his work from time to time. This is to ensure that the decision making process of the Group would not be hindered unnecessarily. Both the executive chairman and the MD & Group CEO have executive responsibilities of the Group's businesses and operations. They are accountable to the Board. All major business proposals and decisions made by the executive chairman and the MD & Group CEO are discussed and reviewed by the Board.

The executive chairman (assisted by the MD & Group CEO) is responsible for the Board's proceedings. He leads the Board to ensure its effectiveness on all aspects of its roles, promotes a culture of openness and debates at the Board, facilitates effective communication with shareholders, encourages constructive relations within the Board and between the Board and Management, facilities effective contribution of each director and promotes high standards of corporate governance. With the assistance of the Company Secretary, he sets the agenda and ensures that the Board members are provided with complete, adequate and timely information of all agenda items. GL 3.2

Er Dr Lee Bee Wah is the lead independent director whom shareholders may approach when they have concerns and for which contact through the normal channels of the executive chairman, the MD & Group CEO, or the Financial Controller had failed to resolve or is inappropriate. GL 3.3

The independent directors will confer among themselves (when necessary) and provide feedback to the executive chairman as appropriate. GL 3.4

Board Membership

Principle 4 ***There should be a formal and transparent process for the appointment and re-appointment of directors to the Board.***

The NC comprises the following members, the majority of whom, including the Chairman, are independent directors: GL 4.1

Ling Teck Luke (Chairman)
Lai Mun Onn
Gn Hiang Meng
Koh Keng Siang

CORPORATE GOVERNANCE REPORT

The primary role of the NC is to make recommendations to the Board on all Board appointments. Its role is, *inter alia,* to: GL 4.2

(a) review board succession plans for the directors
(b) ensure that a process for evaluating the performance of the Board, its Board committees and directors is in place
(c) review training and professional development programs for the Board
(d) make recommendations on the appointments and re-appointments of directors

The NC ensures that the Board has the right balance of skills, knowledge and experience critical to the Group's business and evolving needs. Important issues that are also considered by the NC for the selection, appointment and re-appointment of a director include the current Board's composition and each director's contributions and competencies, and the need for progressive renewal of the Board.

Pursuant to Regulation 110 of the Company's Constitution, at least one-third of the directors (other than the Managing Director) shall retire from office at every annual general meeting ("AGM"). A retiring director is eligible to offer himself for re-election.

Regulation 114 of the Company's Constitution provides that a newly appointed director is required to retire and submit himself for re-election at the AGM immediately following his appointment. Thereafter, he is subject to retirement by rotation in accordance with the Company's Constitution.

The NC assesses annually and as and when circumstances require, whether or not a director is independent based on the guidelines set out in the Code and any other salient factors. GL 4.3

The Board has not determined the maximum number of listed company board representations which any director may hold. The Board is of the view that directors who have multiple board representations have thus far devoted sufficient time and attention to the affairs of the Group. Their multiple board representations and other principal commitments have not hindered their ability to carry out their duties as directors of the Company. Such multiple board representations of the directors benefit the Group as the directors are able to bring with them the experience and knowledge obtained from such board representations in other companies. GL 4.4

The Board does not encourage the appointment of an alternate director. No alternate director is currently being appointed to the Board. GL 4.5

The Board has adopted a process for the selection, appointment and re-appointment of a director. The NC reviews the composition of the Board and its committees periodically. It assesses and shortlists candidates (sourced through contacts, recommendations, recruitment consultants or among the senior management) for a new position on the Board when a need arises. The successful candidate is then appointed as a director of the Company in accordance with the Company's Constitution. GL 4.6

In appointing and re-appointing directors, the Board considers the skills and experience required in the light of:

(a) the geographical spread and diversity of the Group's business
(b) the strategic direction and progress of the Group
(c) the current composition of the Board
(d) the need for independence of the Board

The following directors are due for retirement, and will be offering themselves for re-election at the forthcoming AGM: GL 4.7

Koh Keng Hiong
Quek Chee Nee
Gn Hiang Meng
Er Dr Lee Bee Wah

Key information on the directors is set out under the "Board of Directors" section of the annual report for the financial year ended 31 December 2017 (the "Annual Report").

Board Performance

Principle 5 ***There should be a formal assessment of the effectiveness of the Board as a whole and its board committees and the contribution by each director to the effectiveness of the Board.***

The Board has implemented a process to be carried out by the NC for assessing its effectiveness as a whole and for assessing the contribution by each director to the effectiveness of the Board and its committees. GL 5.1

The NC reviews the Board's and each director's competency appraisal forms as part of the process adopted to assess the effectiveness of the Board. The outcomes of the appraisal exercise are presented to the Board for its evaluation with a view to enhance the effectiveness of the Board.

Each NC member shall abstain from voting on the resolution in respect of the assessment of his performance or re-nomination as a director.

The NC reviews the Board's performance annually based on the appraisal forms which have been approved by the Board. GL 5.2

The NC assesses the Board's performance through comparison with industry peers, how the Board's performance has enhanced long-term shareholder value, its ability to steer the Group in the right direction and the support it renders to the Management.

The NC also evaluates each individual director's performance based on factors such as the director's participation, knowledge of the Group's business and operations, contributions and commitments to the Company. GL 5.3

The executive chairman (with the assistance of the MD & Group CEO), where appropriate, will act on the results of the performance evaluation and propose, where appropriate, new members to be appointed to the Board or seek the resignation of directors.

CORPORATE GOVERNANCE REPORT

Access to Information

Principle 6 ***In order to fulfill their responsibilities, directors should be provided with complete, adequate and timely information prior to board meetings and on an on-going basis so as to enable them to make informed decisions to discharge their duties and responsibilities.***

All directors have access to complete, adequate and timely information and resources, and have separate and independent access to the Management. Directors are provided with meeting papers which set out the relevant background and information in order for them to have a comprehensive understanding of the issues to be deliberated upon. Management will address directors' queries and provide further insights into matters concerned (if needed) to enable the directors to make informed decisions. GLs 6.1 and 6.2

Directors have separate and independent access to the Company Secretary. The Company Secretary attends all Board and its committee meetings, and is responsible for ensuring that the meeting and other Board procedures are followed and the applicable rules and regulations are complied with. Under the direction of the executive chairman, the Company Secretary is responsible for, *inter alia*, (a) ensuring an effective flow of information within the Board and its committees and between the Management and non-executive directors; (b) facilitating orientation and (c) assisting with professional development, as required. The Company Secretary also assists the Board in implementation and upkeep of good corporate governance and best practices across the Group. GL 6.3

The appointment and the removal of the Company Secretary are matters taken by the Board as a whole. GL 6.4

In the event that the directors (either individually or as a group) require independent professional advice in the furtherance of their duties, the Company Secretary will, upon approval by the Board, appoint a professional advisor to render such services. The cost of the services will be borne by the Company. GL 6.5

2 REMUNERATION MATTERS

Procedures for Developing Remuneration Policies

Principle 7 ***There should be a formal and transparent procedure for developing policy on executive remuneration and for fixing the remuneration packages of individual directors. No director should be involved in deciding his own remuneration.***

The RC comprises the following directors, all of whom are independent directors: GL 7.1

Lai Mun Onn (Chairman)
Ling Teck Luke
Gn Hiang Meng

The key responsibilities of the RC are to: GL 7.2

(a) review and recommend to the Board for endorsement a framework of remuneration for the Board and key members of the Management, and the remuneration package for each executive director and each key member of the Management
(b) review and recommend to the Board for endorsement the terms of the service contract for each executive director as well as each key member of the Management
(c) ensure that there is an adequate disclosure on the remuneration of directors and key members of the Management

The RC covers all aspects of remuneration including but not limited to directors' fees, salaries, allowances, bonuses, options and benefits-in-kind.

The RC will seek internal or external expert advice in furtherance of its duties whenever there is a need for such consultation. No individual director is involved in deciding his own remuneration. GL 7.3

The RC reviews the executive directors' and key Management members' contracts of service to ensure that these contracts contain fair and reasonable termination clauses which are not overly generous. GL 7.4

Level and Mix of Remuneration

Principle 8 ***The level and structure of remuneration should be aligned with the long-term interest and risk policies of the company, and should be appropriate to attract, retain and motivate (a) the directors to provide good stewardship of the company, and (b) key management personnel to successfully manage the company. However, companies should avoid paying more than is necessary for this purpose.***

The Company recognizes that a competitive remuneration and reward system based on individual performance is important to attract, retain and incentivise the best talent. The Company has adopted a remuneration structure for executive directors and key members of the Management that is aligned with the long-term interest and risk policies of the Company. The RC ensures that the executive directors' and key Management members' remuneration is commensurate with their performance and that of the Group's, taking into consideration the prevailing financial and commercial health and business needs of the Group. GLs 8.1 and 9.6

Executive directors receive directors' fees and are remunerated as members of the Management. The remuneration package of each executive director/key Management member comprises a basic salary component and a variable component (ie: annual bonus) which is based on the performance of the Group as a whole and each individual performance. This is to ensure that each executive director's/key Management member's remuneration links to corporate and individual performance.

Each executive director's service contract is for a fixed appointment period and does not contain onerous removal clauses.

The Company currently does not have any share-based compensation schemes or long-term schemes involving the offer of shares or options. GL 8.2

The Company will be seeking shareholders' approval at the forthcoming AGM for the payment of S$505,000 as directors' fess for FY2017. In determining the proposed fees, the Board took into account factors such as effort and time spent, and the increasingly onerous responsibilities of directors. GL 8.3

The Company currently does not use contractual provisions to allow the Company to reclaim incentive components of remuneration from executive directors and key members of the Management in exceptional circumstances of misstatement of financial results, or of misconduct resulting in financial loss to the Group. GL 8.4

The Board has considered the matter and determined that it is not necessary at this juncture to incorporate "claw-back" mechanisms to allow the Company to reclaim the variable incentive-based component of remuneration from directors and key management personnel in the exceptional circumstances of (a) misstatement of financial results; or (b) misconduct resulting in financial loss to the Company.

Disclosure on Remuneration

Principle 9 ***Each company should provide clear disclosure of its remuneration policies, level and mix of remuneration, and the procedure for setting remuneration in the company's Annual Report. It should provide disclosure in relation to its remuneration policies to enable investors to understand the link between remuneration paid to directors and key management personnel, and performance.***

Due to the competitive pressures in the market, the Board has, on review, decided not to disclose the remuneration of directors and top 5 key Management members in the manner as required in the Code. The total remuneration paid to the directors of the Company and the top 5 executives of the Group in FY2017 was approximately S$7,017,000. GLs 9.1, 9.2 and 9.3

A breakdown of remuneration of each director of the Company by percentage for FY2017 is set out below:

Remuneration band	Director	Fees (%)	Salary (%)	Bonuses and other variable performance components (%)	Allowances and other benefits (%)	Total (%)
S$1,500,000 to S$1,999,999	Koh Keng Siang	8.3	38.1	53.1	0.5	100
	Koh Tiat Meng	10.8	51.8	36.2	1.2	100
S$1,000,000 to S$1,249,999	Koh Teak Huat	5.2	58.7	34.3	1.8	100
S$500,000 to S$749,999	Koh Keng Hiong	7.5	50.0	40.9	1.6	100
Below S$250,000	Lee Sok Khian John	20.2	65.8	14.0	-	100
	Quek Chee Nee	100	-	-	-	100
	Er Dr Lee Bee Wah	100	-	-	-	100
	Ling Teck Luke	100	-	-	-	100
	Lai Mun Onn	100	-	-	-	100
	Gn Hiang Meng	100	-	-	-	100
	Ow Yong Thian Soo	100	-	-	-	100

A breakdown of remuneration of each of the top 5 executives of the Group (who are not directors of the Company) by percentage for FY2017 is set out below:

Remuneration band	Top 5 executives[1]	Fees (%)	Salary (%)	Bonuses and other variable performance components (%)	Allowances and other benefits (%)	Total (%)
S$500,000 to S$749,999	First Executive	3.2	80.7	14.3	1.8	100
S$250,000 to S$499,999	Second Executive	-	88.7	7.2	4.1	100
	Third Executive	-	91.2	3.7	5.1	100
	Fourth Executive	-	74.5	25.5	-	100
Below S$250,000	Fifth Executive	-	93.4	3.8	2.8	100

Note:

[1] Their names are not disclosed in order to maintain confidentiality taking into consideration the competitive pressures in the talent market.

Details of the remuneration of employees who are immediate family members of a director or the CEO, and whose remuneration exceeded S$50,000 in FY2017 are disclosed below:

GL 9.4

Remuneration band	List of employees who are immediate family members of a director
S$100,000 to S$150,000	Phua Siew Gaik[1]
S$50,000 to S$99,999	Erliana Sutadi[2]

Notes:

[1] Mdm Phua Siew Gaik is the spouse of Mr Koh Keng Siang, the MD & Group CEO.

[2] Mdm Erliana Sutadi is the spouse of Mr Koh Keng Hiong, executive director and Deputy CEO (Real Estate and Leisure & Hospitality divisions).

The Company currently does not have any employee share option scheme. GL 9.5

3 ACCOUNTABILITY AND AUDIT

Accountability

Principle 10 ***The Board should present a balanced and understandable assessment of the company's performance, position and prospects.***

The Board is responsible for providing a balanced and understandable assessment of the Group's performance, position and prospects when presenting interim and other price-sensitive public reports, and reports to regulators (if required). GL 10.1

The Board ensures that the Company complies with the applicable legislative and regulatory requirements by establishing written policies (where appropriate) and reviewing all relevant compliance reports from Management. GL 10.2

The Management provides all Board members financial reports with adequate explanation and information on the Group's performance, position and prospects on a quarterly basis and as the Board may require from time to time, enabling the Board to make a balanced and informed assessment. GL 10.3

CORPORATE GOVERNANCE REPORT

Risk Management and Internal Controls

Principle 11 ***The Board is responsible for the governance of risk. The Board should ensure that Management maintains a sound system of risk management and internal controls to safeguard shareholders' interests and the company's assets, and should determine the nature and extent of the significant risks which the Board is willing to take in achieving its strategic objectives.***

The Board will determine the Company's levels of risk tolerance and risk policies, and oversees Management in the design, implementation and monitoring of the risk management and internal control systems. GL 11.1

The Board acknowledges that it is responsible for the governance of risks and the overall internal control framework, but recognises that no cost effective internal control system will preclude all errors and irregularities, as a system is designed to manage rather than eliminate the risk of failure to achieve business objectives, and can provide only reasonable and not absolute assurance against material misstatement or loss.

The Board has engaged the services of the Company's internal auditor ("IA"), KPMG Services Pte Ltd ("KPMG"), to assist in the Control Self-assessment ("CSA") programme which has been implemented. The Board has tasked the ARC to review the adequacy and effectiveness of the Group's risk management and internal control systems (including financial, operational, compliance and information technology controls). GL 11.2

The IA prepares on an annual basis, the internal audit plan (taking into consideration the risks identified) which is approved by the ARC. The audits are conducted to assess the adequacy and the effectiveness of the Group's risk management and the internal controls system that have been put in place (including financial, operational, compliance and information technology controls). Any material non-compliance or lapses in internal controls, together with recommendations for improvement, are reported to the ARC. The timely and proper implementation of all required corrective, preventive or improvement measures are closely monitored.

Based on the framework of risk management controls and internal controls established and maintained, the work performed by the IA and the review undertaken by the external auditors as part of their statutory audit, the Board, with the concurrence of the ARC, is of the view that the Group's risk management and internal control systems (including its financial, operational, compliance and information technology controls), are adequate and effective. The Board has received assurance from the MD & Group CEO, and the financial controller that: GL 11.3

(a) the financial records have been properly maintained and the financial statements give a true and fair view of the Company's operations and finances

(b) the Company's risk management and internal control systems are effective in addressing the material risks faced by the Group in its current business environment

The responsibility of overseeing the Company's risk management framework and policies is undertaken by the ARC with the assistance of the IA. Having considered the Company's business operations as well as its existing internal control and risk management systems, the Board is of the view that a separate risk committee is not required for the time being. GL 11.4

Audit Committee

Principle 12	***The Board should establish an Audit Committee with written terms of reference which clearly set out its authority and duties.***

The ARC comprises the following directors, all of whom are independent directors: GL 12.1

Er Dr Lee Bee Wah (Chairperson)
Ling Teck Luke
Lai Mun Onn
Gn Hiang Meng

The Board is of the view that the members of the ARC (including the Chairperson) have the requisite accounting and related financial management expertise and experience to discharge their duties. GL 12.2

The ARC is empowered to investigate any matter within its terms of reference. It has full access to and co-operation from Management, and unfettered discretion to invite any director or executive officer to attend its meetings. The ARC has been given adequate resources to enable it to discharge its duties and responsibilities. GL 12.3

The ARC carries out its functions in accordance with the Code and the Companies Act (the "Act"), and is also guided by its terms of reference. The ARC reviews, *inter alia*, the following: GL 12.4

(a) annual audit plans (internal and external)
(b) system of internal controls and management of financial risks
(c) effectiveness and adequacy of the internal audit function which is outsourced to a professional services firm
(d) regulatory compliance matters
(e) risk management framework
(f) interested person transactions
(g) financial results announcements

In the review of the financial statements, the ARC had discussed with management and the external auditor, and reviewed the significant matters identified by the latter as key audit matters. Following the discussions and review, the ARC recommended to the Board to approve the financial statements for FY2017.

The ARC also makes recommendations on the appointment, re-appointment and removal of auditors, and their remuneration.

The ARC meets with the external and internal auditors at least once a year without the presence of the Management. GL 12.5

The ARC has reviewed all the non-audit services provided by the external auditors and is satisfied that such services would not, in the ARC's opinion, affect the independence of the external auditors. GL 12.6

A breakdown of the aggregate amounts of fees paid to the auditors is set out below:

Audit services:	Auditors of the Company	-	S$572,000
	Other auditors	-	S$13,030
Non-audit services:	Auditors of the Company	-	S$110,000
	Other auditors	-	S$107,000

The Company has complied with Listing Rules 712, 715 and 716 of the Singapore Exchange Securities Trading Limited ("SGX-ST") in relation to appointments of auditing firms.

The Company has put in place a whistle-blowing policy (reviewed by the ARC) of which the employees of the Company may, in confidence, raise or report genuine concerns about possible improprieties in matters of business activities, financial reporting or other matters they may encounter without fear of retaliatory action. The independent directors of the Company have been appointed to review and carry out investigations on all such complaints and/or concerns raised. GL 12.7

The ARC held 4 meetings during FY2017 and performed its functions and responsibilities as set out in its terms of reference. GL 12.8

The ARC meets regularly with the Management and the external auditors to review auditing and risk management matters and discuss accounting implications of any major transactions (including significant financial reporting issues). It also reviews the internal audit function to ensure that an effective system of controls is maintained within the Group.

The ARC is kept abreast by the Management and the external auditors of new changes to the accounting standards, Listing Rules of the SGX-ST, the Code and other regulations which could have an impact on the Group's businesses and financial statements.

No former partner or director of the Company's existing auditing firm is a member of the ARC. GL 12.9

Internal Audit

Principle 13 ***The company should establish an effective internal audit function that is adequately resourced and independent of the activities it audits.***

The Company has outsourced its internal audit function to a certified public accounting firm, KPMG Services Pte Ltd. The IA reports to the ARC Chairperson and has full access to the ARC, documents, records, properties and staff of the Group. GL 13.1

The Board recognises that it is responsible for maintaining a system of internal controls to safeguard shareholders' interests and the Group's businesses and assets, while the Management is responsible for establishing and implementing internal control procedures in a timely and appropriate manner. The IA's role is to (a) assist the ARC in ensuring that the controls are effective and functioning as intended, (b) undertake investigations as directed by the ARC, and (c) conduct regular in-depth audits of high risk areas. GL 13.2

The ARC is satisfied that the internal audit function has adequate resources to perform its function effectively.

The ARC is satisfied that the IA is staffed by suitably qualified and experienced professionals with the relevant experience. GL 13.3

The IA is a member of the Singapore branch of the Institute of Internal Auditors ("IIA"), an internal professional association which has its headquarters in the United States. The audit work carried out is guided by the International Standards for the Professional Practice of Internal Auditing ("IIA Standards") laid down in the International Professional Practices Framework issued by the IIA. GL 13.4

The IA plans its internal audit schedules in consultation with, but independent of the Management. The audit plan is submitted to the ARC for approval prior to the commencement of the internal audit work. In addition, the IA may be involved in ad-hoc projects initiated by the Management and which require IA's assurance in specific areas of concerns. GL 13.5

4 SHAREHOLDER RIGHTS AND RESPONSIBILITIES

Shareholder Rights

Principle 14 ***Companies should treat all shareholders fairly and equitably, and should recognise, protect and facilitate the exercise of shareholders' rights, and continually review and update such governance arrangements.***

The Company is committed to treating all shareholders fairly and equitably. The Company recognises, protects and facilitates the exercise of shareholders' rights and continually reviews and updates such governance arrangements. GL 14.1

The Company ensures that there is an adequate and timely disclosure of developments in the Group or its business which would have a material impact on the Company's shares price, and such disclosure is in compliance with SGX-ST listing rules.

The Company invites all registered shareholders to participate and vote at the Company's general meetings. Each shareholder will receive a notice of meeting which is also advertised in the newspaper and released via SGXNet. All shareholders are entitled to vote in accordance with the established voting rules and procedures. GL 14.2

Under the new multiple proxy regime, "relevant intermediaries" (such as banks, capital markets services licence holders which provide custodial services for securities and the Central Provident Fund Board (CPF)), are allowed to appoint more than 2 proxies to attend, speak and vote at the Company's general meetings. This will enable indirect investors (including CPF investors) to be appointed as proxies to participate at these meetings. GL 14.3

Communication with Shareholders

Principle 15 ***Companies should actively engage their shareholders and put in place an investor relations policy to promote regular, effective and fair communication with shareholders.***

The Company embraces openness and transparency in the conduct of the Company's affairs, whilst safeguarding its commercial interests. The Company conveys pertinent information to shareholders and complies with the guidelines set out in the SGX-ST rules when disclosing information. GL 15.1

The Company does not practise selective disclosure of price sensitive information. The Company discloses quarterly financial results, and any significant transactions and developments via SGXNet in a timely manner. The financial results are also available on the Company's website (www.kohbrothers.com). The corporate website also contains various other investor-related information on the Company that serves as important resources for investors. GL 15.2

CORPORATE GOVERNANCE REPORT

General meetings are the principal forum for dialogue with shareholders. There is a question and answer session during which shareholders may raise questions or share their views about the proposed resolutions, and the Group's business affairs and financial performance. This enables the Board to gather shareholders' views and address any of the shareholders' concerns. GL 15.3

The Board encourages shareholders to participate actively during the Company's general meetings. These meetings provide excellent opportunities for the Company to obtain shareholders' views on the Group's businesses. Following any release of earnings or price sensitive developments, the Company's investor relations consultant is available by email or telephone to answer questions from shareholders and the media, as long as the information requested does not conflict with the SGX-ST's rules of fair disclosure. GL 15.4

The Company strives to provide consistent and sustainable dividend payments to shareholders based on the Company's profitability, cash position, working capital needs, capital expenditure plan, investment and business opportunities, and market conditions. It aims to balance returns to shareholders with a need for long term sustainable growth. GL 15.5

The Board has recommended a special dividend of 0.04 cent per share and a final dividend of 0.06 cent per share for FY2017. These proposed dividends are subject to shareholders' approval at the upcoming AGM.

Conduct of Shareholder Meetings

Principle 16 ***Companies should encourage greater shareholder participation at general meetings of shareholders, and allow shareholders the opportunity to communicate their views on various matters affecting the company.***

The Company invites and encourages all registered shareholders to participate and vote at the Company's general meetings. Voting in absentia and by mail, facsimile or email is currently not permitted. Such voting methods would need to be cautiously evaluated for feasibility to ensure that there is no compromise to the integrity of the information and the authenticity of the shareholders' identities. GL 16.1

The Company ensures that separate resolutions are proposed for substantially separate issues at the general meetings. GL 16.2

The Board, Financial Controller and external auditors are present at the general meetings to address shareholders' queries or concerns about the Company's financial performance, audits and auditor's reports. GL 16.3

Minutes of shareholders' meetings are available on request by registered shareholders. GL 16.4

The Company conducts electronic poll voting at general meetings for greater transparency in the voting process. The voting results are also announced after the meetings via SGXNet and in accordance with the SGX-ST rules. GL 16.5

5 INTERESTED PERSON TRANSACTIONS

The Company has established internal control policies to ensure that transactions with interested persons are properly reviewed, approved and conducted on an arm's length basis.

The interested person transactions entered during FY2017 are disclosed as follow:

Name of interested person	Aggregate value of all interested person transactions during the financial year under review (excluding transactions less than S$100,000 and transactions conducted under shareholders' mandate pursuant to Rule 920) (S$'000)	Aggregate value of all interested person transactions conducted under shareholders' mandate pursuant to Rule 920 (excluding transactions less than S$100,000) (S$'000)
Koh Keng Siang	1,147	-

6 RISK MANAGEMENT

The Management regularly reviews the Group's businesses and operational activities to assess and manage potential risk exposure. The Group's financial risk management objectives and policies are set out in the notes to the FY2017 financial statements. The Company has implemented a CSA programme. Through the programme, weaknesses in the control environment may be detected and reported to the Management. Corrective actions are taken to strengthen and the process and prevent future occurrences. The CSA programme is to better manage risks and instill ownership among control owners and promote accountability.

7 DEALINGS IN SECURITIES

The Company has put in place a policy on dealings in Company's securities. All directors, employees of executive level and above, and personal assistants are not allowed to deal in the Company's securities during the period commencing two weeks before the announcement of the Company's financial statements for each of the first three quarters of the Company's financial year, and one month before the announcement of the Company's full year financial statements, and ending on the date of the announcement of the relevant results. In addition, they are prohibited from dealing in the Company's securities while in possession of price sensitive information and on short-term considerations.

DIRECTORS' STATEMENT
For the financial year ended 31 December 2017

The directors present their statement to the members together with the audited financial statements of the Group for the financial year ended 31 December 2017 and the balance sheet of the Company as at 31 December 2017.

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 58 to 131 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 2017 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
Ling Teck Luke
Lai Mun Onn
Gn Hiang Meng
Ow Yong Thian Soo

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' 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 31.12.2017	At 1.1.2017 or date of appointment if later	**At 31.12.2017**	At 1.1.2017 or date of appointment if later
Koh Brothers Group Limited				
(Ordinary shares)				
Koh Tiat Meng	**61,308,654**	61,308,654	**-**	-
Koh Teak Huat	**32,213,088**	32,213,088	**325,000**	325,000
Koh Keng Siang	**2,422,535**	62,422,535	**87,420,000**	27,420,000
Koh Keng Hiong	**30,260,100**	30,260,100	**25,010,000**	25,010,000
Quek Chee Nee	**25,896,814**	25,896,814	**-**	-
Er Dr Lee Bee Wah	**189,000**	-	**-**	-
Ling Teck Luke	**200,000**	200,000	**-**	-
Lai Mun Onn	**100,000**	100,000	**-**	-
Gn Hiang Meng	**-**	-	**200,000**	200,000

DIRECTORS' STATEMENT
For the financial year ended 31 December 2017

DIRECTORS' INTERESTS IN SHARES OR DEBENTURES *(continued)*

	Holdings registered in name of director or nominee		Holdings in which director is deemed to have an interest	
	At 31.12.2017	At 1.1.2017 or date of appointment if later	**At 31.12.2017**	At 1.1.2017 or date of appointment if later
Koh Brothers Group Limited *(continued)*				
(S$50 million 4.8% fixed rate notes due 2018)				
Koh Keng Siang	**-**	S$500,000	**-**	-
Koh Keng Hiong	**-**	S$250,000	**-**	-
(S$70 million 5.1% fixed rate notes due 2022)				
Koh Teak Huat	**S$1,000,000**	-	**-**	-
Koh Keng Siang	**-**	-	**S$250,000**	-
Lee Sok Khian John	**-**	-	**S$250,000**	-
Quek Chee Nee	**S$500,000**	-	**-**	-
Er Dr Lee Bee Wah	**S$250,000**	-	**-**	-
Koh Brothers Eco Engineering Limited				
(Ordinary shares)				
Koh Tiat Meng	**5,240,000**	6,130,865	**-**	-
Koh Teak Huat	**4,509,831**	3,221,308	**32,500**	32,500
Koh Keng Siang	**8,731,154**	6,242,253	**678,681,807**	485,556,148
Koh Keng Hiong	**3,026,010**	3,026,010	**2,501,000**	2,501,000
Quek Chee Nee	**2,589,681**	2,589,681	**-**	-
Ling Teck Luke	**20,000**	20,000	**-**	-
Lai Mun Onn	**14,000**	10,000	**-**	-
Gn Hiang Meng	**-**	-	**28,000**	20,000
(Warrants)				
Koh Teak Huat	**1,288,523**	-	**-**	-
Koh Keng Siang	**2,488,901**	-	**193,125,659**	-
Lai Mun Onn	**4,000**	-	**-**	-
Gn Hiang Meng	**-**	-	**8,000**	-

Mr 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 2018 were the same as those as at 31 December 2017.

DIRECTORS' STATEMENT
For the financial year ended 31 December 2017

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 were as follows:

Er Dr Lee Bee Wah (Chairperson)
Lai Mun Onn
Ling Teck Luke
Gn Hiang Meng

All members of the Audit and Risk Committee were 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 2017 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 28 March 2018	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 Financial Reporting Standards in Singapore ("FRSs") 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 2017 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 year ended 31 December 2017;
- the balance sheets of the Group and of the Company as at 31 December 2017;
- the consolidated statement of changes in equity of the Group for the year then ended;
- the consolidated statement of cash flows of the Group for the 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 2017. 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 *Refer to Note 3.1(a), Note 4 and Note 15*	
During the financial year ended 31 December 2017, contract revenue amounted to S$299.2 million and it represented 81% of the total revenue of the Group. The Group uses the percentage-of-completion method to account for its contract revenue in accordance with FRS 11 Construction Contracts. We focused on the accuracy of revenue recognition and completeness of foreseeable losses on construction contracts due to the significant management judgement 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, and examined project documentation (including contracts, correspondences with customers on delays or extension of time). In relation to total contract revenue for project in progress, our audit procedures include the following: • Traced total contract sums to contract entered into by the Group and its customer; • Assessed the competence of the surveyor/ architect; • Traced revenue from variation orders recognised to surveyor/ architect's certification; • Recomputed the percentage of completion; and • Assessed the completeness of the amount of liquidated damages to be net off against contract revenue recognised, based on our understanding of the projects. In relation to total contracts costs, our audit procedures include the following: • 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 project. Based on the audit procedures performed above, we have assessed management's estimates to be reasonable. We then recomputed the cumulative contract revenue and the contract revenue for the current financial year as well as the amount of foreseeable loss (where relevant) for each project, and traced to the accounting records and found it to be appropriate. We have also assessed the disclosures of the assumptions and the sensitivity 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
Impairment assessment of goodwill *Refer to Note 3.1(b) and Note 27* The goodwill of S$5.1 million at 31 December 2017 relates to the "Bio-Refinery and Bio-Energy" cash generating unit ("CGU"). In accordance with FRS, 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 since the recoverable amount based on future cash flows exceeded the carrying amount of goodwill and other net assets. The assumptions, sensitivities and results of the tests performed are disclosed in Note 27 to the financial statements. We focused on this area because of the significant judgement involved in determining inputs for certain assumptions used in the model and the dependency on future market circumstances.	In respect of the assumptions which were most sensitive to changes in terms of the impact on the valuation, our procedures included the following: • Involved internal specialists in assessment on 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 assumptions to be appropriate. We have also assessed the disclosures of the assumptions and the sensitivity in the financial statements to be appropriate.
Valuation of investment properties *Refer to Note 3.1(c) and Note 25* As at 31 December 2017, the carrying value of the Group's investment properties of S$91.0 million accounted for 13% of the Group's total assets. The valuation of investment properties was a key audit matter due to the significant judgement in key inputs used in valuation techniques. These key inputs include rental rate and market value of comparable property and are dependent on the nature of each investment property and the prevailing market conditions. The key estimates and assumptions are disclosed in Note 3.1(c) and Note 25 to the accompanying financial statements respectively.	Our procedures included the following • Assessed the competence, 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 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 variations. We found the external valuers to be members of recognised bodies for professional valuers. We also found that the valuation techniques 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.

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 FRSs, 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

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS *(continued)*

- 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 Yeow Chee Keong.

PricewaterhouseCoopers LLP
Public Accountants and Chartered Accountants

Singapore, 28 March 2018

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the financial year ended 31 December 2017

	Note	Group 2017 S$'000	Group 2016 S$'000
Sales	4	**369,428**	345,720
Cost of sales	7	**(354,953)**	(316,675)
Gross profit		**14,475**	29,045
Other income	5	**10,469**	3,238
Other gains - net	6	**10,854**	1,014
Expenses			
- Distribution and marketing	7	**(1,163)**	(904)
- Administrative	7	**(23,706)**	(18,926)
- Finance	9	**(5,397)**	(4,101)
- Other	7	**6,423**	(5,368)
Share of profit of associated companies	22	**262**	175
Share of profit of joint ventures	23	**13,561**	13,105
Profit before income tax		**25,778**	17,278
Income tax expense	10(a)	**(895)**	(2,398)
Profit after income tax		**24,883**	14,880
Other comprehensive income/(loss):			
Items that may be reclassified subsequently to profit or loss:			
Currency translation arising from consolidation	33(d)	**557**	(143)
Fair value losses on available-for-sale financial assets	33(b)	**(288)**	(411)
Other comprehensive income/(loss), net of tax		**269**	(554)
Total comprehensive income		**25,152**	14,326
Profit attributable to:			
Equity holders of the Company		**19,830**	13,315
Non-controlling interests		**5,053**	1,565
		24,883	14,880
Total comprehensive income attributable to:			
Equity holders of the Company		**20,057**	12,109
Non-controlling interests		**5,095**	2,217
		25,152	14,326
Earnings per share for profit attributable to equity holders of the Company:			
- Basic earnings per share (in cents)	11(a)	**4.80**	3.21
- Diluted earnings per share (in cents)	11(b)	**4.80**	3.21

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

BALANCE SHEETS

As at 31 December 2017

	Note	Group 2017 S$'000	Group 2016 S$'000	Company 2017 S$'000	Company 2016 S$'000
ASSETS					
Current assets					
Cash and bank balances	12	**64,823**	43,227	**11,186**	134
Financial assets, at fair value through profit or loss	13	**37**	40	**3,090**	-
Trade and other receivables	14	**107,712**	140,917	**1,063**	16
Due from customers on construction contracts	15	**51,702**	35,067	**-**	-
Amounts due from joint ventures	17	**69,220**	76,056	**-**	-
Inventories	18	**9,342**	8,395	**-**	-
Development properties	19	**-**	1,189	**-**	-
Amounts due from subsidiaries	24	**-**	-	**106,759**	57,506
Available-for-sale financial assets	20	**765**	7,529	**-**	-
Short-term notes receivables	21	**56,671**	5,963	**-**	-
		360,272	318,383	**122,098**	57,656
Non-current assets					
Trade and other receivables	14	**46,839**	9,251	**-**	-
Amount due from joint ventures	17	**-**	5,936	**-**	-
Available-for-sale financial assets	20	**2,925**	-	**-**	-
Investments in associated companies	22	**1,504**	1,347	**-**	-
Investments in joint ventures	23	**90,923**	77,196	**-**	-
Investments in subsidiaries	24	**-**	-	**114,117**	104,752
Investment properties	25	**90,973**	90,706	**-**	-
Property, plant and equipment	26	**108,067**	108,879	**-**	-
Goodwill	27	**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	28	**146,916**	133,416	**2,983**	614
Due to customers on construction contracts	15	**13,331**	31,974	**-**	-
Amount due to an associated company	16	**508**	485	**-**	-
Amounts due to subsidiaries	24	**-**	-	**5,861**	25,693
Amounts due to joint ventures	17	**16,282**	15,507	**-**	-
Current income tax liabilities	10(b)	**1,485**	3,289	**65**	3
Short-term borrowings and finance leases	29	**14,619**	28,224	**-**	-
Notes payables	32	**37,000**	-	**37,000**	-
		230,141	212,895	**45,909**	26,310
Non-current liabilities					
Trade and other payables	28	**17,064**	7,399	**-**	-
Amounts due to subsidiaries	24	**-**	-	**19,011**	-
Finance leases	30	**3,634**	2,755	**-**	-
Bank borrowings	31	**72,890**	58,963	**-**	-
Notes payables	32	**70,000**	50,000	**70,000**	50,000
Deferred income tax liabilities	10(c)	**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	33	**36,981**	36,981	**36,981**	36,981
Treasury shares	33	**(7,910)**	(7,614)	**(7,910)**	(7,614)
Other reserves	33(b)	**989**	1,203	**-**	-
Retained profits	33(c)	**261,964**	243,087	**72,224**	56,731
Currency translation reserve	33(d)	**(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

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the financial year ended 31 December 2017

Group (S$'000)	Note	Share capital	Treasury shares	Other reserves	Retained profits	Currency translation reserve	Total	Non-controlling interests	Total equity
		Attributable to equity holders of the Company							
Balance at 1 January 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)/income for the financial year		-	-	(214)	-	441	227	42	269
Total comprehensive (loss)/income for the financial year		-	-	(214)	19,830	441	20,057	5,095	25,152
Change in ownership interests in subsidiaries	24(a)	-	-	-	633	4	637	(637)	-
Rights cum warrants issue by a subsidiary		-	-	-	(140)	-	(140)	5,752	5,612
Purchase of treasury shares	33(a)	-	(296)	-	-	-	(296)	-	(296)
Dividend relating to 2016 paid	34	-	-	-	(1,446)	-	(1,446)	(318)	(1,764)
Dividend relating to 2017 paid		-	-	-	-	-	-	(318)	(318)
Total transactions with owners, recognised directly in equity		-	(296)	-	(953)	4	(1,245)	4,479	3,234
Balance at 31 December 2017		**36,981**	**(7,910)**	**989**	**261,964**	**(8,916)**	**283,108**	**21,483**	**304,591**
Balance at 1 January 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)/income for the financial year		-	-	(256)	-	(950)	(1,206)	652	(554)
Total comprehensive (loss)/income for the financial year		-	-	(256)	13,315	(950)	12,109	2,217	14,326
Change in ownership interests in subsidiaries	24(b)	-	-	96	(679)	(459)	(1,042)	275	(767)
Dividend in specie of shares in a subsidiary	24(c)	-	-	19	(2,147)	52	(2,076)	2,076	-
Cancellation of shares held in treasury shares	33(a)	(5,672)	5,672	-	-	-	-	-	-
Purchase of treasury shares	33(a)	-	(367)	-	-	-	(367)	-	(367)
Warrants expired	33(b)	-	-	1,785	-	-	1,785	(1,785)	-
Dividend relating to 2015 paid	34	-	-	-	(3,318)	-	(3,318)	(252)	(3,570)
Total transactions with owners, recognised directly in equity		(5,672)	5,305	1,900	(6,144)	(407)	(5,018)	314	(4,704)
Balance at 31 December 2016		36,981	(7,614)	1,203	243,087	(9,361)	264,296	11,909	276,205

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

CONSOLIDATED STATEMENT OF CASH FLOWS

For the financial year ended 31 December 2017

	Group	
	2017	2016
	S$'000	S$'000
Cash flows from operating activities		
Total profit	**24,883**	14,880
Adjustments for:		
- Depreciation of property, plant and equipment	**5,218**	6,085
- Dividend income	**(1)**	(1)
- Fair value (gain)/loss on investment properties	**(267)**	271
- Fair value loss on financial assets at fair value through profit or loss	**3**	9
- Fair value loss on long term financial assets and financial liabilities	**96**	308
- Finance expense	**5,397**	4,101
- Gain on disposal of property, plant and equipment	**(70)**	(1,176)
- Gain on disposal of a joint venture	**(11,563)**	-
- Impairment loss of property, plant and equipment	**2,845**	-
- Income tax expense	**895**	2,398
- Interest income	**(3,332)**	(2,288)
- Property, plant and equipment written off	**17**	9
- Share of profit of joint ventures	**(13,561)**	(13,105)
- Share of profit of associated companies	**(262)**	(175)
- Transaction cost relating to issuance of notes payables	**510**	-
- Unrealised translation loss/(gain)	**1,066**	(245)
	11,874	11,071
Change in working capital:		
- Trade and other 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
- Trade and other payables	**15,254**	4,353
- Amount due from/to associated companies	**23**	(634)
- Amount due from/to joint ventures	**(6,041)**	(2,658)
Cash generated from operations	**8,695**	101,272
Income tax paid	**(2,988)**	(9,595)
Interest paid	**(3,633)**	(5,487)
Net cash provided by 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 short-term 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 short-term notes receivables	**6,000**	-
Dividends received	**2,606**	281
Interest received	**2,695**	2,288
Net cash used in investing activities	**(36,220)**	(14,351)

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

CONSOLIDATED STATEMENT OF CASH FLOWS
For the financial year ended 31 December 2017

	Group 2017 S$'000	Group 2016 S$'000
Cash flows from financing activities		
Proceeds from issuance of notes payables	**70,000**	-
Proceeds from bank borrowings	**25,619**	29,591
Proceeds from rights cum warrants issue of a subsidiary	**5,829**	-
Repayment of bank borrowings	**(25,806)**	(114,487)
Payment of finance lease instalments	**(3,370)**	(3,565)
Redemption of notes payables	**(13,000)**	-
Restricted cash (pledged)/released	**(1,900)**	336
Purchase of treasury shares	**(296)**	(367)
Transaction cost relating to rights cum warrants issue of a subsidiary	**(217)**	-
Transaction cost relating to issuance of notes payables	**(510)**	-
Transaction cost relating to change of ownership interest in a subsidiary 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 provided by/(used in) financing activities	**54,585**	(92,976)
Net change in cash and bank balances	**20,439**	(21,137)
Beginning of financial year	**41,890**	62,766
Effects of currency translation on cash and bank balances	**(761)**	261
End of financial year [Note 12(i)]	**61,568**	41,890

 # - less than S$1,000

Reconciliation of liabilities arising from financing activities

	1 January 2017 S$'000	Net cash inflow/ (outflow) S$'000	Non-cash changes: Additions to property, plant and equipment S$'000	Non-cash changes: Foreign exchange movement S$'000	31 December 2017 S$'000
Bank borrowings (Note 29 and 31)	84,716	(187)	-	49	84,578
Finance leases (Note 30)	5,226	(3,370)	4,709	-	6,565
Notes payables (Note 32)	50,000	57,000	-	-	107,000

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

NOTES TO THE FINANCIAL STATEMENTS
For the financial year ended 31 December 2017

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 subsidiaries, joint ventures, joint operation entities and associated companies are set out in Note 39 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 ("FRS") under the historical cost convention, except as disclosed in the accounting policies below.

The preparation of financial statements in conformity with FRS 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.

Interpretations and amendments to published standards effective in 2017

On 1 January 2017, the Group adopted the new or amended FRS and Interpretations to FRS ("INT FRS") 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 FRS and INT FRS.

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

FRS 7 Statement of cash flows

The amendments to FRS 7 *Statement of cash flows (Disclosure initiative)* sets out required disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes.

The Group has included the additional required disclosures in Consolidated Statement of Cash Flows.

2.2 Revenue recognition

Sales comprise the fair value of the consideration received or receivable for the sale of goods and rendering of services, the work done on construction projects undertaken, the sale of development properties and rental and related income from investment properties, dividend and interest income in the ordinary course of the Group's activities. Sales are presented, net of goods and services tax, rebates and discounts, and after eliminating sales within the Group.

The Group recognises revenue when the amount of revenue and related cost can be reliably measured, it is probable that the collectability of the related receivables is reasonably assured and when the specific criteria for each of the Group's activities are met as follows:

NOTES TO THE FINANCIAL STATEMENTS
For the financial year ended 31 December 2017

2. Significant accounting policies *(continued)*

2.2 Revenue recognition *(continued)*

(a) Sale of goods

Revenue is recognised when the Group has delivered the products to the customer and the customer has accepted the products.

(b) Rendering of services

Revenue from services is recognised over the period in which the services are rendered.

(c) Contract revenue

Revenue from construction contracts is recognised as disclosed in Note 2.6 "Construction contract".

(d) Revenue from property development

Revenue from property development 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 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.

2. Significant accounting policies *(continued)*

2.3 Group accounting *(continued)*

(a) Subsidiaries *(continued)*

(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.

On 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 2.5 "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.

NOTES TO THE FINANCIAL STATEMENTS
For the financial year ended 31 December 2017

2. Significant accounting policies *(continued)*

2.3 Group accounting *(continued)*

(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 but not exceeding 50%.

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.

(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.

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.

2. **Significant accounting policies** *(continued)*

2.3 **Group accounting** *(continued)*

(c) Associated companies and joint ventures *(continued)*

(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.

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.

NOTES TO THE FINANCIAL STATEMENTS
For the financial year ended 31 December 2017

2. Significant accounting policies *(continued)*

2.4 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. The Group does not have a policy of revaluing its property, plant and equipment periodically.

(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	20 – 99 years
Leasehold land and buildings	20 – 92 years
Plant and machinery	2 – 20 years
Motor vehicles	3.5 – 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.

2. Significant accounting policies *(continued)*

2.4 Property, plant and equipment *(continued)*

(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.

2.5 Goodwill

Goodwill on acquisitions of subsidiaries and businesses on or after 1 January 2010 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 value of the identifiable net assets acquired.

Goodwill on acquisition of subsidiaries and businesses prior to 1 January 2010 and on acquisition of joint ventures and associated companies represents the excess of the cost of the acquisition over the fair value of the Group's share 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 associated companies and joint ventures is included in the carrying amount of the investments.

Gains and losses on disposal of subsidiaries, joint ventures and associated companies include the carrying amount of goodwill relating to the entity sold, except for goodwill arising from acquisitions prior to 1 January 2001. Such goodwill was previously taken to capital reserve and is not recognised in profit or loss on disposal.

2.6 Construction contract

When the outcome of a construction contract can be estimated reliably, contract revenue and contract costs are recognised as revenue and expenses respectively by reference to the stage of completion of the contract activity at the balance sheet date ("percentage-of-completion method"). When the outcome of a construction contract cannot be estimated reliably, contract revenue is recognised to the extent of contract costs incurred that are likely to be recoverable and contract costs are recognised as an expense in the period in which they are incurred. When it is probable that total contract costs will exceed total contract revenue, the expected loss is recognised as an expense immediately.

Variations in contract work, claims and incentive payments are included in contract revenue when it is probable that the customer will approve the variation or negotiations have reached an advanced stage such that it is probable that the customer will accept the claim, and these amounts are capable of being reliably measured.

NOTES TO THE FINANCIAL STATEMENTS
For the financial year ended 31 December 2017

2. Significant accounting policies *(continued)*

2.6 Construction contract *(continued)*

The stage of completion is measured either by reference to the professional or customer's certification of value of work done to date or by reference to the proportion of contract costs incurred to date to the estimated total costs for the contract. Costs incurred during the financial year in connection with future activity on a contract are excluded from costs incurred to date when determining the stage of completion of a contract. Such costs are shown as construction contract work-in-progress on the balance sheet unless it is not probable that such contract costs are recoverable from the customers, in which case, such costs are recognised as an expense immediately.

Where the stage of completion is measured by reference to the professional or customer's certification of value of work done to date, at the balance sheet date, the cumulative costs incurred plus recognised profits (less recognised losses) on each contract is compared against the progress billings. Where the cumulative costs incurred plus the recognised profits (less recognised losses) exceed progress billings, the balance is presented as "due from customers on construction contracts" within "current assets". Where progress billings exceed the cumulative costs incurred plus recognised profits (less recognised losses), the balance is presented as "due to customers on construction contracts" within "current liabilities".

Where the stage of completion is measured by reference to the proportion of contract costs incurred to date compared to the estimated total costs for the contract, at the balance sheet date, the cumulative costs incurred plus recognised profits (less recognised losses) on each contract is compared against the progress billings. Where the cumulative costs incurred plus the recognised profits (less recognised losses) exceed progress billings, the balance is presented as "accrued billings on construction contracts" within "trade receivables". Where progress billings exceed the cumulative costs incurred plus recognised profits (less recognised losses), the balance is presented as "advance billings on construction contracts" within "trade payables".

Progress billings not yet paid by customers and retentions by customers are included within "trade receivables". Advances received and retentions withheld from subcontractors are included within "trade payables".

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 land under operating leases 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 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. Significant accounting policies *(continued)*

2.8 Development properties

Development properties are properties being constructed or developed for sale in the ordinary course of business.

Development properties are carried at the lower of cost and net realisable value. The cost of properties under development comprise specifically identified costs, including acquisition costs, development expenditure, other related expenditure and borrowing costs. Borrowing costs are also capitalised as part of the cost of the development property until the completion of development. Net realisable value is the estimated selling price in the ordinary course of business less estimated costs of completion and selling expenses.

Sales of development properties under construction in respect of sale and purchase agreements entered into prior to completion of construction are recognised when the significant risks and rewards of ownership of the real estate have been transferred to the buyer (i.e. revenue is recognised using the completed contract method).

If, however, the legal terms of the contract are such that the construction represents the continuing transfer of work in process to the purchaser, the percentage of completion method of revenue recognition is applied and revenue is recognised as work progresses.

For sales of development properties of the Group that are within the scope as described in INT FRS 115 Agreements for the Construction of Real Estate, the Group recognises revenue for sales of such development properties by reference to the stage of completion of the properties.

The stage of completion is measured by reference to the professional's certification of value of work done to-date. When it is probable that the total development costs will exceed the total revenue, the expected loss is recognised as an expense immediately.

Revenue from sales of completed development properties are recognised when the significant risks and rewards of ownership of the completed property have been transferred to the buyer.

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 2017

2. Significant accounting policies *(continued)*

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

(b) Property, plant and equipment
Investments in subsidiaries, joint ventures and associated companies

Property, plant and equipment 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 2.4 "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

The Group classifies its financial assets in the following categories: at fair value through profit or loss, loans and receivables and available-for-sale. The classification depends on the nature of the asset and the purpose for which the assets were acquired. Management determines the classification of its financial assets at initial recognition.

(i) Financial assets at fair value through profit or loss

This category has two sub-categories: financial assets held for trading, and those designated at fair value through profit or loss at inception. A financial asset is classified as held for trading if it is acquired principally for the purpose of selling in the short term. Financial assets designated as at fair value through profit or loss at inception are those that are managed and their performances are evaluated on a fair value basis, in accordance with a documented Group investment strategy.

(ii) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are presented as current assets, except for those expected to be realised later than 12 months after the balance sheet date which are presented as non-current assets. Loans and receivables are presented as "trade and other receivables", "due from customers on construction contracts", "amounts due from subsidiaries", "short-term notes receivables", "amounts due from joint ventures" and "cash and bank balances" on the balance sheet.

2. **Significant accounting policies** *(continued)*

2.11 **Financial assets** *(continued)*

(a) Classification *(continued)*

(iii) Available-for-sale financial assets

Available-for-sale financial assets are non-derivatives that are either designated in this category or not classified in any of the other categories. They are presented as non-current assets unless the investment matures or management intends to dispose of the assets within 12 months after the balance sheet date.

(b) Recognition and derecognition

Regular way purchases and sales 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 financial asset, 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.

(c) Initial measurement

Financial assets are initially recognised at fair value plus transaction costs except for financial assets at fair value through profit or loss, which are recognised at fair value. Transaction costs for financial assets at fair value through profit or loss are recognised immediately as expenses.

(d) Subsequent measurement

Available-for-sale financial assets and financial assets at fair value through profit or loss are subsequently carried at fair value. Loans and receivables are subsequently carried at amortised cost using the effective interest method.

Changes in the fair values of financial assets at fair value through profit or loss including the effects of currency translation are recognised in profit or loss when the changes arise.

Interest and dividend income on available-for-sale financial assets and financial assets at fair value through profit or loss are recognised separately in income. Changes in the fair values of available-for-sale debt securities (i.e. monetary items) denominated in foreign currencies are analysed into currency translation differences on the amortised cost of the securities and other changes; the currency translation differences are recognised in profit or loss and the other changes are recognised in other comprehensive income and accumulated in the fair value reserve, presented within "other reserves".

NOTES TO THE FINANCIAL STATEMENTS
For the financial year ended 31 December 2017

2. Significant accounting policies *(continued)*

2.11 Financial assets *(continued)*

(e) Impairment

The Group assesses at each balance sheet date whether there is objective evidence that a financial asset or a group of financial assets is impaired and recognises an allowance for impairment when such evidence exists.

(i) Loans and receivables

Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy and default or significant delay in payments are objective evidence that these financial assets are impaired.

The carrying amount of these assets is reduced through the use of an impairment allowance account which is calculated as the difference between the carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. When the asset becomes uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are recognised against the same line item in profit or loss.

The impairment allowance is reduced through profit or loss in a subsequent period when the amount of impairment loss decreases and the related decrease can be objectively measured. The carrying amount of the asset previously impaired is increased to the extent that the new carrying amount does not exceed the amortised cost had no impairment been recognised in prior periods.

(ii) Available-for-sale financial assets

In addition to the objective evidence of impairment described in Note 2.11(e)(i), a significant or prolonged decline in the fair value of an equity security below its cost is considered as an indicator that the availableforsale financial assets is impaired.

If there is objective evidence of impairment, the cumulative loss that had been recognised in other comprehensive income is reclassified from equity to profit or loss. The amount of cumulative loss that is reclassified is measured as the difference between the acquisition cost (net of any principal repayments and amortisation) and the current fair value, less any impairment loss previously recognised in profit or loss. The impairment losses recognised as an expense on equity securities are not reversed through profit or loss.

2.12 Leases

(a) When the Group is the lessee:

(i) Lessee - Finance leases

Leases where the Group assumes substantially all risks and rewards incidental to ownership of the leased assets are classified as finance leases.

The leased assets and the corresponding lease liabilities (net of finance charges) under finance leases are recognised on the balance sheet as property, plant and equipment and finance leases respectively, at the inception of the leases based on the lower of the fair values of the leased assets and the present value of the minimum lease payments.

Each lease payment is apportioned between the finance expense and the reduction of the outstanding lease liability. The finance expense is recognised in profit or loss on a basis that reflects a constant periodic rate of interest on the finance lease liability.

2. Significant accounting policies *(continued)*

2.12 Leases *(continued)*

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

(ii) Lessee - Operating leases

Leases where substantially all risks and rewards incidental to ownership are retained by the lessors are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessors) are recognised in profit or loss on a straight-line basis over the period of the lease.

Contingent rents are recognised as an expense in profit or loss when incurred.

(b) When the Group is the lessor:

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.

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.

Financial guarantees are initially recognised at their fair values plus transaction costs in the Company's balance sheet.

Financial guarantees are subsequently amortised to profit or loss over the period of the subsidiaries and joint ventures' borrowings, unless it is probable that the Company will reimburse the banks for an amount higher than the unamortised amount. In this case, the financial guarantees shall be carried at the expected amount payable to the banks in the Company's balance sheet.

Intra-group transactions are eliminated on consolidation.

NOTES TO THE FINANCIAL STATEMENTS
For the financial year ended 31 December 2017

2. Significant accounting policies *(continued)*

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.

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 Fair value estimation of financial assets and liabilities

The fair values of financial instruments traded in active markets (such as exchange-traded and over-the-counter securities and derivatives) are based on quoted market prices at the balance sheet date. The quoted market prices used for financial assets are the current bid prices; the appropriate quoted market prices used for financial liabilities are the current asking prices.

The fair values of financial instruments that are not traded in an active market are determined by using valuation techniques. The Group uses a variety of methods and makes assumptions based on market conditions that are existing at each balance sheet date. Where appropriate, quoted market prices or dealer quotes for similar instruments are used.

The fair value of current financial assets and liabilities carried at amortised cost approximate their carrying amounts.

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.

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.

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.

2. Significant accounting policies *(continued)*

2.18 Income taxes *(continued)*

A deferred income tax asset is recognised to the extent that it is probable that future taxable profit will be available against which the deductible temporary differences and tax losses can be utilised.

Deferred income tax is measured:

(i) at the tax rates that are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted by the balance sheet date; and

(ii) 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.

The Group accounts for investment tax credits (for example, productivity and innovative credit) similar to accounting for other tax credits where deferred tax asset is recognised for unused tax credits to the extent that it is probable that future taxable profit will be available against which the unused tax credit can be utilised.

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.

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.

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 issuance of the temporary occupation permit 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 2017

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 Dollars, 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.

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. Significant accounting policies *(continued)*

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 to Company's shareholders

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

3. Critical accounting estimates, assumptions and judgements

Estimates, assumptions and judgements 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.

3.1 Critical accounting estimates and assumptions

(a) Construction contracts

The Group has significant contracts that are on-going as at 31 December 2017, as disclosed in Note 15. The Group uses the percentage-of-completion method to account for its contract revenue. The stage of completion is measured either by reference to the professional's survey or customer's certification of value of work done to date, or by reference to the contract costs incurred to date compared to the estimated total costs for the contract. Please refer to Note 2.6 "Construction contracts" for the Group's accounting policy on construction contract work-in-progress.

Significant assumptions are used to estimate the total contract costs which affect the accuracy of revenue recognition based on the percentage-of-completion and completeness of foreseeable losses recognised. In making these estimates, management has relied on past experience and the work of specialists.

If the remaining estimated contract costs increase by 3% from management's estimates, the Group's profit before income tax will decrease by approximately S$3,953,000.

(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 assessment of the carrying amount of goodwill (Note 27), the recoverable amount of the "Bio-Refinery and Bio-Energy" cash-generating unit ("CGU") in which goodwill has been attributable to, is determined using value-in-use (VIU) calculations.

Significant judgements are used to estimate the gross margin, terminal growth rate and discount rate applied in computing the recoverable amounts of the CGU. 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 27. Management is of the view that no impairment of the CGU was required as at 31 December 2017.

Management has performed a sensitivity analysis and noted that a reasonably possible change in the key assumptions will not result in an impairment.

NOTES TO THE FINANCIAL STATEMENTS
For the financial year ended 31 December 2017

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

3.1 Critical accounting estimates and assumptions *(continued)*

(c) Valuation of investment properties

Investment properties are stated at fair value based on valuations performed by independent professional valuers. In determining fair value, the independent professional valuers have used valuation methods which involve certain estimates (Note 25).

The fair values are determined using the income method, cost method and direct comparison method. The income method involves the estimation of income and expenses, taking into account expected future changes in economic and social conditions, which may affect the value of the properties. The cost method involves the estimation of the current cost required to replace the property. The direct comparison method involves the comparison of recent sales transactions of similar properties. Management is of the view that the valuation methods and estimates are reflective of the current market conditions.

3.2 Critical judgement in applying the entity's accounting policies

Impairment of loans and receivables

Management reviews its loans and receivables for objective evidence of impairment at least quarterly. Significant financial difficulties of the debtor, the probability that the debtor will enter bankruptcy, and default or significant delay in payments are considered objective evidence that a receivable is impaired. In determining this, management has made judgements as to whether there is observable data indicating that there has been a significant change in the payment ability of the debtor, or whether there have been significant changes with adverse effect in the technological, market, economic or legal environment in which the debtor operates in.

Where there is objective evidence of impairment, management has made judgements as to whether an impairment loss should be recorded as an expense. In determining this, management has used estimates based on historical loss experience for assets with similar credit risk characteristics. The methodology and assumptions used for estimating both the amount and timing of future cash flows are reviewed regularly to reduce any differences between the estimated loss and actual loss experience. Refer to Note 36(b) for analysis of the Group's credit risk profile.

4. Revenue

	Group	
	2017	2016
	S$'000	S$'000
Contract revenue	**299,151**	262,893
Revenue from sale of products	**59,851**	73,501
Revenue from services rendered	**6,354**	6,162
Revenue from property development	**1,430**	-
Rental income from investment properties (Note 25)	**2,642**	3,164
Total sales	**369,428**	345,720

5. Other income

Dividend income	**1**	1
Compensation income	**6,173**	-
Interest income		
- Available-for-sale financial assets	**207**	453
- Amortisation of non-current other receivables [Note 14(vi)]	**619**	-
- Loans to joint ventures	**1,707**	1,632
- Short-term notes receivables (Note 21)	**686**	80
- Bank deposits and others	**113**	123
	3,332	2,288
Other income	**963**	949
	10,469	3,238

Compensation income pertains to compensation from the government authority for early termination of land lease recognised by a subsidiary in China.

6. Other gains – net

Fair value loss on financial assets, at fair value through profit or loss (Note 13)	**(3)**	(9)
Fair value loss on long term financial assets and financial liabilities	**(96)**	(308)
Fair value gain/(loss) on investment properties (Note 25)	**267**	(271)
Gain on disposal of property, plant and equipment	**70**	1,176
Gain on disposal of a joint venture (Note 23)	**11,563**	-
Net foreign exchange (loss)/gain	**(883)**	426
Other losses	**(64)**	-
	10,854	1,014

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2017

7. Expenses by nature

	Group	
	2017	2016
	S$'000	S$'000
Write-back of allowance for impairment of trade receivables included in "distribution and marketing expenses" [Note 14(iv)]	**(523)**	(882)
(Write-back of allowance)/allowance for impairment of loans to joint ventures [Note 17(ii)]	**(9,379)**	5,151
Changes in inventories of raw material, work-in-progress and finished goods	**(947)**	3,009
Contractor and material costs net of changes in work in progress included in "cost of sales"	**266,183**	225,612
Depreciation of property, plant and equipment [Note 26(i)]	**5,218**	6,085
Impairment of property, plant and equipment [Note 26(vii)]	**2,845**	-
Employee compensation (Note 8)	**29,769**	26,562
Freight, shipping, transport and travelling expenses	**3,056**	3,754
Purchases of raw material, finished goods and consumables	**56,351**	47,569
Rental expenses	**3,801**	5,569
Repair and maintenance expenses	**3,978**	4,328
Utilities	**1,944**	2,336
Other expenses	**11,103**	12,780
	373,399	341,873

8. Employee compensation

Wages and salaries	**26,231**	22,628
Employer's contribution to defined contribution plans including Central Provident Fund	**1,736**	1,721
Other staff benefits	**1,802**	2,213
	29,769	26,562

Included in the cost of sales is employee compensation amounting to S$12,644,000 (2016:S$11,995,000). Compensation to key management personnel, including directors' remuneration, is separately disclosed in Note 37(b).

9. Finance expenses

Interest expenses		
- Banking facilities	**2,268**	2,396
- Finance lease	**194**	111
- Notes payables	**2,854**	2,400
- Joint venture	**775**	-
- Amortisation of non-current payables [Notes 28(iv)]	**112**	-
	6,203	4,907
Less: Interest capitalised in property, plant and equipment	**(806)**	(806)
	5,397	4,101

10. Income taxes

(a) Income tax expense

	Group	
	2017	2016
	S$'000	S$'000
Tax expense attributable to profit is made up of:		
- Current income tax [Note 10(b)]	**864**	2,897
- Deferred income tax [Note 10(c)]	**(153)**	363
	711	3,260
Under/(over) provision in prior financial years:		
- Current income tax [Note 10(b)]	**320**	(860)
- Deferred income tax [Note 10(c)]	**(136)**	(2)
	895	2,398

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

	2017	2016
Profit before tax	**25,778**	17,278
Share of profit of associated companies	**(262)**	(175)
Share of profit of joint ventures	**(13,561)**	(13,105)
Profit before tax and share of profit of associated companies and joint ventures	**11,955**	3,998
Tax calculated at a tax rate of 17% (2016: 17%)	**2,032**	680
Effects of:		
Expenses not deductible for tax purposes	**1,385**	2,402
Income not subject to tax	**(5,112)**	(182)
Unrecognised deferred tax benefits	**3,749**	1,300
Tax incentives	**(113)**	(336)
Utilisation of previously unrecognised:		
- Tax losses	**(805)**	(502)
- Capital allowances	**(652)**	(297)
Effect of different tax rates in other countries	**200**	109
Under/(over) provision in prior financial years	**184**	(862)
Others	**27**	86
Tax charge	**895**	2,398

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10. Income taxes *(continued)*

(b) Movement in current income tax liabilities

	Group		Company	
	2017	2016	**2017**	2016
	S$'000	S$'000	**S$'000**	S$'000
Balance at 1 January	**3,289**	10,837	**3**	8
Currency translation differences	**-**	10	**-**	-
Income tax paid	**(2,988)**	(9,595)	**(59)**	-
Tax expense [Note 10(a)]	**864**	2,897	**65**	-
Under/(over) provision in prior financial years [Note 10(a)]	**320**	(860)	**56**	(5)
Balance at 31 December	**1,485**	3,289	**65**	3

(c) Deferred income tax

The movement in the deferred income tax is as follows:

	Group	
	2017	2016
	S$'000	S$'000
Balance at 1 January	**8,559**	8,198
Currency translation differences	**(9)**	-
Tax (credit)/expense [Note 10(a)]	**(153)**	363
Over provision in prior financial years [Note 10(a)]	**(136)**	(2)
Balance at 31 December	**8,261**	8,559

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	Revaluation reserve	Fair value adjustment on investment properties	Income taxed on completion basis and others	Total
	S$'000	S$'000	S$'000	S$'000	S$'000
Group					
Deferred income tax liabilities					
Balance at 1 January 2017	2,536	189	6,135	89	8,949
Currency translation differences	2	-	-	(1)	1
Charged/(credited) to profit or loss	62	-	-	(88)	(26)
Balance at 31 December 2017	**2,600**	**189**	**6,135**	**-**	**8,924**
Balance at 1 January 2016	2,252	208	6,119	449	9,028
Currency translation differences	61	-	16	(30)	47
Charged/(credited) to profit or loss	223	(19)	-	(330)	(126)
Balance at 31 December 2016	2,536	189	6,135	89	8,949

	Provisions	Total
	S$'000	S$'000
Group		
Deferred income tax assets		
Balance at 1 January 2017	(390)	(390)
Currency translation differences	(10)	(10)
Credited to profit or loss	(263)	(263)
Balance at 31 December 2017	**(663)**	**(663)**
Balance at 1 January 2016	(830)	(830)
Currency translation differences	(47)	(47)
Charged to profit or loss	487	487
Balance at 31 December 2016	(390)	(390)

NOTES TO THE FINANCIAL STATEMENTS
For the financial year ended 31 December 2017

10. **Income taxes** *(continued)*

(d) **Movements in deferred income tax** *(continued)*

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	
	2017	**2016**
	S$'000	**S$'000**
Deferred income tax liabilities	**8,261**	8,559

The deferred income tax assets and liabilities are not intended to be settled within the next twelve-month period.

(e) **Unutilised tax losses and capital allowances**

As at 31 December 2017, the Group has unutilised tax losses of approximately S$43,678,000 (2016: S$33,324,000) and unabsorbed capital allowances of approximately S$3,772,000 (2016: S$1,972,000) 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. **Earnings per share**

(a) **Basic earnings per share**

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

	Group	
	2017	2016
Net profit attributable to equity holders of the Company (S$'000)	**19,830**	13,315
Weighted average number of ordinary shares in issue for computation of basic earnings per share ('000)	**413,141**	414,467
Basic earnings per share (in cents)	**4.80**	3.21

(b) **Diluted earnings per share**

There is no dilution of earnings per share for the financial years ended 31 December 2017 and 2016. 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.

12. Cash and bank balances

	Group		Company	
	2017	2016	**2017**	2016
	S$'000	S$'000	**S$'000**	S$'000
Fixed deposits	**6,254**	8,504	**-**	-
Cash and bank balances	**58,569**	34,723	**11,186**	134
	64,823	43,227	**11,186**	134

(i) For the purpose of presenting the consolidated statement of cash flows, cash and bank balances comprise of the following:

	Group	
	2017	2016
	S$'000	S$'000
Cash and bank balances (as above)	**64,823**	43,227
Restricted cash	**(3,255)**	(1,337)
Cash and bank balances per consolidated statement of cash flows	**61,568**	41,890

(ii) The carrying amounts of fixed deposits approximate their fair values, as the fixed deposits bear interest at variable rates, which can be re-priced within a period of up to 12 months.

(iii) As at 31 December 2016, included in the fixed deposits and cash and bank balances of the Group were amounts held under the Housing Developers' (Project Account) (Amendment) Rules 1997, of S$11,518,000, the use of which was subject to restrictions imposed by the aforementioned rules.

(iv) Included in the fixed deposits and cash and bank balances of the Group is an amount of S$3,255,000 (2016: S$1,337,000) pledged to banks for credit facilities granted.

13. Financial assets, at fair value through profit or loss

	Group		Company	
	2017	2016	**2017**	2016
	S$'000	S$'000	**S$'000**	S$'000
Balance at 1 January	**40**	49	**-**	-
Additions	**-**	-	**1,603**	-
Fair value (loss)/gain during the financial year (Note 6)	**(3)**	(9)	**1,487**	-
Balance at 31 December	**37**	40	**3,090**	-

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

At fair value:				
Quoted equity shares - Singapore	**37**	40	**-**	-
Quoted warrants of a subsidiary - Singapore	**-**	-	**3,090**	-

Financial assets, at fair value through profit or loss are denominated in Singapore Dollars.

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14. Trade and other receivables

	Group		Company	
	2017	2016	**2017**	2016
	S$'000	S$'000	**S$'000**	S$'000
Current				
Trade receivables				
Due from non-related parties	**88,249**	120,261	**-**	-
Due from non-controlling interests [Note 14(i)]	**1,313**	1,445	**-**	-
Due from a related party [Note 14(ii)]	**260**	163	**-**	-
Less: Allowance for impairment of trade receivables	**(6,950)**	(8,223)	**-**	-
Trade receivables – net	**82,872**	113,646	**-**	-
Construction contracts:				
Retention due from customers (Note 15)	**2,318**	4,540	**-**	-
Accrued billings on construction contracts (Note 15)	**3,527**	3,045	**-**	-
Other receivables				
Deposit	**1,632**	1,358	**5**	3
Prepayments	**778**	775	**-**	13
Due from a non-related party [Note 14(iii)]	**4,006**	-	**-**	-
Sundry debtors	**12,743**	17,784	**1,058**	-
Less: Allowance for impairment of other receivables	**(164)**	(231)	**-**	-
	107,712	140,917	**1,063**	16
Non-current				
Trade receivables				
Construction contracts:				
Retention due from customers (Note 14(v) and Note 15)	**24,589**	9,251	**-**	-
Other receivables				
Due from a non-related party [Note 14(vi) and Note 23]	**22,250**	-	**-**	-
	46,839	9,251	**-**	-

(i) The amount due from non-controlling interests is unsecured, interest-free and is repayable on demand.

(ii) The trade receivables due from a related party relates to amount due from a director of the Company.

(iii) The other receivables due from a non-related party relates to amounts due from a joint venture partner which are unsecured, bear interest rate ranging from 0.35% to 2.70% and are repayable in full on 22 February 2018.

(iv) Write-back of allowance for impairment of trade receivables of S$523,000 (2016: S$882,000) is recognised as reversal of expense and included in "distribution and marketing expenses".

(v) The non-current trade receivables due from customers are presented at amortised cost and computed based on cash flows discounted at market borrowing rates of approximately 4% (2016: 4%) per annum.

(vi) The non-current amount due from a non-related party are presented at amortised cost and computed based on cash flows discounted at market borrowing rate of 7% per annum.

15. Due from/(to) customers on construction contracts

	Group	
	2017	2016
	S$'000	S$'000
Aggregate costs incurred and profits recognised (less losses recognised) to date on uncompleted construction contracts	**1,503,820**	1,206,448
Less: Progress billings	**(1,464,396)**	(1,205,476)
	39,424	972
Presented as:		
Current assets		
- Due from customers on construction contracts	**51,702**	35,067
- Accrued billings on construction contracts (Note 14)	**3,527**	3,045
	55,229	38,112
Current liabilities		
- Due to customers on construction contracts	**(13,331)**	(31,974)
- Advance billings on construction contracts (Note 28)	**(2,474)**	(5,166)
	(15,805)	(37,140)
	39,424	972
Retentions on construction contracts		
- Trade receivables (Note 14)	**26,907**	13,791
- Amount due from joint ventures [Note 17]	**6,323**	5,936
	33,230	19,727
Advances received on construction contract (Note 28)	**22,540**	684

16. Amounts due to an associated company

The carrying amounts of trade balances due to an associated company approximate its fair values.

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17. Amounts due from/(to) joint ventures

	Group	
	2017	2016
	S$'000	S$'000
Current assets		
Trade receivables from joint ventures	**5,185**	16,529
Retention due from a joint venture on construction contracts (Note 15)	**6,323**	-
Loans to joint ventures [Note 17(i)]	**60,969**	72,163
Less: Allowance for impairment of loans	**(3,257)**	(12,636)
	57,712	59,527
	69,220	76,056
Non-current assets		
Retention due from a joint venture on construction contracts (Note 15)	**-**	5,936
Current liabilities		
Amount due to a joint venture (trade)	**(775)**	-
Amount due to a joint venture (non-trade)	**(15,507)**	(15,507)
	(16,282)	(15,507)

(i) The loans to the joint ventures are unsecured, bear interest rate ranging from 0.40% to 3.00% (2016: 2.30% to 2.50%) per annum and are repayable on demand.

(ii) Write-back allowance for impairment of loan to joint ventures of S$9,379,000 (2016: allowance for impairment of S$5,151,000) is recognised as reversal of expense (2016: recognised as an expense) and included in "other expenses".

(iii) The current non-trade amount due to a joint venture is unsecured, bears interest rate of 2.50% (2016: 2.50%) per annum and is repayable on demand.

18. Inventories

	2017	2016
Raw materials	**6,174**	5,520
Work-in-progress	**13**	26
Finished goods	**3,154**	2,849
	9,342	8,395

The cost of inventories recognised as an expense and included in "cost of sales" amounted to S$55,404,000 (2016: S$50,578,000).

19. Development properties

	Group	
	2017	2016
	S$'000	S$'000
Completed development properties	**-**	1,189

20. Available-for-sale financial assets

Balance at 1 January	**7,529**	7,940
Additions	**2,991**	-
Redemption	**(6,525)**	-
Fair value losses recognised in other comprehensive income [Note 33(b)(i)]	**(305)**	(411)
Balance at 31 December	**3,690**	7,529
Less: Current portion	**(765)**	(7,529)
Non-current portion	**2,925**	-

Available-for-sale financial assets are analysed as follows:

- SGD corporate fixed rate notes of 4.00% to 5.85% (2016: 4.00% to 5.90%) per annum due between 1 October 2021 to 9 June 2022 (2016: 10 January 2017 to 9 June 2022)	**765**	7,529
- Equity securities - Singapore	**2,925**	-
	3,690	7,529

21. Short-term notes receivables

Short-term notes receivables are unquoted structured notes denominated in Singapore Dollars, which bear coupon rate ranging from 5.91% to 6.82% (2016: 7.71% to 8.93%), and matures within a period up to 3 months (2016: 1 month) from the balance sheet date.

22. Investment in associated companies

Balance at 1 January	**1,347**	1,452
Share of profits	**262**	175
Dividends received during the year	**(105)**	(280)
Balance at 31 December	**1,504**	1,347

Details of the associated companies are set out in Note 39. The associated companies 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.

There are no associated companies as at 31 December 2017 and 2016, which in the opinion of the directors, are individually material to the Group.

There are no contingent liabilities relating to the Group's interest in the associated companies.

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23. Investment in joint ventures

	Group	
	2017	2016
	S$'000	S$'000
Balance at 1 January	**77,196**	63,950
Share of profit	**13,561**	13,105
Dividend received during the year	**(2,500)**	-
Addition	**2,677**	-
Reversal of elimination of unrealised income	**-**	141
Currency translation differences	**(11)**	-
Balance at 31 December	**90,923**	77,196

During the financial year, the Group has disposed of its entire interest in a joint venture, Buildhome Pte. Ltd. which has S$nil carrying amount for a cash consideration of S$15,000,000 and a deferred consideration of S$5,800,000. As part of this transaction, the loans to joint venture (Note 17) are converted to S$18,000,000 promissory note [Note 14(vi)], which is due in 3 years and may be extended at the sole option of the Group for 2 further terms of 1 year each. The promissory note bears interest at 5% annually. The Group also recognised certain liabilities (comprising mainly tax payable on the underlying properties of Buildhome Pte. Ltd.) in the future for expected gross payments of S$6,270,000 to the buyer arising from the transaction [Note 28(iv)]. After the effects of discounting, the Group recognised a net gain on disposal of S$11,563,000 (Note 6).

Details of the joint ventures are set out in Note 39. 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.

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

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 – KBD Westwood Pte. Ltd. and Phileap Pte. Ltd. (2016: KBD Westwood Pte. Ltd., Phileap Pte. Ltd. and Buildhome Pte. Ltd.)

23. Investment in joint ventures *(continued)*

Summarised statement of comprehensive income

	Property Investment For the financial year ended 31 December		Property Development For the financial year ended 31 December		Total For the financial year ended 31 December	
	2017	2016	**2017**	2016	**2017**	2016
	S$'000	S$'000	**S$'000**	S$'000	**S$'000**	S$'000
Revenue	**24,351**	24,626	**302,158**	7,182	**326,509**	31,808
Expenses						
Include						
- Interest expense	**(4,969)**	(5,709)	**(1,284)**	(4,953)	**(6,253)**	(10,662)
Profit/(loss) before income tax	**18,813**	31,661	**9,932**	(19,623)	**28,745**	12,038
Income tax expense	**(1,648)**	(1,523)	**(1,108)**	-	**(2,756)**	(1,523)
Profit/(loss) after tax and total comprehensive income/(loss)	**17,165**	30,138	**8,824**	(19,623)	**25,989**	10,515
Dividends received from joint ventures	**2,500**	-	**-**	-	**2,500**	-

Summarised balance sheet

	Property Investment As at 31 December		Property Development As at 31 December		Total As at 31 December	
	2017	2016	**2017**	2016	**2017**	2016
	S$'000	S$'000	**S$'000**	S$'000	**S$'000**	S$'000
Current assets	**40,789**	38,377	**176,274**	531,088	**217,063**	569,465
Include						
- Cash and bank balances	**8,097**	6,159	**4,647**	8,467	**12,744**	14,626
Current liabilities	**(7,215)**	(9,002)	**(85,663)**	(309,891)	**(92,878)**	(318,893)
Include						
- Financial liabilities (excluding trade and other payables)	**-**	-	**-**	(107,522)	**-**	(107,522)
Non-current assets	**353,042**	345,046	**-**	-	**353,042**	345,046
Non-current liabilities	**(220,058)**	(220,028)	**(96,840)**	(248,151)	**(316,898)**	(468,179)
Include						
- Financial liabilities (excluding trade and other payables)	**(217,000)**	(217,000)	**(44,200)**	(195,494)	**(261,200)**	(412,494)
Net assets/(liabilities)	**166,558**	154,393	**(6,229)**	(26,954)	**160,329**	127,439

The information above reflects the amounts included in the financial statements of the joint ventures (and not the Group's share of those amounts), where necessary adjusted to reflect adjustments made by the Group when applying the equity method of accounting.

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23. 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	
	2017	2016	**2017**	2016	**2017**	2016
	S$'000	S$'000	**S$'000**	S$'000	**S$'000**	S$'000
Net asset/(liabilities) at beginning of the financial year	**154,393**	124,255	**(26,954)**	(7,331)	**127,439**	116,924
Profit/(loss) after tax and total comprehensive income/(loss) for the financial year	**17,165**	30,138	**8,824**	(19,623)	**25,989**	10,515
Dividend paid	**(5,000)**	-	**-**	-	**(5,000)**	-
Disposal of joint venture	**-**	-	**11,901**	-	**11,901**	-
Net asset/(liabilities) at end of the financial year	**166,558**	154,393	**(6,229)**	(26,954)	**160,329**	127,439
Interest in joint ventures	**83,279**	77,196	**2,183**	(12,777)	**85,462**	64,419
Reversal of elimination of unrealised income	**-**	-	**-**	141	**-**	141
Impairment of loans to joint ventures (Note 17)	**-**	-	**3,257**	12,636	**3,257**	12,636
Carrying value	**83,279**	77,196	**5,440**	-	**88,719**	77,196
Add:						
Carrying value of individually immaterial joint ventures, in aggregate					**2,204**	-
Carrying value of Group's interest in joint ventures					**90,923**	77,196

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:

	2017	2016
	S$'000	S$'000
Loss after tax and total comprehensive loss	**(462)**	-

The immaterial joint ventures individually accounts for less than 2% of the Group's total assets or profit before tax.

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

	Company	
	2017	2016
	S$'000	S$'000
Investment in subsidiaries		
Balance at 1 January		
- Quoted equity shares, at cost	**22,548**	5,200
- Unquoted equity shares, at cost	**68,069**	68,069
- Financial guarantee contracts	**14,135**	13,749
	104,752	87,018
Increase in ownership interest in a subsidiary arising from group restructuring [Note 24(b)]	**-**	19,292
Partial disposal of a subsidiary via dividend in specie [Note 24(c)]	**-**	(1,944)
Subscription of right shares in a subsidiary	**9,020**	-
Increase in financial guarantee contracts	**345**	386
Balance at 31 December	**114,117**	104,752
Current		
Amount due from subsidiaries (trade)	**4,135**	1,770
Amount due from subsidiaries (non-trade) [Note 24(i)]	**102,624**	55,736
	106,759	57,506
Amount due to subsidiaries (trade)	**(538)**	-
Amount due to subsidiaries (non-trade) [Note 24(i)]	**(5,323)**	(25,693)
	(5,861)	(25,693)
Non-current		
Amount due to a subsidiary (non-trade)	**(19,011)**	-

(i) The current non-trade amounts due from/(to) subsidiaries are unsecured and interest-free, except for an amount of S$97,000,000 (2016: S$50,000,000) due from subsidiaries which bears interest rate ranging from 5.00% to 5.16% per annum (2016: at 5.00% per annum). The current amounts due from/(to) subsidiaries are repayable on demand and their fair values approximate their carrying amount.

	2017	2016
	S$'000	S$'000
Carrying value of non-controlling interests		
Koh Brothers Eco Engineering Limited and its subsidiaries	**21,964**	14,355
Other subsidiaries with immaterial non-controlling interests	**(481)**	(2,446)
	21,483	11,909

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24. 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.

	2017 S$'000	2016 S$'000
Koh Brothers Eco Engineering Limited and its subsidiaries		
Summarised statement of comprehensive income		
Revenue	**298,440**	202,265
Profit before income tax	**8,038**	7,681
Income tax expense	**(522)**	(1,216)
Profit after tax	**7,516**	6,465
Other comprehensive income	**23**	(825)
Total comprehensive income	**7,539**	5,640
Total comprehensive income allocated to non-controlling interests	**545**	228
Dividends paid to non-controlling interests	**(477)**	(252)
Summarised balance sheet		
Current		
Assets	**155,280**	152,302
Liabilities	**(139,903)**	(144,416)
Total current net assets	**15,377**	7,886
Non-current		
Assets	**64,163**	52,035
Liabilities	**(14,290)**	(17,519)
Total non-current net assets	**49,873**	34,516
Net assets	**65,250**	42,402
Summarised cash flows		
Net cash (used in)/provided by operating activities	**(4,420)**	1,997
Net cash provided by/(used) in investing activities	**2,620**	(2,630)
Net cash provided by financing activities	**6,647**	5,289
Net change in cash and bank balances	**4,847**	4,656
Cash and bank balances at beginning of financial year	**19,323**	14,609
Effect of currency translation on cash and bank balances	**(661)**	58
Cash and bank balances at end of financial year	**23,509**	19,323

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

Transactions with non-controlling interests

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

During the financial year, the Group acquired the remaining 35% equity interest in Oiltek Nova Bioenergy Sdn. Bhd. ("ONSB") for a purchase consideration of MYR 1 (less than S$1) through its subsidiary Oiltek Sdn. Bhd., and the remaining 25% equity interest in G&W Global Pte. Ltd. (formerly known as USL-G&W Global Pte. Ltd.) ("GWGPL") through its subsidiary G&W Industrial Corporation Pte. Ltd. for a purchase consideration of S$1. The Group effectively owns 51.70% of ONSB and 100% of GWGPL.

The effect of changes in the ownership interest of both subsidiaries on reserves attributable to equity holders of the Company during the year is summarised as follows:

	ONSB	GWGPL	Total
	2017	2017	2017
Group	S$'000	S$'000	S$'000
Carrying amount of non-controlling interests acquired	36	601	637
Consideration paid to non-controlling interest	#	#	#
Amount recognised in equity holders' reserve	**36**	**601**	**637**

- Less than S$1,000

(b) Change in ownership interests in subsidiaries due to group restructuring

In the previous financial year, as part of the restructuring of the Group's Engineering and Construction segment, the Company acquired an additional 369,145,361 shares in Koh Brothers Eco Engineering Limited ("KBE"), representing 49.4% of equity share capital in KBE, by transferring Koh Brothers Building & Civil Engineering Contractor (Pte.) Ltd. ("KBCE"), a wholly-owned subsidiary, to KBE.

As a result of this transaction, the Group then held approximately 70.1% of KBE, which includes KBCE.

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

	Group
	2016
	S$'000
Carrying amount of non-controlling interests acquired in KBE	5,407
Carrying amount of non-controlling interests disposed of in KBCE	(5,682)
Transaction cost relating to restructuring recognised in equity	(767)
Difference recognised in parent's equity	(1,042)

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

Transactions with non-controlling interests *(continued)*

(c) Dividend in specie of shares in a subsidiary

In the previous financial year, the Company distributed dividend in specie of shares in Koh Brothers Eco Engineering Limited ("KBE shares") to its shareholders, at a ratio of 0.1 KBE shares for every share of the Company held by its shareholders. This resulted in a deemed disposal of approximately 5.5% interest out of the 70.1% interest held in KBE [Note 24(b)]. The effect of the dividend in specie of KBE shares on the equity attributable to owners of the Company during the year was summarised as follows:

	Group
	2016
	S$'000
Carrying amount of non-controlling interests disposed of	(2,076)

25. Investment properties

	Group	
	2017	2016
	S$'000	S$'000
Balance at 1 January	**90,706**	90,977
Fair value gain/(loss) recognised in profit or loss (Note 6)	**267**	(271)
Balance at 31 December	**90,973**	90,706

The following amounts are recognised in profit or loss:

Rental income (Note 4)	**2,642**	3,164
Direct operating expenses arising from investment properties that generated rental income	**(1,887)**	(1,881)

(i) Investment properties are leased to third parties under operating leases [Note 35(b)].

(ii) Investment properties with carrying values totalling S$87,100,000 (2016: S$87,100,000) are mortgaged to banks for credit facilities granted (Notes 29 and 31).

(iii) Details of the investment properties are set out in Note 40.

25. Investment properties *(continued)*

Fair value hierarchy – Recurring fair value measurements

	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)**
Description	**$'000**	**$'000**	**$'000**
31 December 2017			
- Investment properties	-	-	**90,973**
31 December 2016			
- Investment properties	-	-	90,706

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 2017 ($'000)**	**Valuation Technique(s)**	**Unobservable inputs[1]**	**Range of unobservable inputs**	**Relationship of unobservable inputs to fair value**
Investment properties	90,973 (2016: 90,706)	Income and cost method	Rental per square metre	S$3 to S$150 (2016: S$3 to S$150) per square metre	The higher the rental value per square metre, the higher the fair value.
		Adjusted market comparison method	Market value per square metre	S$20,000 to S$30,000 (2016: S$20,000 to S$30,000) 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.

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26. 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 2017								
Cost	25,755	18,440	19,214	79,303	26,114	13,547	6,686	189,059
Independent valuation in 1993 [Note 26(iv)]	16,250	6,487	5,489	-	-	-	-	28,226
	42,005	24,927	24,703	79,303	26,114	13,547	6,686	217,285
Currency translation differences	134	15	16	89	(2)	(29)	-	223
Additions	-	-	-	5,470	1,420	412	4,656	11,958
Disposals	-	-	-	(254)	(679)	(43)	-	(976)
Write off	-	-	(353)	(1,528)	(58)	(79)	-	(2,018)
At 31 December 2017	42,139	24,942	24,366	83,080	26,795	13,808	11,342	226,472
Represented by:								
Cost	25,889	18,455	18,877	83,080	26,795	13,808	11,342	198,246
Independent valuation in 1993 [Note 26(iv)]	16,250	6,487	5,489	-	-	-	-	28,226
	42,139	24,942	24,366	83,080	26,795	13,808	11,342	226,472
Accumulated depreciation and impairment losses								
At 1 January 2017	-	9,842	9,318	64,748	14,197	10,301	-	108,406
Currency translation differences	-	61	(10)	(28)	(3)	(77)	-	(57)
Disposals	-	-	-	(254)	(650)	(38)	-	(942)
Write off	-	-	(353)	(1,519)	(52)	(77)	-	(2,001)
Depreciation charge [Note 26(i)]	-	188	878	5,929	2,826	333	-	10,154
Impairment loss	2,845	-	-	-	-	-	-	2,845
At 31 December 2017	2,845	10,091	9,833	68,876	16,318	10,442	-	118,405
Net book value at 31 December 2017	**39,294**	**14,851**	**14,533**	**14,204**	**10,477**	**3,366**	**11,342**	**108,067**

26. 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 2016								
Cost	26,183	18,539	19,257	74,911	26,757	12,762	4,512	182,921
Independent valuation in 1993 [Note 26(iv)]	16,250	6,487	5,489	-	-	-	-	28,226
	42,433	25,026	24,746	74,911	26,757	12,762	4,512	211,147
Currency translation differences	(428)	(99)	(43)	(73)	(87)	12	-	(718)
Additions	-	-	-	9,084	5,238	1,193	2,174	17,689
Disposals	-	-	-	(2,398)	(5,794)	(330)	-	(8,522)
Write off	-	-	-	(2,221)	-	(90)	-	(2,311)
At 31 December 2016	42,005	24,927	24,703	79,303	26,114	13,547	6,686	217,285
Represented by:								
Cost	25,755	18,440	19,214	79,303	26,114	13,547	6,686	189,059
Independent valuation in 1993 [Note 26(iv)]	16,250	6,487	5,489	-	-	-	-	28,226
	42,005	24,927	24,703	79,303	26,114	13,547	6,686	217,285
Accumulated depreciation and impairment loss								
At 1 January 2016	-	9,512	8,223	64,831	16,761	9,647	-	108,974
Currency translation differences	-	(8)	3	(87)	(64)	17	-	(139)
Disposals	-	-	-	(2,308)	(5,627)	(234)	-	(8,169)
Write off	-	-	-	(2,220)	-	(82)	-	(2,302)
Depreciation charge [Note 26(i)]	-	338	1,092	4,532	3,127	953	-	10,042
At 31 December 2016	-	9,842	9,318	64,748	14,197	10,301	-	108,406
Net book value at 31 December 2016	42,005	15,085	15,385	14,555	11,917	3,246	6,686	108,879

26. Property, plant and equipment *(continued)*

		Group	
		2017	2016
		S$'000	S$'000
(i)	Depreciation capitalised in construction contract work-in-progress	**4,936**	3,957
	Depreciation charged to profit or loss (Note 7)	**5,218**	6,085
	Total depreciation	**10,154**	10,042

(ii) The carrying amounts of property, plant and equipment acquired under finance leases are as follows:

	2017 S$'000	2016 S$'000
Plant and machinery	**6,833**	5,381
Motor vehicles	**4,484**	6,146
Office equipment	**6**	8
	11,323	11,535

(iii) Included within additions in the consolidated financial statements are property, plant and equipment acquired under finance leases amounting to S$4,709,000 (2016:S$4,717,000).

(iv) 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.

(v) 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:

	2017 S$'000	2016 S$'000
Freehold land	**15,293**	15,293
Buildings on freehold land	**3,421**	3,465
Leasehold land and buildings	**281**	416

(vi) At 31 December 2017, freehold land, buildings on freehold land and leasehold land and buildings with a carrying value of S$57,469,000 (2016: S$52,828,000) are mortgaged to banks for credit facilities granted (Notes 30 and 32).

(vii) During the financial year, a freehold land was written down to its recoverable amount which was determined by reference to fair value less costs of disposal, based on valuation by an independent professional valuer. The main valuation input(s) used are price per square metre. The fair value is classified within level 3 of the fair value hierarchy. The impairment loss of S$2,845,000 is recognised as an expense and included in "other expense".

26. Property, plant and equipment *(continued)*

(viii) The Group's major properties included in property, plant and equipment are as follows:

Name and location	Description	Land area (Sq ft)	Built-up area (Sq ft)	Tenure
Koh Brothers Building 11 Lorong Pendek Singapore 348639	Industrial building	12,002	23,835	Freehold
Oxford Hotel 218 Queen Street Singapore 188549	Hotel	8,049	52,890	Freehold
65 Sungei Kadut Drive Singapore 729564	Factory-cum-office building	94,399	48,540	35 years lease from 16 December 1990
50 Tuas Crescent Singapore 638730	Factory-cum-office building	234,625	123,107	60 years lease from 16 July 1982
PTD 103250, Jalan Idaman 3/9 Taman Perindustrian Senai 81400 Senai, Johor Malaysia	Factory-cum-office building	504,425	304,414	Freehold
30 Tuas South Street 6 Singapore 638737	Industrial land	92,542	30,550	22 years 6 months from 2 May 2013
15 Genting Lane Singapore 348640	Industrial land	10,820	-	Freehold
1 Jalan Bioteknologi 3 Kawasan Perindustrian SiLC 79200 Nusajaya Johor, Malaysia	Industrial building	581,613	-	Freehold
28 Third Lok Yang Road Singapore 628016	Factory-cum-office building	27,024	22,025	48 years 8 months from 20 October 1983
Lot 6 Jalan Pasaran 23/5 Kawasan Miel, 40300 Shah Alam Selangor Darul Ehsan Malaysia	Factory-cum-office building	42,637	28,614	99 years from 15 August 1997

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27. Goodwill

	Group	
	2017	2016
	S$'000	S$'000
Cost		
Balance at 1 January and 31 December	**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 Bio-Energy" cashgenerating 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 assumptions used for value-in-use calculations

	Group	
	2017	2016
Gross margin (1)	**22%**	21%
Terminal growth rate (2)	**2%**	2%
Discount rate (3)	**14%**	13%

(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

These assumptions were used for the analysis of the CGU within the business segment. 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 3.1(b).

28. Trade and other payables

	Group		Company	
	2017	2016	**2017**	2016
	S$'000	S$'000	**S$'000**	S$'000
Current				
Trade payables				
Due to non-related parties	**85,078**	84,148	**-**	-
Construction contracts:				
Retention due to subcontractors	**11,693**	8,303	**-**	-
Advances received on construction contracts	**22,540**	684	**-**	-
Advanced billing on construction contracts	**2,474**	5,166	**-**	-
Other payables				
Accruals for operating expenses	**19,408**	18,853	**2,418**	136
Sundry payables	**1,030**	9,820	**-**	-
Deposits and advances received	**1,779**	2,525	**-**	-
Due to non-controlling interests [Note28(i)]	**1,583**	1,733	**-**	-
Due to directors [Note 28(ii)]	**684**	511	**565**	472
Indirect taxes payable	**647**	1,673	**-**	6
	146,916	133,416	**2,983**	614
Non-current				
Trade payables				
Construction contracts:				
Retention due to subcontractors [Note 28(iii)]	**11,483**	7,399	**-**	-
Other payables				
Due to non-related parties [Note 23 and Note 28(iv)]	**5,581**	-	**-**	-
	17,064	7,399	**-**	-

(i) The non-trade amounts due to non-controlling interests are unsecured, interest-free and are repayable on demand.

(ii) The amounts due to directors are unsecured, interest-free and are repayable on demand.

(iii) The non-current trade payables due to subcontractors are presented at amortised cost and computed based on cash flows discounted at market borrowing rates of approximately 4% (2016: 4%) per annum.

(iv) The non-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% per annum.

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29. Short-term borrowings and finance leases

	Group	
	2017	2016
	S$'000	S$'000
Bills payable		
- Unsecured	**-**	1,980
Short-term bank loans		
- Secured [Note 29(ii)]	**1,502**	-
- Unsecured	**8,800**	20,796
	10,302	20,796
Term loans payable within one year (Note 31)		
- Secured	**1,386**	2,977
Finance lease payables within one year (Note 30)	**2,931**	2,471
	14,619	28,224

(i) The bills payable were interest-bearing at a rate of 2.65% per annum in the previous financial year.

Weighted average effective interest rates per annum of short-term bank loans at the balance sheet date is 2.59% (2016: 2.42%) per annum.

(ii) The short-term bank loans are secured over a fixed deposit with the bank (Note 12).

30. Finance leases

	2017	2016
Minimum lease payments due:		
- Not later than one year	**3,079**	2,592
- Between one and five years	**3,771**	2,859
	6,850	5,451
Less: Future finance charges	**(285)**	(225)
Present value of finance lease liabilities	**6,565**	5,226

The Group leases certain plant and machinery and motor vehicles from non-related parties under finance leases.

The present value of finance lease liabilities is analysed as follows:

	2017	2016
Current liabilities		
- Not later than one year (Note 30)	**2,931**	2,471
Non-current liabilities		
- Between one and five years	**3,634**	2,755
	6,565	5,226

The weighted average effective interest rate of finance leases at the balance sheet date is 2.58% (2016: 2.41%) per annum.

31. Bank borrowings

	Due within one year		Due after one year	
	2017	2016	**2017**	2016
Group	**S$'000**	S$'000	**S$'000**	S$'000
Term loans (secured)	**1,386**	2,977	**72,890**	58,963
	(Note 29)			

Details of the term loans are as follows:

(i) A term loan of S$27,987,000 (2016: S$8,211,000) is secured by way of a first legal mortgage on a freehold property [Note 26(vi)]. Term Loan I amounting to S$7,187,000 is repayable in equal monthly instalment basis up to 30 June 2035 (2016: 31 December 2020). Term Loan II amounting to S$20,800,000 is interest servicing only for the first 2.5 years upon drawdown in June 2017 and will subsequently be converted into a 20 years term loan repayable in equal instalment thereafter.

(ii) Term loans of S$15,200,000 (2016: S$21,700,000) are secured by way of a first legal mortgage over the Group's investment property [Note 25(ii)], 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 by 24 July 2019.

(iii) Term loans of S$24,800,000 (2016: S$24,800,000) are secured by way of a first legal mortgage over the Group's investment property [Note 25(ii)], 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 term loan is fully repayable on 24 July 2019.

(iv) A term loan of S$3,818,000 (2016: S$4,117,000) is secured by way of first legal mortgage over the Group's investment properties [Note 25(ii)]. It is repayable for the first 24 instalments from the date of first partial disbursement of the loan and a term of 15 years up to 31 March 2030.

(v) Term loans of S$2,471,000 (2016: S$3,112,000) are secured by way of first legal mortgage on freehold land [Note 26(vi)]. It is repayable in 60 monthly instalments commencing from January 2016.

(vi) 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.

(vii) The weighted average effective interest rate at the balance sheet date is 2.55% (2016: 2.39%) per annum.

32. 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 first series of notes amounting to S$50,000,000 in July 2014. The notes bear a fixed rate of 4.80% per annum payable semi-annually in arrear and were due on 2 January 2018.

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 carrying amounts of the notes payables approximate its fair values.

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33. Share capital, treasury shares and reserves

	No. of ordinary shares		Amount	
Group and Company	Issued share capital	Treasury shares	Share capital	Treasury shares
	'000	'000	S$'000	S$'000
2017				
Balance at 1 January	438,000	(24,320)	36,981	(7,614)
Treasury shares purchased	-	(995)	-	(296)
Balance at 31 December	**438,000**	**(25,315)**	**36,981**	**(7,910)**
2016				
Balance at 1 January	456,475	(41,495)	42,653	(12,919)
Treasury shares purchased	-	(1,300)	-	(367)
Cancellation of treasury shares	(18,475)	18,475	(5,672)	5,672
Balance at 31 December	438,000	(24,320)	36,981	(7,614)

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.

(a) Treasury shares

The Company acquired 995,000 (2016: 1,300,000) shares in the Company in the open market during the financial year. The total amount paid to acquire the shares was S$296,000 (2016: S$367,000) and this was presented as a component within shareholders' equity.

In the prior financial year, the Company cancelled 18,475,400 treasury shares amounting to S$5,672,000.

(b) Other reserves

	Group	
	2017	2016
	$'000	$'000
<u>Composition</u>		
Fair value reserve	**(700)**	(486)
Capital reserve	**1,689**	1,689
	989	1,203

33. **Share capital, treasury shares and reserves** *(continued)*

(b) **Other reserves** *(continued)*

	Group	
	2017	2016
	S$'000	S$'000
Movements		
(i) Fair value reserve		
Balance at 1 January	**(486)**	(345)
Change in ownership interests in subsidiaries [Note 24(b)]	**-**	96
Dividend in specie of shares in a subsidiary [Note 24(c)]	**-**	19
Fair value losses on available-for-sale financial assets (Note 20)	**(305)**	(411)
Reclassified to profit or loss on disposal of available-for-sales financial assets	**17**	-
	(288)	(411)
Less: Non-controlling interests	**74**	155
Balance at 31 December	**(700)**	(486)
(ii) Capital reserve		
Balance at 1 January	**1,689**	(96)
Transfer from non-controlling interest on expiry of warrants [Note 33(ii)]	**-**	1,785
Balance at 31 December	**1,689**	1,689

As at 31 December 2017 and 31 December 2016, capital reserve comprises:

(i) Goodwill in relation to acquisitions of subsidiaries prior to 1 January 2001.

(ii) On 28 February 2013, the Company subscribed for warrants in a subsidiary amounting to S$3,015,000. As a result of the subscription, the value of the warrants attributed to non-controlling interests was S$1,785,000. Subsequently, these warrants expired in the previous financial year without any being exercised.

Other reserves are not available for dividend distribution.

(c) **Retained profits**

Retained profits of the Group are distributable except for accumulated retained profits of associated companies amounting to S$657,000 (2016: S$500,000). Retained profits of the Company are fully distributable.

(d) **Currency translation reserve**

	2017	2016
Balance at 1 January	**(9,361)**	(8,004)
Change in ownership interests in subsidiaries	**4**	(459)
Dividend in species of shares in a subsidiary	**-**	52
Net currency translation differences of financial statements of foreign operations	**557**	(143)
Less: Non-controlling interests	**(116)**	(807)
Balance at 31 December	**(8,916)**	(9,361)

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34. Dividend

	Company	
	2017	2016
	S$'000	S$'000
Final dividend (2016: special and final dividend) paid in respect of the previous financial year ended of 0.35 cent (2016:0.80 cent) per share	**1,446**	3,318

At the forthcoming Annual General Meeting, a special and final cash dividend of 0.40 cent per share and 0.60 cent per share respectively amounting to a total of S$4,127,000 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 2018.

In the previous financial year, in addition to the cash dividend paid, the Company had also declared and distributed dividend in specie in shares of Koh Brothers Eco Engineering Limited ("KBE shares") [Note 24(b)]. This was accounted for as an appropriation of the Company's retained profits amounting to S$1,944,000 at the Company level, and as a transaction with non-controlling interests at the Group level [Note 24(b)].

35. Commitments

(a) Operating lease commitments – where a group company is a lessee

The Group leases various lands and buildings from non-related parties under non-cancellable operating lease agreements. The leases have varying terms, escalation clauses and renewal rights.

The future minimum lease payables under non-cancellable operating leases contracted for at the balance sheet date but not recognised as liabilities, are as follows:

	Group	
	2017	2016
	S$'000	S$'000
Not later than one year	**2,214**	3,535
Between one and five years	**2,640**	4,349
Later than five years	**7,521**	8,639
	12,375	16,523

(b) Operating lease commitments – where a group company is a lessor

The Group leases out commercial space to non-related parties under non-cancellable operating leases. 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.

The future minimum lease receivables under non-cancellable operating leases contracted for at the balance sheet date but not recognised as receivables, are as follows:

Not later than one year	**810**	967
Between two and five years	**313**	952
	1,123	1,919

36. 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.

36. Financial risk management *(continued)*

(a) Market risk

(i) Currency risk

The Group operates mainly in Asia with operations mainly in Singapore, Malaysia and China. 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"), Malaysian Ringgit ("MYR") and Chinese Renminbi ("RMB"). The Group monitors the foreign currency exchange rate movements closely to ensure that its exposures are minimised. The Group has investments in foreign subsidiaries and is exposed to currency translation risk.

The Group's currency exposure is as follows:

Group	SGD S$'000	USD S$'000	RMB S$'000	MYR S$'000	Others S$'000	Total S$'000
2017						
Financial assets						
Cash and bank balances	51,425	6,520	1,481	4,217	1,180	64,823
Financial assets at fair value through profit or loss	37	-	-	-	-	37
Available-for-sale financial assets	3,690	-	-	-	-	3,690
Trade and other receivables	128,791	5,441	6,353	8,592	4,596	153,773
Due from customers on construction contracts	51,702	-	-	-	-	51,702
Amount due from joint ventures	65,450	-	-	-	3,770	69,220
Short-term notes receivables	56,671	-	-	-	-	56,671
Inter-company balances	31,660	259	1,491	318	-	33,728
	389,426	12,220	9,325	13,217	9,546	433,644
Financial liabilities						
Borrowings	(194,171)	-	-	(2,470)	(1,502)	(198,143)
Trade and other payables	(121,493)	(1,217)	(5,525)	(8,503)	(2,228)	(138,966)
Amount due to associated companies	(456)	-	-	(52)	-	(508)
Amounts due to joint ventures	(16,282)	-	-	-	-	(16,282)
Inter-company balances	(31,660)	(259)	(1,491)	(318)	-	(33,728)
	(364,062)	(1,476)	(7,016)	(11,343)	(3,730)	(387,627)
Net financial assets/ (liabilities)	25,364	10,744	2,309	1,784	5,816	46,017
Less: Net financial (assets)/liabilities denominated in the respective entities' functional currency	(30,713)	-	393	(2,151)	(3,063)	(35,534)
Net currency exposure	**(5,349)**	**10,744**	**2,702**	**(367)**	**2,753**	**10,483**

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36. **Financial risk management** *(continued)*

(a) **Market risk** *(continued)*

(i) *Currency risk (continued)*

Group	SGD S$'000	USD S$'000	RMB S$'000	MYR S$'000	Others S$'000	Total S$'000
2016						
Financial assets						
Cash and bank balances	24,864	11,145	258	6,340	620	43,227
Available-for-sale financial assets	7,529	-	-	-	-	7,529
Trade and other receivables	136,958	2,673	2,274	6,917	571	149,393
Due from customers on construction contracts	35,067	-	-	-	-	35,067
Amount due from joint ventures	81,992	-	-	-	-	81,992
Development properties	1,189	-	-	-	-	1,189
Short-term notes receivables	5,963	-	-	-	-	5,963
Inter-company balances	213,965	-	2,535	224	-	216,724
	507,527	13,818	5,067	13,481	1,191	541,084
Financial liabilities						
Borrowings	(134,954)	(1,043)	(834)	(3,111)	-	(139,942)
Trade and other payables	(116,298)	(936)	(6,252)	(6,729)	(2,909)	(133,124)
Amount due to associated companies	(469)	-	-	(16)	-	(485)
Amounts due to joint ventures	(15,507)	-	-	-	-	(15,507)
Inter-company balances	(213,965)	-	(2,535)	(224)	-	(216,724)
	(481,193)	(1,979)	(9,621)	(10,080)	(2,909)	(505,782)
Net financial assets/ (liabilities)	26,334	11,839	(4,554)	3,401	(1,718)	35,302
Less: Net financial (assets)/liabilities denominated in the respective entities' functional currency	(30,907)	-	7,296	(3,799)	3,497	(23,913)
Net currency exposure	(4,573)	11,839	2,742	(398)	1,779	11,389

For the financial years ended 31 December 2017 and 2016, 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 denominated in SGD.

36. Financial risk management *(continued)*

(a) Market risk *(continued)*

(i) Currency risk (continued)

If the USD, RMB and MYR changes against the SGD by 5% (2016: 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:

	2017		2016	
	Increase / (decrease)			
	Profit after tax	**Other comprehensive income**	Profit after tax	Other comprehensive income
Group	**S$'000**	**S$'000**	S$'000	S$'000
USD against SGD				
- Strengthened	**446**	**-**	491	-
- Weakened	**(446)**	**-**	(491)	-
RMB against SGD				
- Strengthened	**112**	**(32)**	114	(206)
- Weakened	**(112)**	**32**	(114)	206
MYR against SGD				
- Strengthened	**(15)**	**288**	(20)	258
- Weakened	**15**	**(288)**	20	(258)

(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 on which effective hedges have not been entered into, are denominated mainly in SGD. If the SGD interest rates increase/decrease by 1% (2016: 1%) with all other variables including tax rate being held constant, the profit after tax will be lower/higher by S$702,000 (2016:S$680,000) as a result of higher/lower interest expense on these borrowings.

(iii) Price risk

The Group is exposed to equity securities and debt securities price risk arising from the investments held by the Group which are classified on the consolidated balance sheets as financial assets, at fair value through profit or loss (Note 13) and available-for-sale financial assets (Note 20). These securities are listed in Singapore. The Group is not exposed to commodity price risk.

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For the financial year ended 31 December 2017

36. Financial risk management *(continued)*

(a) Market risk *(continued)*

(iii) Price risk (continued)

If prices for equity securities and debt securities listed in Singapore change by 10% (2016: 10%) with all other variables including tax rate being held constant, the profit after tax and other comprehensive income will be:

	2017		2016	
	← **Increase / (decrease)** →			
	Profit after tax	**Other comprehensive income**	Profit after tax	Other comprehensive income
Group	**S$'000**	**S$'000**	S$'000	S$'000
Listed in Singapore				
- Increased by 10%	**4**	**369**	4	753
- Decreased by 10%	**(4)**	**(369)**	(4)	(753)

The Company is not exposed to price risk.

(b) Credit risk

Management has a credit policy in place and the exposure to credit risk is monitored on an ongoing basis. Credit evaluations are performed on all customers who require credit over a certain amount. Where appropriate, the Company or its subsidiaries obtain bankers' guarantee or performance bond from the customer. Cash term, advance payments, bankers' guarantees and performance bonds are required for customers of lower credit standing. The Group has no significant concentrations of credit risk due to its large number of customers and cover a large spectrum of activities and markets in which they operate.

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 as follows:

	Group		**Company**	
	2017	2016	**2017**	2016
	S$'000	S$'000	**S$'000**	S$'000
Corporate guarantees provided to banks on:				
- Subsidiaries' loans	**-**	-	**72,198**	66,482
- Joint ventures' loans	**153,807**	332,563	**153,807**	332,563

The Group's and Company's major classes of financial assets are bank deposits and trade and other receivables.

36. Financial risk management *(continued)*

(b) Credit risk *(continued)*

The credit risk for receivables based on the information provided to key management is as follows:

	Group		Company	
	2017	2016	**2017**	2016
	S$'000	S$'000	**S$'000**	S$'000
By geographical areas				
Singapore	**173,366**	214,768	**107,182**	56,860
China	**6,368**	3,328	**-**	-
Malaysia	**17,186**	13,409	**640**	662
The rest of Asia and others	**26,073**	5,843	**-**	-
	222,993	237,348	**107,822**	57,522
By types of customers				
Related corporations	**-**	-	**107,803**	57,506
Joint venture companies	**69,220**	81,992	**-**	-
Non-related parties				
- Other corporations	**94,168**	99,232	**19**	16
- Government-related	**59,605**	56,124	**-**	-
	222,993	237,348	**107,822**	57,522

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

All bank deposits are neither past due nor impaired, and are mainly placed with banks with high credit ratings. Receivables that are neither past due nor impaired are substantially companies with a good collection track record with the Group.

(ii) Financial assets that are past due and/or impaired

There is no other class of financial assets that is past due and/or impaired except for receivables.

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

	Group	
	2017	2016
	S$'000	S$'000
Past due 0 to 3 months	**11,803**	11,642
Past due 3 to 6 months	**2,106**	3,791
Past due over 6 months	**7,816**	15,411
	21,725	30,845

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For the financial year ended 31 December 2017

36. **Financial risk management** *(continued)*

(b) **Credit risk** *(continued)*

(ii) Financial assets that are past due and/or impaired (continued)

There is no other class of financial assets that is past due and/or impaired for the Company.

The carrying amount of receivables individually determined to be impaired and the movement in the related allowance for impairment are as follows:

	Group	
	2017	2016
	S$'000	S$'000
Gross amount - Past due over 6 months	**7,114**	8,454
Less: Allowance for impairment	**(7,114)**	(8,454)
	-	-
Balance at 1 January	**(8,454)**	(9,612)
Currency translation difference	**72**	276
Allowance made	**(543)**	(450)
Allowance written off	**745**	-
Allowance written back	**1,066**	1,332
Balance at 31 December	**(7,114)**	(8,454)

The impaired receivables arise mainly from debtors that are in significant financial difficulties and have defaulted on payments.

(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 2017				
Payables	**138,692**	**-**	**18,110**	**-**
Borrowings	**16,639**	**45,975**	**9,162**	**29,544**
Notes payables	**39,929**	**3,570**	**80,710**	**-**
Financial guarantee contracts	**153,807**	**-**	**-**	**-**
At 31 December 2016				
Payables	143,558	651	7,057	-
Borrowings	30,051	6,179	55,359	2,981
Notes payables	2,400	50,013	-	-
Financial guarantee contracts	332,563	-	-	-

36. Financial risk management *(continued)*

(c) Liquidity risk *(continued)*

Company	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 2017				
Other payables	**2,983**	**-**	**-**	**-**
Amount due to subsidiaries	**5,861**	**19,011**	**-**	**-**
Notes payables	**39,929**	**3,570**	**80,710**	**-**
Financial guarantee contracts	**226,005**	**-**	**-**	**-**
At 31 December 2016				
Other payables	614	-	-	-
Amount due to subsidiaries	25,693	-	-	-
Notes payables	2,400	50,013	-	-
Financial guarantee contracts	399,045	-	-	-

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.

(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 borrowings less cash and bank balances.

	Group	
	2017	2016
	S$'000	S$'000
Net debt	**133,320**	96,715
Shareholders' funds	**283,108**	264,296
Gearing ratio (times)	**0.47**	0.37

The Group and the Company are in compliance with all externally imposed capital requirements for the financial years ended 31 December 2017 and 2016.

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For the financial year ended 31 December 2017

36. Financial risk management *(continued)*

(e) Fair value measurements

The following paragraph 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 25 for disclosure of the investment properties that are measured at fair value.

	Level 1	**Total**
	S$'000	**S$'000**
Group		
2017		
Assets		
Financial assets, at fair value through profit or loss	**37**	**37**
Available-for-sale financial assets	**3,690**	**3,690**
2016		
Assets		
Financial assets, at fair value through profit or loss	40	40
Available-for-sale financial assets	7,529	7,529
Company		
2017		
Assets		
Financial assets, at fair value through profit or loss	**3,090**	**3,090**

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.

(f) Financial instrument by category

The carrying amounts of financial assets measured at fair value (fair value through profit or loss and available-for-sale) are disclosed on the face of the balance sheet and in Note 13 and Note 20 respectively.

36. Financial risk management *(continued)*

(f) Financial instrument by category *(continued)*

The aggregate carrying amounts of loans and receivables and financial liabilities at amortised cost are as follows:

	Group		Company	
	2017	2016	**2017**	2016
	S$'000	S$'000	**S$'000**	S$'000
Loans and receivables	**396,189**	315,642	**119,008**	57,643
Financial liabilities at amortised cost	**353,899**	290,899	**134,855**	76,307

37. 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	
	2017	2016
	S$'000	S$'000
(i) Progressive billing to build residential properties for a joint venture	**19,512**	59,441
(ii) Progressive billing to build a residential property for a key management personnel	**1,147**	833
(iii) Rental income from a key management personnel	**22**	38
(iv) Purchase of goods from an associated company	**2,379**	1,996

Related party comprises Company which are controlled or significantly influenced by the Group's key management personnel and their close family members.

Outstanding balances at 31 December 2017 and 2016, arising from sale/purchase of goods and services, are disclosed in Notes 14, 16, 17 and 28.

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37. Related party transactions *(continued)*

(b) Key management personnel compensation

Key management personnel compensation is analysed as follows:

	Group	
	2017	2016
	S$'000	S$'000
Salaries and other short-term employee benefits	**8,412**	6,479
Post-employment benefits – contribution to Central Provident Fund	**282**	268
	8,694	6,747

Included in the above was total directors' fee to directors of the Company amounting to S$505,000 (2016: S$ 467,000).

38. 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.

1. Construction and Building Materials – This business segment undertakes construction activities for "Engineering and Construction", "Bio-Refinery and Bio-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.

2. Real Estate – This business segment involves real estate development and rental of properties.

3. Leisure & Hospitality – This business segment involves hotel and leisure operations.

38. 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)	**Real Estate**	**Leisure & Hospitality**	**Construction and 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	3,028	**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 (Note 5)					**3,332**
Finance expenses (Note 9)					**(5,397)**
Share of profit of associated companies	-	-	262	-	**262**
Share of profit of joint ventures	13,561	-	-	-	**13,561**
Profit before income tax					**25,778**
Other information					
Capital expenditure	972	87	10,899	-	**11,958**
Depreciation	187	494	4,537	-	**5,218**
Impairment of property, plant and equipment	2,845	-	-	-	**2,845**

Group (S$'000)	**Real Estate**	**Leisure & Hospitality**	**Construction and Building Materials**	**Others**	**Elimination**	**Total**
2017						
Segment assets	281,885	41,228	297,078	11,853	(27,871)	**604,173**
Associated companies	-	-	1,504	-	-	**1,504**
Joint ventures	90,923	-	-	-	-	**90,923**
Unallocated assets:						
Short-term bank deposits						**6,254**
Financial assets, at fair value through profit or loss						**37**
Available-for-sale financial assets						**3,690**
Consolidated total assets						**706,581**
Segment liabilities	29,571	675	189,571	3,014	(28,730)	**194,101**
Unallocated liabilities:						
Current income tax liabilities						**1,485**
Deferred income tax liabilities						**8,261**
Borrowings						**198,143**
Consolidated total liabilities						**401,990**

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38. Segment information *(continued)*

Group (S$'000)	Real Estate	Leisure & Hospitality	Construction and Building Materials	Others	Total
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	(409)	5,810
Net investment gain	-	-	1	-	1
Interest income (Note 5)					2,288
Finance expenses (Note 9)					(4,101)
Share of profit of associated companies	-	-	175	-	175
Share of profit of joint ventures	13,105	-	-	-	13,105
Profit before income tax					17,278
Other information					
Capital expenditure	1,171	133	16,385	-	17,689
Depreciation	146	736	5,203	-	6,085

Group (S$'000)	Real Estate	Leisure & Hospitality	Construction and Building Materials	Others	Elimination	Total
2016						
Segment assets	221,236	25,983	319,928	1,560	(46,547)	522,160
Associated companies	-	-	1,347	-	-	1,347
Joint ventures	77,196	-	-	-	-	77,196
Unallocated assets:						
Short-term bank deposits						8,504
Financial assets, at fair value through profit or loss						40
Available-for-sale financial assets						7,529
Consolidated total assets						616,776
Segment liabilities	28,042	548	180,892	614	(21,315)	188,781
Unallocated liabilities:						
Current income tax liabilities						3,289
Deferred income tax liabilities						8,559
Borrowings						139,942
Consolidated total liabilities						340,571

38. Segment information *(continued)*

The measurement of segment sales, results, assets and liabilities are as follows:

(i) 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.

(ii) The Exco assesses the performance of the operating segments based on a measure of segment results. 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.

(a) 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 short-term bank deposits, financial assets, at fair value through profit or loss and available-for-sale financial assets.

(b) The amounts provided to the Exco with respect to total liabilities are measured in a manner consistent with that of the financial statements. These liabilities are allocated based on the operations of the segments. All liabilities are allocated to the reportable segments other than current income tax liabilities, deferred income tax liabilities and borrowings.

Geographical information

The Group's three business segments operate in five main geographical areas: Singapore, China, Malaysia, Indonesia and the rest of Asia.

The following table presents sales and non-current assets information for the main geographical areas for the financial years ended 31 December 2017 and 2016.

Group	**2017** **S$'000**	2016 S$'000
Total sales		
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
Total non-current assets		
Singapore	**327,522**	282,940
China	**39**	91
Malaysia	**12,359**	11,697
The rest of Asia	**6,389**	3,665
	346,309	298,393

Information about major customers

Revenue of approximately 63% (2016: 60%) are derived from two (2016: three) major customers. These revenue are attributable to the Construction and Building Materials segment.

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39. Group companies

The subsidiaries, joint ventures, joint operation entities and associated companies at 31 December 2017 and 2016 are as follows:

Name of company	Country of incorporation and business	Principal activities	Effective holding by the Group 2017	Effective holding by the Group 2016
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	Construction project management and investment holding	**64.59%**	64.59%
Koh Brothers Holdings Pte Ltd [a]	Singapore	Investment holding and property investment	**100%**	100%
Koh Brothers International Pte. Ltd. [a]	Singapore	Investment holding	**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:				
Beijing G & W Cement Products Co., Ltd [b]	China	Manufacture of building materials	**55%**	55%
Changi Properties Pte Ltd [a]	Singapore	Property development and management services	**100%**	100%
Dalian Megacity Trading Co., Ltd [g]	China	Logistic and business services	**100%**	100%
G & W Building Materials Sdn. Bhd. [c]	Malaysia	Manufacture of building materials	**100%**	100%
G & W Concrete Products Pte Ltd [a]	Singapore	Manufacture of concrete products	**100%**	100%
G & W Industrial Corporation Pte Ltd [a]	Singapore	Investment holding	**100%**	100%
G & W Industries (M) Sdn. Bhd. [c]	Malaysia	Rental of equipment, properties and business services	**100%**	100%
G & W Industries Pte Ltd [a]	Singapore	Manufacture of cement	**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%
K-Skin Pte. Ltd. [j]	Singapore	Investment holding	**100%**	-
Oei Tiong Ham Pte. Ltd. (formerly known as Koh Brothers – Logan Pte. Ltd.)[j]	Singapore	Project developer and services management	**100%**	100%
KBD Flora Pte. Ltd. [a]	Singapore	Project development and management services	**100%**	100%
KBD Kosdale Pte. Ltd. [a]	Singapore	Property investment	**100%**	100%
KBD Management Pte. Ltd. [j]	Singapore	Project management services	**100%**	-
KBD Ventures Pte Ltd [a]	Singapore	Project and travel management services	**100%**	100%

39. **Group companies** *(continued)*

Name of company	Country of incorporation and business	Principal activities	Effective holding by the Group 2017	2016
SUBSIDIARIES *(continued)*				
Held by Subsidiaries: (continued)				
KBEE Engineering Sdn. Bhd. [c]	Malaysia	Engineering, construction and services management	**64.59%**	64.59%
Koh Brothers Gangnam Limited [d]	South Korea	Investment holding	**100%**	-
Koh Brothers Building & Civil Engineering Contractor (Pte.) Ltd. [a]	Singapore	Building and civil engineering contracting	**64.59%**	64.59%
Koh Eco Engineering Pte. Ltd.[a]	Singapore	Engineering and construction	**64.59%**	64.59%
Kosland Pte. Ltd. [a]	Singapore	Property investment	**100%**	100%
Megacity Investment Pte Ltd [a]	Singapore	Investment holding	**100%**	100%
Metax Eco Solutions Pte. Ltd.[a]	Singapore	Environmental Engineering	**64.59%**	64.59%
MetEco Solutions Sdn. Bhd. [c]	Malaysia	Construction and project management	**64.59%**	64.59%
Oiltek Nova Bioenergy Sdn. Bhd. [c]	Malaysia	Specialist engineers and commission agent	**51.70%**	33.61%
Oiltek Sdn. Bhd. [a]	Malaysia	Specialist engineers and commission agent	**51.70%**	51.70%
Oiltek (S) Pte. Ltd. [a]	Singapore	Construction and project management	**64.59%**	64.59%
PT. Koh Brothers Indonesia [f]	Indonesia	Property investment and development	**100%**	100%
G&W Global Pte Ltd (formerly known as USL-G&W Global Pte. Ltd.) [a]	Singapore	Manufacture of construction products	**100%**	75%
WS Bioengineering (China) Pte. Ltd. [a]	Singapore	Engineering, construction and management services	**64.59%**	64.59%
WSB Pte. Ltd. [a]	Singapore	Engineering, construction and management services	**64.59%**	64.59%

NOTES TO THE FINANCIAL STATEMENTS
For the financial year ended 31 December 2017

39. Group companies *(continued)*

Name of Company	Country of incorporation and business	Principal activities	Effective holding by the Group 2017	2016
JOINT VENTURE COMPANIES				
Held by Subsidiaries:				
Canberra Development Pte. Ltd.[e]	Singapore	Property investment	**50%**	50%
Buildhome Pte. Ltd. [e]	Singapore	Property development	**-**	50%
Phileap Pte. Ltd. [e]	Singapore	Property development	**25%**	25%
KBD Westwood Pte. Ltd. [a, *]	Singapore	Property development	**80%**	80%
Daeryun Koh Brothers PFV Co., Ltd. [d]	South Korea	Property development	**45%**	-
Atlantic Star Pte. Ltd. [e]	Singapore	Property management	**50%**	-
JOINT OPERATION ENTITIES				
Held by Subsidiary:				
Soletanche Bachy – Koh Brothers Joint Venture [a, #]	Singapore	Civil engineering	**45%**	45%
Samsung – Koh Brothers Joint Venture [i, #]	Singapore	Civil engineering	**30%**	30%
POKB JV [j, #]	Singapore	Civil engineering	**35%**	-
ASSOCIATED COMPANIES				
Held by Subsidiaries:				
Hi Con (S) Pte. Ltd. [a]	Singapore	Manufacture of chemicals	**35%**	35%
Tricaftan Environmental Technology Pte. Ltd. [h]	Singapore	Construction and project management	**40%**	40%

a Audited by PricewaterhouseCoopers LLP, Singapore.

b Audited by PricewaterhouseCoopers LLP, Singapore for the purpose of preparing the consolidated financial statements of the Group.

c Audited by PricewaterhouseCoopers, Malaysia.

d Exempt from audit as entity is newly set up in 2017.

e Audited by Ernst & Young LLP, Singapore.

f Audited by Riyanto, SE, Ak, Registered Public Accountants.

g Audited by Dalian Zhao Lin Certified Public Accountant, China.

h Audited by Reanda Adept Public Accounting Corporation, Singapore.

i Audited by RSM Chio Lim LLP, Singapore.

j Exempt from audit as entity is inactive in 2017.

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.

* KBD Westwood Pte. Ltd. is regarded as a joint venture (Note 23) in accordance with FRS 111 Joint Arrangements based on the contractual term of agreement between the shareholders.

These entities are regarded as joint operations in accordance with FRS 111 Joint Arrangements as the joint venture agreements for these entities require unanimous consent from all parties despite the Group having less than 50% ownership interest, 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 entities 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 2.3(d).

40. Investment properties

	Property	Tenure of land	Site area/gross floor area (sq ft)
(i)	The First City Complex comprising commercial units, office units and service apartments at Pulau Batam, Indonesia	Right of use for 30 years from October 1988*	200,456 186,066
(ii)	11 shop units at Alocassia Apartments at 383 Bukit Timah Road, Singapore	Freehold	44,863** 22,895
(iii)	45 apartment units at Alocassia Apartments at 383 Bukit Timah Road, Singapore	Freehold	44,863** 35,166
(iv)	2 residential units at 1 Khiang Guan Avenue, Singapore	Freehold	3,456

* The land use right may be extended for another 20 years.
** The 11 shop units and 45 apartment units are located within the same building.

41. 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 2018 and which the Group has not early adopted:

- FRS 109 Financial instruments (effective for annual periods beginning on or after 1 January 2018)

  FRS 109 replaces FRS 39 Financial instruments: Recognition and Measurement and its relevant interpretations.

  FRS 109 retains the mixed measurement model and establishes three primary measurement categories for financial assets: amortised cost, fair value through Other Comprehensive Income (OCI) and fair value through Profit or Loss. The basis of classification depends on the entity's business model and the contractual cash flow characteristics of the financial asset. Investments in equity instruments are required to be measured at fair value through profit or loss with the irrevocable option at inception to present changes in fair value in OCI (FVOCI). Gains and losses realised on the sale of financial assets at FVOCI are not transferred to profit or loss on sale but reclassified from the FVOCI reserve to retained profits.

  Under FRS 109, there were no changes to the classification and measurement requirements for financial liabilities except for the recognition of fair changes arising from changes in own credit risk. For liabilities designed at fair value through profit or loss, such changes are recognised in OCI.

  FRS 109 relaxes the requirements for hedge effectiveness by replacing the bright line hedge effectiveness tests. It requires an economic relationship between the hedged item and hedging instrument and for the 'hedged ratio' to be the same as the one management actually use for risk management purposes.

  There is also now a new expected credit losses model that replaces the incurred loss impairment model used in FRS 39. It applies to financial assets classified at amortised cost, debt instruments measured at fair value through OCI, contract assets under FRS 115 Revenue from Contracts with Customers, lease receivables, loan commitments and certain financial guarantee contracts.

  The new standard also introduces expanded disclosure requirements and changes in presentation.

  The Group is required to adopt a new accounting framework from 1 January 2018 (Note42). The new accounting framework has similar requirements of FRS 109 and the impact of adopting the equivalent FRS 109 is disclosed in Note 42.

NOTES TO THE FINANCIAL STATEMENTS
For the financial year ended 31 December 2017

41. New or revised accounting standards and interpretations *(continued)*

- FRS 115 Revenue from Contracts with Customers (effective for annual periods beginning on or after 1 January 2018)

  FRS 115 replaces FRS 11 Construction Contracts, FRS 18 Revenue, and related interpretations.

  Revenue is recognised when a customer obtains control of a good or service. A customer obtains control when it has the ability to direct the use of and obtain the benefits from the good or service. The core principle of FRS 115 is that an entity recognises revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. An entity recognises revenue in accordance with that core principle by applying the following steps:

  - *Step 1: Identify the contract(s) with a customer*
  - *Step 2: Identify the performance obligations in the contract*
  - *Step 3: Determine the transaction price*
  - *Step 4: Allocate the transaction price to the performance obligations in the contract*
  - *Step 5: Recognise revenue when (or as) the entity satisfies a performance obligation*

  FRS 115 also includes a cohesive set of disclosure requirements that will result in an entity providing users of financial statements with comprehensive information about the nature, amount, timing and uncertainty of revenue and cash flows arising from the entity's contracts with customers.

  The Group is required to adopt a new accounting framework from 1 January 2018 (Note42). The new accounting framework has similar requirements of FRS 115 and the impact of adopting the equivalent FRS 115 is disclosed in Note 42.

- FRS 116 Leases (effective for annual periods beginning on or after 1 January 2019)

  FRS 116 will result in almost all leases being recognised on the balance sheet, as the distinction between operating and finance leases is removed. Under the new standard, an asset (the right to use the leased item) and a financial liability to pay rentals are recognised. The only exceptions are short-term and low-value leases. The accounting for lessors will not change significantly.

  Some of the commitments may be covered by the exception for short-term and low-value leases and some commitments may relate to arrangements that will not qualify as leases under FRS 116.

  The new standard also introduces expanded disclosure requirements and changes in presentation.

  The Group is required to adopt a new accounting framework from 1 January 2018 (Note42). The new accounting framework has similar requirements of FRS 116. The Group has yet to determine to what extent the commitments as at the reporting date will result in the recognition of an asset and a liability for future payments and how this will affect the Group's profit and classification of cash flows.

42. Adoption of SFRS(I)s

The Singapore Accounting Standards Council has introduced a new Singapore financial reporting framework that is equivalent to the International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB"). The new framework is referred to as 'Singapore Financial Reporting Standards (International)' ["SFRS(I)s"] hereinafter.

As required by the listing requirements of the Singapore Exchange, the Group has adopted SFRS(I)s on 1 January 2018 and will be issuing its first set of financial information prepared under SFRS(I)s for the quarter ending 31 March 2018 in May 2018.

In adopting SFRS(I)s, the Group is required to apply all of the specific transition requirements in SFRS(I) 1 First-time Adoption of Singapore Financial Reporting Standards (International). The Group will also concurrently apply new major SFRS(I) 9 Financial Instruments and SFRS(I) 15 Revenue from Contracts with Customers. The estimated impact arising from the adoption of SFRS(I)s on the Group's financial statements are set out as follows:

(a) Application of SFRS(I) 1

The Group is required to retrospectively apply all SFRS(I)s effective at the end of the first SFRS(I) reporting period (financial year ending 31 December 2018), subject to the mandatory exceptions and optional exemptions under SFRS(I) 1. The Group plans to elect relevant optional exemptions and these elected exemptions result in no significant adjustments to the Group's financial statements currently prepared under FRS.

The Group plans to elect to apply the short-term exemption under SFRS(I) 1 to adopt SFRS(I) 9 on 1 January 2018. Accordingly, requirements of FRS 39 Financial Instruments: Recognition and Measurement will continue to apply to financial instruments up to the financial year ended 31 December 2017.

(b) Adoption of SFRS(I) 9

(i) Classification and measurement

The Group has assessed the business models that are applicable on 1 January 2018 to financial assets so as to classify them into the appropriate categories under SFRS(I) 9. Expected significant adjustments to the Group's balance sheet line items as a result of management's assessment are as follows:

- *Equity investments previously classified as AFS to FVOCI*

  The Group plans to elect to recognise changes in the fair value of all its equity investments not held for trading and previously classified as available-for-sale in other comprehensive income.

- *AFS debt instruments classified as FVOCI*

  Listed corporate fixed rate notes classified as "available-for-sale" will be reclassified as "fair value through other comprehensive income" as the Group's business model on these assets is to collect contractual cash flows consisting solely of payments of principal and interest and sell these assets.

- *Reclassification of financial assets from loans and receivables to FVPL*

  Certain notes receivables will be reclassified from the "loans and receivables" category to "fair value through profit or loss" as the cash flows arising from these investments do not represent solely payments of principal and interest on principal amount outstanding.

(ii) Impairment of financial assets

The following financial assets will be subject to the expected credit loss impairment model under SFRS(I) 9:

- trade receivables and contract assets recognised under SFRS(I) 15;
- debt instruments carried at fair value through OCI and amortised cost; and
- loans to related parties and other receivables at amortised cost.

An increase in provision for impairment for the above financial assets and corresponding decrease in opening retained profits is expected to arise from the application of the expected credit loss impairment model. The Group is still in the progress of finalising its assessment and quantification of the expected impact, but do not anticipate the impact to be material.

NOTES TO THE FINANCIAL STATEMENTS
For the financial year ended 31 December 2017

42. Adoption of SFRS(I)s *(continued)*

(c) Adoption of SFRS(I) 15

In accordance with the requirements of SFRS(I) 1, the Group will adopt SFRS(I) 15 retrospectively. The main adjustments are as follows:

(i) Accounting for loss-making construction contracts

Under FRS, when it is probable that total contract costs will exceed total contract revenue, the expected loss is recognised as an expense immediately on a contractby-contract basis, and is accounted for on the balance sheet in accordance with Note 2.6.

Under SFRS(I) 15, there is no guidance on how to account for expected losses on loss-making contracts. As such, the Group will need to apply SFRS(I) 1-37 *Provisions, Contingent Liabilities and Contingent Assets* to identify and account for onerous contracts. The Group has assessed and concluded that these loss-making contracts are onerous and will be recognised and measured as a provision.

(ii) Accounting for non-current retention amounts due from customers

Currently under FRS, the Group has recognised non-current retention amounts due from customers initially based on their fair value, which is computed based on cash flows discounted at market borrowing rates.

Under SFRS(I) 15, the Group has assessed that there is no significant financing component present as the payment terms is an industry practice to protect the performing entity from the customers' 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 Group has quantified the impact of this change and is of the view the impact on the Group's financial statements presented under SFRS(I) as at 1 January 2018 and 1 January 2017 is immaterial, and thus intends to only adjust for this prospectively in the financial year ending 31 December 2018.

(iii) Presentation of contract assets and liabilities

The Group is expected to change the presentation of certain amounts in the balance sheet to reflect the terminology in SFRS(I) 15:

- Amounts due from customers arising from construction contracts, and accrued billings on construction contracts and retention due from customers and joint ventures within "trade receivables" and "amount due from joint ventures" under FRS will be reclassified to be presented as part of contract assets.

- Amounts due to customers arising from construction contracts, and advances received on construction contracts and advance billings on construction contracts within "trade payables" under FRS will be reclassified to be presented as part of contract liabilities.

The Group is still in the progress of finalising its assessment of impact arising from adoption of SFRS(I) 15 and thus the finalised impact may differ from the provisional figures determined at the moment.

42. Adoption of SFRS(I)s *(continued)*

(d) Summary of provisional financial impact

The line items on the Group's financial statements that may be adjusted with significant impact arising from the adoption of SFRS(I) as described above are summarised below:

	As at 31 December 2017 reported under FRS	(Provisional) As at 1 January 2018 reported under SFRS(I)	As at 1 January 2017 reported under FRS	(Provisional) As at 1 January 2017 reported under SFRS(I)
	S$'000	S$'000	S$'000	S$'000
Trade and other receivables	154,551	124,117	150,168	133,332
Due from customers on construction contracts	51,702	-	35,067	-
Amount due from joint ventures	69,220	62,897	81,992	76,056
Financial assets, at fair value through profit or loss	37	56,708	40	40
Available-for-sale financial assets	2,925	-	7,529	7,529
Note receivables	56,671	-	5,963	5,963
Financial assets, at FVOCI	-	3,690	-	-
Contract assets	-	93,071	-	60,909
Trade and other payables	163,980	138,966	140,815	134,965
Due to customers on construction contracts	13,331	-	31,974	-
Contract liabilities	-	38,345	-	37,824
Provisions	-	4,612	-	3,070

43. 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 28 March 2018.

STATISTICS OF SHAREHOLDINGS

As at 16 March 2018

Issued and paid-up capital	:	S$36,981,331.12
Number of issued shares	:	438,000,000
Class of shares	:	Ordinary shares
Voting rights	:	One vote per share
Number of subsidiary holdings held	:	Nil
Treasury shares	:	25,540,900

DISTRIBUTION OF SHAREHOLDINGS

Size of shareholdings	No. of shareholders	%	No. of shares	%
1 - 99	6	0.07	261	0.00
100 - 1,000	110	1.20	85,285	0.02
1,001 - 10,000	7,054	77.08	32,243,139	7.82
10,001 - 1,000,000	1,957	21.38	90,907,190	22.04
1,000,001 and above	25	0.27	289,223,225	70.12
Total	**9,152**	**100.00**	**412,459,100**	**100.00**

TOP 20 SHAREHOLDERS

No.	Name of shareholders	No. of shares	%
1	HSBC (Singapore) Nominees Pte Ltd	60,000,000	14.55
2	Koh Teak Huat	32,213,088	7.81
3	Koh Keng Hiong	30,260,100	7.34
4	Singapore Nominees Pte Ltd	27,450,000	6.66
5	Quek Chee Nee	25,896,814	6.28
6	Maybank Nominees (Singapore) Pte Ltd	25,000,000	6.06
7	Koh Kheng How	16,235,800	3.94
8	Morph Investments Ltd	15,030,000	3.64
9	Koh Tiat Meng	8,908,654	2.16
10	Phillip Securities Pte Ltd	5,777,800	1.40
11	OCBC Securities Private Ltd	5,530,284	1.34
12	Citibank Nominees Singapore Pte Ltd	5,436,400	1.32
13	DBS Nominees Pte Ltd	4,714,600	1.14
14	Loh Wing Wah	4,113,000	1.00
15	United Overseas Bank Nominees (Private) Limited	3,303,900	0.80
16	CGS-CIMB Securities (Singapore) Pte Ltd	2,811,650	0.68
17	Koh Tiak Chye	2,422,600	0.59
18	Tan Noi Soon	2,400,000	0.58
19	OCBC Nominees Singapore Pte Ltd	2,264,000	0.55
20	Koh Keng Siang	2,222,535	0.54
Total:		**281,991,225**	**68.38**

STATISTICS OF SHAREHOLDINGS

As at 16 March 2018

SUBSTANTIAL SHAREHOLDERS

Name	Direct Interest Number of shares	Direct Interest %	Deemed Interest Number of shares	Deemed Interest %
Koh Tiat Meng	61,308,654	14.86	Nil	Nil
Koh Teak Huat	32,213,088	7.81	325,000[2]	0.08[2]
Koh Keng Siang	2,422,535	0.59	87,420,000[3]	21.19[3]
Koh Keng Hiong	30,260,100	7.34	25,010,000[4]	6.06[4]
Quek Chee Nee	25,896,814	6.28	Nil	Nil
Phua Siew Gaik	20,000	NM[5]	60,000,000[6]	14.55[6]
Rachel Koh Han Ling	Nil	Nil	60,000,000[6]	14.55[6]
Benjamin Koh Yong Jun	Nil	Nil	60,000,000[6]	14.55[6]
Nicholas Koh Yong Wei	Nil	Nil	60,000,000[6]	14.55[6]
Kohs Investments Limited	60,000,000	14.55	Nil	Nil
HSBC Trustee (Singapore) Limited	Nil	Nil	60,000,000[7]	14.55[7]
HSBC International Trustee Limited	Nil	Nil	60,000,000[7]	14.55[7]
HSBC International Trustee (Holdings) Pte. Limited	Nil	Nil	60,000,000[7]	14.55[7]
The Hongkong and Shanghai Banking Corporation Limited	Nil	Nil	60,000,000[7]	14.55[7]
HSBC Asia Holdings B.V.	Nil	Nil	60,000,000[7]	14.55[7]
HSBC Asia Holdings (UK) Limited	Nil	Nil	60,000,000[7]	14.55[7]
HSBC Holdings B.V.	Nil	Nil	60,000,000[7]	14.55[7]
HSBC Finance (Netherlands)	Nil	Nil	60,000,000[7]	14.55[7]
HSBC Holdings plc	Nil	Nil	60,000,000[7]	14.55[7]

Notes:

(1) The percentage of issued ordinary shares is calculated based on the number of issued ordinary shares of the Company as at 16 March 2018 (excluding 25,540,900 treasury shares).

(2) Mr Koh Teak Huat is deemed interested in 325,000 shares held by his spouse.

(3) Mr Koh Keng Siang is deemed interested in (i) 60,000,000 shares held by Kohs Investments Limited, (ii) 20,000 shares held by his spouse and (iii) 27,400,000 shares pursuant to the deed of settlement dated 12 January 2007 executed by Mr Koh Tiat Meng and the CDP Form 4.2 executed by Mr Koh Tiat Meng.

(4) Mr Koh Keng Hiong is deemed interested in (i) 10,000 shares held by his spouse and (ii) 25,000,000 shares pursuant to the deed of settlement dated 12 January 2007 executed by Mr Koh Tiat Meng and the CDP Form 4.2 executed by Mr Koh Tiat Meng.

(5) "NM" means not meaningful.

(6) The deemed interest arises from the 60,000,000 shares held by Kohs Investments Limited, which is wholly owned by The Kohs Trust set up pursuant to the Trust Deed dated 11 January 2017 (the "Trust"). The Trust is a discretionary trust of which the present eligible beneficiaries are Mr Koh Keng Siang, his wife (Madam Phua Siew Gaik), their children (Rachel Koh Han Ling, Benjamin Koh Yong Jun and Nicholas Koh Yong Wei), and their remoter issue. Pursuant to Section 4 of the SFA, the beneficiaries of the Trust are deemed to have an interest in the 60,000,000 shares held by Kohs Investments Limited.

(7) Kohs Investments Limited is wholly owned by a trust for which HSBC Trustee (Singapore) Limited acts as trustee. HSBC Trustee (Singapore) Limited is wholly owned by HSBC International Trustee Limited, which is, in turn, wholly owned by HSBC International Trustee (Holdings) Pte. Limited, which is, in turn, wholly owned by The Hongkong and Shanghai Banking Corporation Limited, which is, in turn, wholly owned by HSBC Asia Holdings B.V., which is, in turn, wholly owned by HSBC Asia Holdings (UK) Limited, which is, in turn, majority owned by HSBC Holdings B.V., which is, in turn, wholly owned by HSBC Finance (Netherlands), which is, in turn, wholly owned by HSBC Holdings plc.

SHAREHOLDINGS HELD BY PUBLIC

Based on the information available to the Company as at 16 March 2018, approximately 43.8% of the issued ordinary shares of the Company is held by the public and, therefore the Company complied with Rule 723 of the Listing Manual issued by the Singapore Exchange Securities Trading Limited.

KOH BROTHERS GROUP LIMITED
(Unique Entity Number: 199400775D)
(Incorporated in Singapore)

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the 24th Annual General Meeting of Koh Brothers Group Limited (the "**Company**") will be held at Dunearn Ballroom, Raffles Town Club, 1 Plymouth Avenue, Singapore 297753 on Thursday, 26 April 2018 at 2.00 pm for the following purposes:

ORDINARY BUSINESS

1. To receive and adopt the directors' statement and audited financial statements for the year ended 31 December 2017 and the auditor's report thereon. **(Resolution 1)**

2. To declare a special dividend of 0.40 cent per share and a final dividend of 0.60 cent per share for the year ended 31 December 2017. **(Resolution 2)**

3. To re-elect the following directors, each of whom will retire by rotation pursuant to Regulation 110 of the Company's Constitution and who, being eligible, will offer themselves for re-election:

   (a) Mr Koh Keng Hiong **(Resolution 3)**

   (b) Mdm Quek Chee Nee **(Resolution 4)**

   (c) Mr Gn Hiang Meng **(Resolution 5)**

   (d) Dr Lee Bee Wah **(Resolution 6)**

4. To approve the sum of S$505,000 as directors' fees for the year ended 31 December 2017. (FY2016: S$467,000) **(Resolution 7)**

5. To re-appoint PricewaterhouseCoopers LLP as the auditor of the Company and to authorise the directors to fix its remuneration. **(Resolution 8)**

SPECIAL BUSINESS

To consider and, if thought fit, to pass with or without modifications, the following resolutions as Ordinary Resolutions:

6. **Proposed Renewal of Share Issue Mandate** **(Resolution 9)**

   That authority be and is hereby given to the directors of the Company to:

   (a) (i) issue shares in the capital of the Company ("**shares**") whether by way of rights, bonus or otherwise; and/or

(ii) make or grant offers, agreements or options (collectively, "**Instruments**") that might or would require shares to be issued during the continuance of this authority or thereafter, including but not limited to the creation and issue of (as well as adjustments to) warrants, debentures or other instruments convertible into shares,

at any time and upon such terms and conditions and for such purposes and to such persons as the directors may in their absolute discretion deem fit; and

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

provided that:

(1) the aggregate number of shares to be issued pursuant to this Resolution (including shares to be issued in pursuance of Instruments made or granted pursuant to this Resolution) does not exceed 50% of the total number of issued shares of the Company excluding treasury shares and subsidiary holdings (as calculated in accordance with paragraph (2) below), of which the aggregate number of shares to be issued other than on a pro rata basis to shareholders of the Company (including shares to be issued in pursuance of Instruments made or granted pursuant to this Resolution) shall not exceed 20% of the total number of issued shares excluding treasury shares and subsidiary holdings (as calculated in accordance with paragraph (2) below);

(2) (subject to such manner of calculation as may be prescribed by the Singapore Exchange Securities Trading Limited ("**SGX-ST**")) for the purpose of determining the aggregate number of shares that may be issued under paragraph (1) above, the percentage of the total number of issued shares of the Company excluding treasury shares and subsidiary holdings shall be based on the total number of issued shares excluding treasury shares and subsidiary holdings at the time this Resolution is passed, after adjusting for:

(i) new shares arising from the conversion or exercise of any convertible securities or from exercising share options or vesting of share awards which are outstanding or subsisting at the time this Resolution is passed; and

(ii) any subsequent bonus issue, consolidation or subdivision of shares;

(3) in this Resolution, "**subsidiary holdings**" shall have the meaning ascribed to it in the listing rules of the SGX-ST; and

(4) (unless revoked or varied by the Company in general meeting) the authority conferred by this Resolution shall continue in force until the conclusion of the next Annual General Meeting of the Company or the date by which the next Annual General Meeting of the Company is required by law to be held, whichever is the earlier.

NOTICE OF ANNUAL GENERAL MEETING

7. **Proposed Renewal of Share Purchase Mandate** **(Resolution 10)**

That:

(a) for the purposes of Sections 76C and 76E of the Companies Act (Chapter 50 of Singapore) ("**Companies Act**"), as may be amended or modified from time to time, the exercise by the directors of the Company of all the powers of the Company to purchase or otherwise acquire issued and fully paid ordinary shares in the capital of the Company (the "**Shares**") not exceeding in aggregate the Prescribed Limit (as hereinafter defined), at such prices or prices as may be determined by the directors of the Company from time to time up to the Maximum Price (as hereinafter defined), whether by way of:

(i) market purchases (each a "**Market Purchase**") on the SGX-ST; and/or

(ii) off-market purchases (each an "**Off-Market Purchase**") effected otherwise than on the SGX-ST in accordance with any equal access scheme(s) as may be determined or formulated by the directors of the Company as they consider fit, which scheme(s) shall satisfy all the conditions prescribed by the Companies Act,

and otherwise in accordance with all other laws, regulations and listing rules of the SGX-ST as may for the time being be applicable, be and is hereby authorised and approved generally and unconditionally (the "**Share Purchase Mandate**");

(b) unless varied or revoked by the Company in general meeting, the authority conferred on the directors of the Company pursuant to the Share Purchase Mandate in paragraph (a) of this Resolution may be exercised by the directors of the Company at any time and from time to time during the period commencing from the date of the passing of this Resolution and expiring on the earliest of:

(i) the date on which the next Annual General Meeting of the Company is held;

(ii) the date by which the next Annual General Meeting of the Company is required by law to be held; or

(iii) the date on which purchases or acquisitions of Shares are carried out to the full extent mandated;

(c) in this Resolution:

"**subsidiary holdings**" shall have the meaning ascribed to it in the listing rules of the SGX-ST;

"**Prescribed Limit**" means 10% of the total number of issued Shares of the Company (excluding subsidiary holdings and any Shares which are held as treasury shares) as at the date of the passing of this Resolution; and

"**Maximum Price**", in relation to a Share to be purchased or acquired, means an amount (excluding brokerage, stamp duties, applicable goods and services tax and other related expenses) not exceeding:

(i) in the case of a Market Purchase, 105% of the Average Closing Price (as hereinafter defined); and

(ii) in the case of an Off-Market Purchase, 120% of the Average Closing Price (as hereinafter defined),

where:

"**Average Closing Price**" means the average of the Closing Market Prices of the Shares over the last five Market Days (as hereinafter defined) on the SGX-ST, on which transactions in the Shares were recorded, immediately preceding the day of the Market Purchase or, as the case may be, the date of the making of the offer (as hereinafter defined) pursuant to the Off-Market Purchase, and deemed to be adjusted for any corporate action that occurs after such five-Market Day period;

"**Closing Market Price**" means the last dealt price for a Share transacted through the SGX-ST's trading system as shown in any publication of the SGX-ST or other sources;

"**date of the making of the offer**" means the day on which the Company announces its intention to make an offer for the purchase or acquisition of Shares from shareholders of the Company, stating the purchase price (which shall not be more than the Maximum Price calculated on the foregoing basis) for each Share and the relevant terms of the equal access scheme for effecting the Off-Market Purchase;

"**Market Day**" means a day on which the SGX-ST is open for trading in securities; and

(d) the directors of the Company be and are hereby authorised to complete and do all such acts and things (including executing such documents as may be required) as they may consider expedient or necessary to give effect to the transactions contemplated by this Resolution.

By Order of the Board

Sharon Kem
Company Secretary

10 April 2018

NOTICE OF ANNUAL GENERAL MEETING

EXPLANATORY NOTES:

Resolution 5: Mr Gn Hiang Meng will, upon re-appointment as a director of the Company, remain as the Chairman of the Share Purchase Committee, and a member of the Audit and Risk Committee, the Nominating Committee and the Remuneration Committee. He is considered independent for the purposes of Rule 704(8) of the Listing Manual of the SGX-ST.

Resolution 6: Dr Lee Bee Wah will, upon re-appointment as a director of the Company, remain as the Chairperson of the Audit and Risk Committee and lead independent director. She is considered independent for the purposes of Rule 704(8) of the Listing Manual of the SGX-ST.

Resolution 9: This Resolution is to empower the directors from the date of the Annual General Meeting until the date of the next Annual General Meeting to issue further shares and Instruments in the Company, including a bonus or rights issue. The maximum number of shares of which the directors may issue under this Resolution shall not exceed the quantum set out in the Resolution.

Resolution 10: This Resolution is to renew the Share Purchase Mandate which was approved by shareholders on 20 April 2017. Please refer to the Appendix to this Notice of Annual General Meeting for more details.

NOTES:

1. (a) A member who is not a relevant intermediary is entitled to appoint not more than 2 proxies to attend, speak and vote at the meeting. Where such member's form of proxy appoints more than 1 proxy, the proportion of the shareholding concerned to be represented by each proxy shall be specified in the form of proxy.

   (b) A member who is a relevant intermediary is entitled to appoint more than 2 proxies to attend, speak and vote at the meeting, but each proxy must be appointed to exercise the rights attached to a different share or shares held by such member. Where such member's form of proxy appoints more than 2 proxies, the number and class of shares in relation to which each proxy has been appointed shall be specified in the form of proxy.

   "Relevant intermediary" has the meaning ascribed to it in Section 81 of the Companies Act, Chapter 50.

2. A member of the Company which is a corporation is entitled to appoint its authorised representative or proxy to vote on behalf.

3. A proxy need not be a member of the Company.

4. The instrument appointing a proxy or proxies must be lodged at the registered office of the Company at 11 Lorong Pendek, Koh Brothers Building, Singapore 348639 (Attn: The Company Secretary) not less than 72 hours before the time appointed for holding the meeting and at any adjournment thereof.

PERSONAL DATA PRIVACY:

By submitting an instrument appointing a proxy(ies) and/or representative(s) to attend, speak and vote at the annual general meeting and/or any adjournment thereof, a member of the Company (i) consents to the collection, use and disclosure of the member's personal data by the Company (and/or its agents or service providers) for the purpose of the processing and administration and analysis by the Company (and/or its agents or service providers) of proxies and representatives appointed for the annual general meeting (including any adjournment thereof) and the preparation and compilation of the attendance lists, minutes, and other documents relating to the annual general meeting (including any adjournment thereof), and in order for the Company (and/or its agents or service providers) to comply with any applicable laws, listing rules, regulations and/or guidelines (collectively, the "**Purposes**"), (ii) warrants that where the member discloses the personal data of the member's proxy(ies) and/or representative(s) to the Company (and/or its agents or service providers), the member has obtained the prior consent of such proxy(ies) and/or representative(s) for the collection, use and disclosure by the Company (and/or its agents or service providers) of the personal data of the proxy(ies) and/or representative(s) for the Purposes, and (iii) agrees that the member will indemnify the Company in respect of any penalties, liabilities, claims, demands, losses and damages as a result of the member's breach of warranty.

NOTICE OF BOOKS CLOSURE AND DIVIDEND PAYMENT DATES

NOTICE IS HEREBY GIVEN THAT the Register of Members and Share Transfer Books of Koh Brothers Group Limited (the "**Company**") will be closed on 31 May 2018 for the purposes of determining shareholders' entitlements to the proposed special and final dividends (the "**Dividends**").

Duly completed transfers of shares received by the Company's Share Registrar, Tricor Barbinder Share Registration Services (a division of Tricor Singapore Pte. Ltd.) at 80 Robinson Road #02-00, Singapore 068898 up to 5.00 pm on 30 May 2018 will be registered to determine shareholders' entitlements to the proposed Dividends. Shareholders whose securities accounts with The Central Depository (Pte) Limited ("**CDP**") are credited with ordinary shares of the Company as at 5.00 pm on 30 May 2018 will be entitled to the proposed Dividends.

The proposed Dividends, if approved by members at the Annual General Meeting of the Company, will be paid on 13 June 2018.

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KOH BROS

KOH BROTHERS GROUP LIMITED

(Unique Entity Number: 199400775D)
(Incorporated in Singapore)

IMPORTANT

1. Relevant intermediaries as defined in Section 181 of the Companies Act, Chapter 50 may appoint more than 2 proxies to attend, speak and vote at the Annual General Meeting.
2. For CPF/SRS investors who have used their CPF/SRS monies to buy shares in **KOH BROTHERS GROUP LIMITED**, this form of proxy is not valid for use and shall be ineffective for all intents and purposes if used or purported to be used by them. CPF/SRS investors should contact their respective Agent Banks/SRS operators if they have any queries regarding their appointments as proxies.
3. By submitting an instrument appointing a proxy(ies) and/or representative(s), the member accepts and agrees to the personal data privacy terms set out in the Notice of Annual General Meeting dated 10 April 2018.

PROXY FORM

I/We ______________________________ (Name) ____________________ (NRIC/Passport/Co Reg No.)

of ____ (Address)

being a member/members of Koh Brothers Group Limited (the "**Company**") hereby appoint:

Name	Address	NRIC/ Passport No.	Proportion of shareholdings (%)

and/or (delete as appropriate)

as my/our proxy/proxies to attend, speak and vote for me/us on my/our behalf at the 24th Annual General Meeting (the "**Meeting**") of the Company to be held on Thursday, 26 April 2018 at Dunearn Ballroom, Raffles Town Club, 1 Plymouth Avenue, Singapore 297753 at 2.00 pm and at any adjournment thereof.

(Voting will be conducted by poll. Please indicate with a "√" in the spaces whether you wish your vote(s) to be cast for or against the Resolutions as set out in the Notice of the Meeting. In the absence of specific directions, the proxy/proxies will vote or abstain as he/they may think fit, as he/they will on any other matter arising at the Meeting.)

No.	Resolutions	For	Against
Ordinary Business			
1	To receive and adopt the directors' statement, audited financial statements and the auditor's report		
2	To declare a special dividend and a final dividend		
3	To re-appoint Mr Koh Keng Hiong as a director		
4	To re-appoint Mdm Quek Chee Nee as a director		
5	To re-appoint Mr Gn Hiang Meng as a director		
6	To re-appoint Dr Lee Bee Wah as a director		
7	To approve directors' fees		
8	To re-appoint PricewaterhouseCoopers LLP as the auditor and to authorise the directors to fix its remuneration		
Special Business			
9	To approve the proposed renewal of the Share Issue Mandate		
10	To approve the proposed renewal of the Share Purchase Mandate		

Total number of shares held

____________________________ ________________

Signature(s) or Common Seal of Member(s) Date

(Please read notes overleaf before completing this form.)

Notes:

1. If the member has shares entered against his name in the Depository Register (maintained by The Central Depository (Pte) Limited), he should insert that number of shares. If the member has shares registered in his name in the Register of Members (maintained by or on behalf of the Company), he should insert that number of shares. If the member has shares entered against his name in the Depository Register and registered in his name in the Register of Members, he should insert the aggregate number of shares. If no number is inserted, this form of proxy will be deemed to relate to all shares held by the member.

2. (a) A member who is not a relevant intermediary is entitled to appoint not more than 2 proxies to attend, speak and vote at the meeting. Where such member's form of proxy appoints more than 1 proxy, the proportion of the shareholding concerned to be represented by each proxy shall be specified in the form of proxy.

   (b) A member who is a relevant intermediary is entitled to appoint more than 2 proxies to attend, speak and vote at the meeting, but each proxy must be appointed to exercise the rights attached to a different share or shares held by such member. Where such member's form of proxy appoints more than 2 proxies, the number and class of shares in relation to which each proxy has been appointed shall be specified in the form of proxy.

   "**Relevant intermediary**" has the meaning ascribed to it in Section 181 of the Companies Act, Chapter 50.

3. A proxy need not be a member of the Company.

4. The instrument appointing a proxy or proxies must be lodged at the registered office of the Company at 11 Lorong Pendek, Koh Brothers Building, Singapore 348639 (Attn: The Company Secretary) not less than 72 hours before the time appointed for holding the Annual General Meeting.

5. Completion and return of this instrument appointing a proxy or proxies shall not preclude a member from attending and voting in person at the Annual General Meeting if he finds that he is able to do so. In such event, the relevant instrument appointing a proxy or proxies will be deemed to be revoked.

6. The instrument appointing a proxy or proxies must be under the hand of the appointor or of his attorney duly authorised in writing. Where the instrument appointing a proxy or proxies is executed by a corporation, it must be executed either under its seal or under the hand of an officer or attorney duly authorised. Where an instrument appointing a proxy or proxies is signed on behalf of the appointor by an attorney, the letter or power of attorney or a duly certified copy thereof must (failing previous registration with the Company) be lodged with the instrument of proxy, failing which the instrument may be treated as invalid.

7. A corporation which is a member may authorise by a resolution of its directors or other governing body such person as it thinks fit to act as its representative at the Annual General Meeting in accordance with its Constitution and Section 179 of the Companies Act, Chapter 50.

8. The Company shall be entitled to reject the instrument appointing a proxy or proxies if it is incomplete, improperly completed or illegible or where the true intentions of the appointor are not ascertainable from the instructions of the appointor specified in the instrument (including any related attachment) appointing a proxy or proxies. In addition, in the case of shares entered in the Depository Register, the Company may reject any instrument appointing a proxy or proxies lodged if the member, being the appointor, is not shown to have shares entered against his name in the Depository Register as at 72 hours before the time appointed for holding the Annual General Meeting, as certified by The Central Depository (Pte) Limited to the Company.

KOH BROS

Building Cities Building Dreams

Koh Brothers Group Limited
(Unique Entity Number: 199400775D)
(Incorporated in Singapore)

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