BUILDING TOWARDS A BRIGHT FUTURE

KOH BROTHERS GROUP LIMITED
ANNUAL REPORT 2022

CONTENTS

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.

BUILDING CITIES BUILDING DREAMS

CORPORATE PROFILE

From humble beginnings in 1966, Koh Brothers Group Limited has grown from strength to strength. Besides being a provider of engineering, procurement and construction ("EPC") services for infrastructure projects, the Group has expanded into real estate, building materials and providing EPC services for water and wastewater treatment including mechanical, electrical and instrumentation control and automation ("MEICA"), hydro-engineering, bio-refinery and renewable energy projects. With the expansion into synergistic business segments, the Group has created multiple revenue streams, with operating synergies arising from these core areas.

OUR BUSINESS

MRT CIRCLE LINE 6

MRT CIRCLE LINE 6

CONSTRUCTION AND BUILDING MATERIALS

Engineering and Construction

Our Engineering and Construction services are provided through our Catalist-listed subsidiary, Koh Brothers Eco Engineering Limited ("KBE"). Through its principal subsidiary, Koh Brothers Building & Civil Engineering Contractor (Pte.) Ltd. ("KBCE"), the Group provides a complete and diverse range of infrastructure and building project management, products, services and solutions for the construction industry.

Since 1983, KBCE has completed many major construction projects such as the Marina Barrage, Marina East Desalination Plant, Changi Water Treatment Plants, Downtown Line 1 Bugis MRT Station, Common Services Tunnel at Marina South, HDB Projects at Jurong West, Choa Chu Kang, Yishun and many drainage projects such as Punggol Waterway, Bukit Timah First Diversion Canal, Improvement to Kallang River and Geylang River Makeover.

As a testament to the quality of services provided, KBCE has won many accolades, including the prestigious Superior Achievement Award at the American Academy of Environmental Engineers Annual Awards for its work on the Marina Barrage

OUR BUSINESS

and International Safety Award Winner 2021 (Best in Country Award) for the Deep Tunnel Sewerage System Phase 2 Project.

Harnessing synergies from KBE, the Group is able to offer turnkey engineering solutions and tap opportunities in the water and wastewater treatment and hydro-engineering sectors. This is especially so as KBCE is graded A1 by the Building and Construction Authority ("BCA"), which allows us to tender for public sector construction projects of unlimited value. In addition, we also have a BCA ME11, L6 grading for mechanical engineering projects.

Projects currently undertaken by our Engineering and Construction division include the development of a private residential site at Holland Road, MRT Circle Line 6, Deep Tunnel Sewerage System Phase 2 contract and Influent Pumping Stations at Tuas Water Reclamation Plant and mechanical, electrical and instrumentation control and automation works for the industrial liquids at Tuas Water Reclamation Plant.


DEEP TUNNEL SEWERAGE SYSTEM PHASE 2

Building Materials

The Building Materials division is a long established and renowned one-stop quality provider of concrete solutions to the construction industry. We market under the "G & W" branding.

We manufacture and supply ready-mix concrete and precast products such as facades, household shelters, bathroom units, columns and planks to HDB projects, institutions and private developments.


G&W MIXER TRUCK

The Building Materials division is supported by batching plants and precast yards in Singapore and Malaysia. The Group also has a central truck-mixer despatch system to facilitate the efficient despatch of trucks to meet the demands of our clients around Singapore so as to achieve greater efficiency.

Bio-Refinery and Renewable Energy

Through our indirect Catalist-listed subsidiary, Oiltek International Limited ("Oiltek"), our Bio-Refinery and Renewal Energy division is an established integrated process technology and renewable energy solutions provider with over 40 years of experience in providing solutions that cater to all types of vegetable oil including palm oil, soybean oil and rapeseed oil, which are some of the major agricultural commodities in the world.

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


REFINING PLANT

G&W PRECAST YARD

OUR BUSINESS

REAL ESTATE

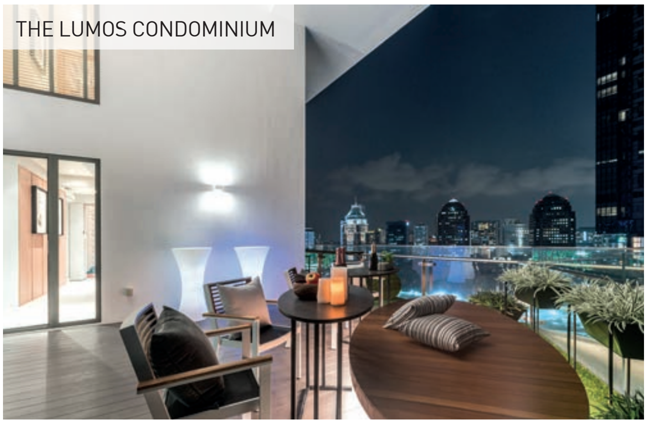
Our Real Estate division provides quality property developments with specialised lifestyle themes at choice locations. We have carved a niche in developing themed properties that are innovative and promote modern lifestyle. Projects completed include Lincoln Suites off Newton Road. The Lumos development at Leonie Hill, Montana off River Valley Road and Starville at Lengkong Tiga.

Some of our recent completed development projects include the mixed-used development, Nonhyeon I'Park in the heart of the famous Gangnam district in Seoul, South Korea and the development of Singapore's first bike-themed Executive Condominium, Westwood Residences, as well as Parc Olympia Condominium at Flora Drive which has sporting and recreational facilities.

Our current development project, Van Holland is a luxurious freehold development at Holland Village. We are delighted that Van Holland project has clinched two prestigious awards – Best Luxury Boutique Condo Development and Best Boutique Condo Architectural Design – bestowed by PropertyGuru Asia Property Awards.

LEISURE & HOSPITALITY

Our Leisure & Hospitality division provides 'no-frills' hospitality services through Oxford Hotel which comprises more than 130 hotel rooms. Oxford Hotel has also recently completed major renovations as part of an upgrading programme. The Group also owns and operates The Alocassia, which consists of resort-styled service apartments with 45 suites located at Bukit Timah Road, Singapore.


THE LUMOS CONDOMINIUM


VAN HOLLAND CLUBHOUSE


ALOCASSIA SERVICED APARTMENTS


OXFORD HOTEL SUPERIOR TWIN ROOM


OXFORD HOTEL

OUR CORE VALUES

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 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 society at large whom we work in.

Bonding
Our culture of teamwork allows us to bring together the best thinking from our professionals and deliver optimum solutions to our clients' 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 JOURNEY THUS FAR

1960s

- Founded and established by Mr Koh Tiat Meng

1970s

- Setup G & W group of companies, focusing on providing ready-mix concrete

1980s

- Expanded into equipment sale and rental operations and the production of concrete products via G & W
- Established PT. Koh Brothers Indonesia and ventured into real estate development in Indonesia

1990s

- Listed on the Mainboard of SGX
- Improvements to Kallang River (from Braddell Road to Jalan Toa Payoh)
- Awarded by CIDB for Construction Excellence for Reconstruction of Geylang River
- Land Reclamation Phase 1 Project at Xinjin River Mouth, Shantou, China
- Opening of Oxford Hotel
- Sun Plaza (Construction and Real Estate Project)
- The Capri (Real Estate Project)

2000s

- BCA Award for Construction Excellence 2000 (Civil Engineering) for Construction of Holland Road/ Farrer Road/ Queensway Interchange
- Ranked amongst the top companies in Singapore 1000
- Construction of Marina Barrage
- Construction of Bugis Station and its Associated Tunnels for Downtown Line Stage 1
- Construction of Punggol Waterway
- Koh Brothers Building & Civil Engineering Contractor (Pte.) Ltd. awarded OHSMS
- The Sierra (Real Estate Project)
- The Montana (Real Estate Project)
- Starville (Construction and Real Estate Project)
- Construction of Common Service Tunnel 1 Project at Marina South

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
- Green and Gracious Builder Award 2012 (Excellent)
- BCA Construction Excellence Award 2011 - Marina Barrage (Civil Engineering Projects Category)
- Total Defence Award 2011
- BCA Construction Productivity Award - Platinum (Civil Engineering) Punggol Waterway Part 1
- HDB Construction Award – Punggol Waterway Part 1
- 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
- Acquisition of Koh Brothers Eco Engineering Limited (formerly known as Metax Engineering Corporation Limited)
- Parc Olympia (Construction and Real Estate Project)
- Design & Build Contract for Proposed Retention Pond, associated drainage and backfill works at Singapore Changi Airport
- HDB BTO Project at Vine Grove @ Yishun
- Westwood Residences EC (Construction and Real Estate Project)
- Development of Changi East to effect 3 Runway Operations at Singapore Changi Airport
- Construction of Marina East Desalination Plant
- Construction of Deep Tunnel Sewerage System (Phase 2)
- Construction of cut and cover tunnel at Marina Bay Area for Circle Line 6
- Development of I'PARK, Gangnam, Seoul, South Korea (Real Estate Project)
- Van Holland (Construction and Real Estate Project)
- Edgeprop Singapore Excellence Awards 2018 Innovation Excellence – Westwood Residences EC
- PropertyGuru Asia Property Awards Singapore 2018 – Westwood Residences EC
  - -Best EC
  - -Best EC Architectural Design
  - -Best EC Landscape Architectural Design
- Featured in the Urban Land Institute report, "Active Transportation and Real Estate: The Next Frontier" - Westwood Residences EC

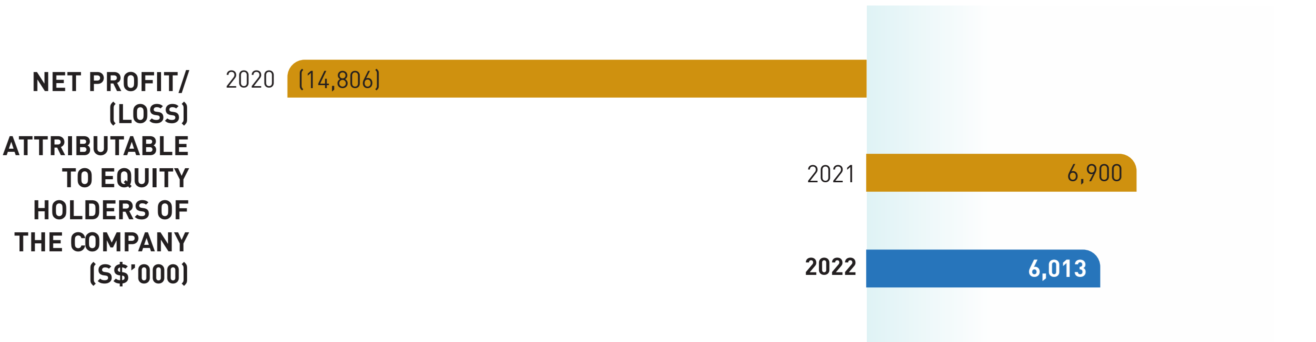
2020s

- Construction of Tuas Water Reclamation Plant Contract 2A – Influent Pumping Stations
- Construction of Tuas Water Reclamation Plant Contract 3B1 – Industrial Liquids Module 1 – MEICA
- Oiltek International Limited, a subsidiary of Koh Brothers Eco Engineering Limited was successfully listed on the Catalist Board of the Singapore Exchange
- PropertyGuru Asia Property Awards Singapore 2021 - Best Luxury Boutique Condo Development – Van Holland
- PropertyGuru Asia Property Awards Singapore 2021 - Best Boutique Condo Architectural Design - Van Holland

FINANCIAL HIGHLIGHTS

	FY2020 S$'000	FY2021 S$'000	**FY2022 S$'000**
Balance Sheet Highlights			
Shareholders' funds	287,888	287,111	**288,889**
Cash and bank balances	101,849	95,152	**82,432**
Net current assets	217,982	194,278	**90,928**
Total assets	819,375	828,959	**801,910**

Key Financial Ratios			
Net asset value per share (in cents)	69.80	69.61	**70.04**
Net gearing (times)	0.90	0.87	**0.72**
Earnings/ (Loss) per share (in cents)	(3.59)	1.67	**1.46**
Dividend per share (in cent)	–	0.20	**0.20**



STATEMENT BY EXECUTIVE CHAIRMAN AND MANAGING DIRECTOR & GROUP CEO

"We remain committed to upholding our traditional values of perseverance, resilience and a drive for excellence, and we continue to engage to achieve sustainable growth in the face of a challenging economic climate."

LEFT
Koh Tiat Meng
Executive Chairman

RIGHT
Koh Keng Siang (Francis)
Managing Director & Group CEO

Dear Shareholders,

The global economy has been facing headwinds that contributed to ongoing uncertainty and a bleak outlook. Inflationary pressures, coupled with interest rate hikes, have added to the complexity of the economic landscape. Additionally, geopolitical tensions have further weighed on global economic prospects. All of these factors have combined to create a challenging environment that requires careful attention and management.

The recent surge in interest rates by the US Federal Reserve has resulted in higher cost of financing. Coupled with increased inflationary pressures and supply chain disruption stemming from geopolitical tensions, the prices of essential materials and labour have significantly increased.

To overcome the effects of these headwinds, the Group has streamlined our operations, redeployed staff, and realigned our operating structure to improve competencies, develop innovative work solutions, increase efficiencies, step up training efforts and harness internal synergies. Moreover, we are committed to exercising prudent cost management strategies and leveraging our strong track record to pursue more high-value construction projects as the demand for such projects increases. By doing so, we aim to optimise our operations and expand our capabilities to meet the evolving needs of the construction industry.

OUR FINANCIALS

Notwithstanding this challenging backdrop, we are pleased to report that the Group has seen another set of resilient financial performance.

The Group achieved a 40% growth in revenue of S$353.1 million for the financial year ended 31 December 2022 ("FY2022") as compared to S$252.6 million for the financial year ended 31 December 2021 ("FY2021"). The Group reported a 21% increase in gross profit to S$26.0 million in FY2022 from S$21.6 million in FY2021, largely due to improved gross margin from the Construction and Building Materials division.

The Group registered a 74% increase in other gains to S$15.0 million in FY2022, mainly due to higher gains recognised from the disposal of property, plant and equipment. The Group recorded a net profit attributable to shareholders of S$6.0 million in FY2022, declining from S$6.9 million in FY2021.

Overall, the Group maintained a strong balance sheet with cash and bank balances of S$82.4 million while shareholders' equity stood at S$288.9 million. The Group's current ratio remains healthy at 1.3x with a net gearing ratio of 0.7x as at 31 December 2022. This leaves us in a comfortable financial position and provides us with sufficient resources to explore opportunities without the risk of over-exposure. The Group's net asset value per share was 70.04 Singapore cents as at 31 December 2022.

CONSTRUCTION AND BUILDING MATERIALS

The Building and Construction Authority Singapore ("BCA") has reported that the preliminary total construction demand for 2022 reached S$29.8 billion, aligning with BCA's earlier forecast of S$27 billion to S$32 billion and similar to the S$29.9 billion recorded in 2021. The sustained strong demand was primarily driven by residential and infrastructure projects in both public and private sectors. Moving forward, the BCA projects the total construction demand for 2023 to range between S$27 billion and S$32 billion, with the public sector contributing about 60% of the total construction demand, amounting to between S$16 billion and S$19 billion. Public sector demand will be largely driven by public housing and industrial and institutional building construction, with an increasing number of projects for water treatment plants, educational buildings, and community clubs. Civil engineering construction demand is also expected to remain robust with ongoing support from MRT line construction and other infrastructure works.

STATEMENT BY EXECUTIVE CHAIRMAN AND MANAGING DIRECTOR & GROUP CEO

With over 55 years of experience in the construction industry and supported by the complementary capabilities of our Building Materials division, our Group is in a good position to benefit from the sustained demand for basic building materials, infrastructure, water and wastewater treatment, and environmental projects. As a major player in the industry, we are confident in our ability to capitalise on these opportunities and deliver successful projects that meet our clients' needs while ensuring that our work aligns with the broader goals of sustainable development and environmental responsibility.

For FY2022, the Construction and Building Materials division reported a 23% increase in revenue to S$288.2 million from S$233.5 million in FY2021. This was mainly due to higher revenue recognition as a result of the resumption of more construction activities post-COVID-19 pandemic. This accounted for approximately 82% of the Group's total revenue. As at 31 December 2022, the Group's construction order book stood at S$684.6 million.

Our Building Materials division operates batching plants and precast yards in Singapore and Malaysia, providing ready-mix concrete and precast concrete products such as facades, household shelters, bathroom units, columns, and planks. Our main customers are HDB and private developers. As the authorities aim to further ramp up Build-To-Order flats supply, industrial and institutional building, MRT line, and other infrastructure works, a stable pipeline of opportunities for basic building materials is expected. As such, the Group is considering expanding our production capacity within this division. At the same time, we are committed to increasing our research and development efforts to create more environmentally friendly products. By doing so, we hope to meet the needs of our customers while contributing to sustainable development.

REAL ESTATE

Under our Real Estate division, we are pleased that both Van Holland and our JV project – Hyll on Holland – is progressing well with active marketing.

We remain dedicated to our prudent approach of seeking out distinctive development opportunities. Our Real Estate division achieved higher growth, with revenue rising from S$17.7 million in FY2021 to S$62.2 million in FY2022.

While the private residential property price index rose by 8.4% in 2022, a slight decrease from the previous year's 10.6% increase, we remain cautiously optimistic about the market's resilience amidst geopolitical and macroeconomic uncertainty, rising inflation, and higher interest rates. We will continue to carefully identify promising and attractive sites to bolster our land bank and explore potential partnerships with other developers to diversify risks and optimise/efficient capital utilisation.

LEISURE AND HOSPITALITY

The hotel industry in Singapore has experienced a significant boost due to the relaxation of international travel restrictions. Our Leisure and Hospitality division has recorded an increase in revenue from S$1.5 million in FY2021 to S$2.6 million in FY2022. With the recent announcement of China's borders reopening, Singapore is poised to welcome a significant increase in international visitors. This is positive news for Oxford Hotel and Alocassia Apartments.

PUNGGOL WATERWAY

EMBARKING ON THE ESG JOURNEY

The COVID-19 pandemic has highlighted the significance of addressing environmental, social, and governance ("ESG") issues. Our Company recognises that creating a sustainable business is crucial for our long-term success and accountability towards our impact on the environment, customers, employees, and the wider community. As part of our commitment to embedding sustainability into our business strategy, our Board guides and supports our management team in implementing ESG investing strategies that promote sustainable investing and contribute to our long-term competitive advantage.

OUTLOOK

Looking ahead, the outlook for the global economy is gloomy, with the risk of a global recession. Various challenges remain, such as the ongoing Russia-Ukraine conflict, which contributed to the elevated volatility in both global food and energy prices. This, coupled with ongoing supply chain issues and sticky inflationary pressures, have resulted in significant interest rate hikes by the US Federal Reserve and many other Central Banks globally. For our Group, we expect the construction and real estate sectors to remain challenging with an increasingly competitive environment, manpower shortage, higher interest rates, material and operating costs.

PROPOSED DIVIDEND

To thank shareholders for their continuous support, the Board has proposed a final dividend of 0.20 Singapore cent per share to be approved by shareholders at the forthcoming Annual General Meeting.

ACKNOWLEDGEMENT

On behalf of the Board of Directors, I wish to take this opportunity to record our sincere appreciation to our stakeholders, clients, business associates, partners, shareholders, and employees for their continued support. Looking ahead, we will continue to stay prudent, innovative, enterprising, quality conscious and flexible in responding to new changes and challenges.

Koh Tiat Meng
Executive Chairman

Koh Keng Siang (Francis)
Managing Director & Group CEO

BOARD OF DIRECTORS

Koh Tiat Meng
Executive Chairman

Mr Koh Tiat Meng is the Executive Chairman of Koh Brothers Group Limited. He was appointed a Director on 2 February 1994 and was last re-elected on 26 April 2022. He is also the Chairman of the Executive Committee.

Mr Koh founded the Group in 1966 and has more than 50 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 the Company. He was appointed a Director on 2 February 1994 and was last re-elected on 27 April 2021. He is also the Deputy Chairman of the Executive Committee.

Mr Koh joined the Group in 1970 and was a major contributor to the growth of the Group's core businesses. He has more than 50 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 Chief Executive Officer

Mr Francis Koh 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 26 April 2022. 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, Non-Executive Director of Oiltek International Limited and a counsel member of the Teochew Federation Council and Honorary Chairman of the Singapore Khoh Clan Association.

BOARD OF DIRECTORS

Koh Keng Hiong (Joseph)
Executive Director and Deputy CEO (Real Estate and Leisure & Hospitality Divisions)

Mr Joseph Koh is an Executive Director of the Company. He was appointed a Director on 7 February 2007 and was last re-elected on 26 April 2022. 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 30 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.

Lee Sok Khian John
Executive Director

Mr John Lee is an Executive Director of the Company. He was appointed a Director on 9 May 2016 and was last re-elected on 26 April 2022.

Prior to Mr Lee's appointment as a Director of the Company, he was its Chief Financial Officer and Company Secretary. He has an extensive experience in management, corporate, accounting and finance functions in various industries and listed companies.

Mr Lee is a Fellow of the Institute of Singapore Chartered Accountants and the Association of Chartered Certified Accountants. He is also an Associate of the Chartered Institute of Management Accountants and the Chartered Secretaries Institute of Singapore. Mr Lee is also currently a Non-Executive and Non-Independent Director of Koh 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 25 June 2020.

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 50 years experience in the construction industry and contributed significantly to the Group's growth.

BOARD OF DIRECTORS

Er Dr Lee Bee Wah
Non-Executive and 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 2021. She was appointed as the Lead Independent Director on 20 June 2016 and is the Chairperson of the Audit and Risk Committee and member of the Nominating Committee.

Er Dr Lee is a Licensed Professional Engineer who made history at the Institution of Engineers Singapore ("IES") 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 IES and a past Board Member of the Professional Engineers Board. She holds a Master of Science (Engineering) from the University of Liverpool and a Bachelor of Civil Engineering from Nanyang Technological University. She was conferred a Honorary Doctorate by the University of Liverpool in July 2011.

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

Er Dr Lee was the President of the Singapore Table Tennis Association ("STTA") from 2008 to 2014. During her tenure, STTA has put Singapore on the global sporting map, winning medals in the 2008 Beijing Olympics and the 2012 London Olympics. She is currently the Adviser to the STTA and Singapore Swimming Association. Er Dr Lee is also the Lead Independent Non-Executive Director of Amcorp Global Ltd, an Independent Director of Heeton Holdings Ltd and a Board Member of the Building and Construction Authority.

Goh Mou Lih
Non-Executive and Independent Director

Mr Goh Mou Lih is an Independent Director of the Company. He was appointed a Director on 1 January 2022 and was last re-elected on 26 April 2022. He is a member of the Share Purchase Committee. Mr Goh was a Consultant with Quyntor Pte Ltd, a company providing IT and data solutions to the financial and insurance sectors from 2012 to 2022. Prior to venturing into the IT industry, Mr Goh was the Head of Research and Economist at Westcomb Securities Pte Ltd. From 2014 to 2015, Mr Goh was a Non-Executive Director of Voyage Research Pte Ltd. Mr Goh was also a Strategist with Daiwa Institute of Research Pte Ltd. He was also a Senior Finance Analyst with OCBC Investment Research Pte Ltd.

Mr Goh is a council member of Hwa Chong Alumni Association. He graduated from the National University of Singapore with a Bachelor of Arts and a Bachelor of Social Science (First Class Honours) in Economics.

Lai Mun Onn
Non-Executive and 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 27 April 2021. He is the Chairman of the Remuneration Committee and a member of the Audit and Risk Committee and the Share Purchase Committee.

Mr Lai is the Managing Partner of Lai Mun Onn & Co., a law firm in Singapore. He graduated from the University of London with a Bachelor of Law (Honours) and obtained his Barrister-at-Law from Lincoln's Inn. He was admitted as an Advocate and Solicitor of the Supreme Court of Singapore in 1982. He is presently a Notary Public, Commissioner for Oaths and a member of the Singapore Institute of Arbitrators.

He is a member of the Governing Council of the Singapore Golf Association and the President of the Keppel Club. Mr Lai is also an Independent Director of Fuji Offset Plates Manufacturing Ltd.

BOARD OF DIRECTORS

Low Yee Khim (Danny)
Non-Executive and Independent Director

Mr Danny Low is an Independent Director of the Company. He was appointed a Director on 1 January 2019 and was last re-elected on 27 April 2021. He is a member of the Audit and Risk Committee. Mr Low was previously the Executive Director and Chief Operating Officer of Heeton Holdings Ltd, overseeing its finance, leasing, operational, marketing, project and hospitality activities.

Mr Low had also previously worked in MNCs and various Singapore listed companies. He is a fellow member of the Institute of Singapore Chartered Accountants and a Member of the Singapore Institute of Directors.

Ong Kheng Chye (Bernard)
Non-Executive and Independent Director

Mr Bernard Ong is an Independent Director of the Company. He was appointed a Director on 1 January 2022 and was last re-elected on 26 April 2022. He is a member of the Remuneration Committee. Mr Ong worked in various banks including the Oversea-Chinese Banking Corporation Ltd and the Hongkong and Shanghai Banking Corporation Ltd ("HSBC"). His last role in HSBC was Senior Vice President / Managing Director & Sectorial Head for Real Estate, Shipping and Regional Infrastructure.

Mr Ong is currently the Chairman of the Edge Capital Group and the MAS registered Edge Capital Asset Management which manages a portfolio of funds (including the Regenosis Gero-Science Fund) for investment into stocks, properties, research, and business ventures mainly in Asia.

Mr Ong is also Council Member of the International Council – NUS Yong Loo Lin School of Medicine and a Committee Member of the George and Jennifer Yeo Professorship in Pediatric Oncology. Mr Ong graduated from the National University of Singapore with a Bachelor of Business Administration.

Ong Seet Joon (Amos)
Non-Executive and Independent Director

Mr Amos Ong is an Independent Director of the Company. He was appointed a Director on 1 January 2022 and was last re-elected on 26 April 2022. He is the Chairman of the Share Purchase Committee. Mr Ong is Co-Founding and Co-Managing Partner with A3 Capital Pte Ltd, a privately held specialist Real Estate investment platform based in Singapore undertaking Real Estate Fund Management, Asset Management and Syndication.

Mr Ong was with Maybank from 1992 to 2021. He held various positions including Country Head of Maybank Hong Kong, President and CEO, Maybank Philippines Inc. and Head of Client Coverage and Global Banking at Maybank Singapore.

Mr Ong holds a Master of Economics degree from Macquarie University and graduated with a Bachelor of Arts (Economics) with First Class Honours from London Metropolitan University.

Ow Yong Thian Soo
Non-Executive and 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 25 June 2020. He is the Chairman of the Nominating Committee and a member of the Audit and Risk Committee and the Remuneration Committee.

Mr Ow Yong was admitted to the Singapore Bar in 1982. He is a Senior Partner of the law firm, Lee & Lee and is the Head of its Real Estate Department. His practice covers a wide range of real estate and financing transactions relating to commercial, industrial and residential properties.

SENIOR MANAGEMENT

Shin Yong Seub (Paul)
Chief Executive Officer
(Koh Brothers Eco Engineering Limited)

Mr Paul Shin was appointed the Chief Executive Officer of Koh Brothers Eco Engineering Limited in 2016. Prior to joining Koh Brothers Eco Engineering Limited, he held various senior management positions in Samsung C & T Corporation. The last position he held there was Head of its South East Asia Headquarters.

Mr Shin holds a Bachelor of Arts degree in International Business from Hankuk University of Foreign Studies, 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
Deputy Chairman
(Koh Brothers Eco Engineering Limited)

Mr Choo Siew Meng was appointed as Executive Director (Construction) in December 2017 and was promoted to Deputy Chairman in 2022. He has more than 45 years' experience in the Construction industry including a stint as a Civil Engineer with the Housing & Development Board from 1973 to 1977.

He has been with Koh Brothers Group for 20 years where he was responsible for the overall performance of the Construction Division. Mr Choo has in-depth knowledge and experience in building projects as well as highly specialised civil engineering and infrastructural projects such as the Marina Barrage, Tuas Drydock, Changi Water Reclamation Plant and the Common Services Tunnel (Marina South).

Mr Choo holds a Bachelor of Engineering from the University of Singapore.

Chan Ping Meng
Executive Director
(Building Materials division)

Mr Chan Ping Meng joined the Building Materials Division as 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 35 years' experience in precast concrete operations and has been involved in precasting for a wide variety of civil engineering, building and marine construction projects. 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.

Leonard Yap
General Manager
(Ready-Mix division)

Mr Leonard Yap joined the Group as General Manager (Ready-Mix Division) in 2021 and is responsible for overseeing the operations, business performance and growth of this division. Mr Yap has more than 25 years' experience in management, sales, production and procurement. Prior to joining the Group, he held senior positions with various companies in the building materials industry. He holds a Bachelor of Arts with Honours in Accountancy from Birmingham City University.

Bernard Wong Ee Yu
Executive Director
(Real Estate division)

Mr Bernard Wong joined the Group as Executive Director (Real Estate Division) in 2012 and is responsible for overseeing the operations, business performance and growth of this division. He is also a Non-Executive Director of Oiltek International Limited. Mr Wong has more than 30 years' engineering and management experience in the real estate sector. Prior to joining the Group, he held senior and management positions with various property developers in Malaysia. Mr Wong holds a Bachelor of Engineering with Honours in Civil Engineering from the University of Birmingham.

Tay Tze Wen (Sammi)
Financial Controller

Ms Sammi 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 been appointed as an alternate director to Mr Koh Keng Siang (Francis) in Oiltek International Limited with effect from 1 March 2023. She has more than 20 years' experience in auditing, accounting and finance.

Ms Tay holds a Bachelor of Commerce in Accounting and Finance from Monash University, Australia. She is also a Chartered Accountant of ISCA and a member of CPA Australia.

Therese Ng Chew Hwee
Company Secretary

Ms Therese Ng rejoined the Company in June 2020 as the Company Secretary. She is responsible for the Group's corporate secretarial and compliance functions. She has more than 15 years' experience in corporate secretarial and related compliance matters. Ms Ng holds a Master of Science in Finance, Accounting and Management from University of Bradford, United Kingdom. She is also an Associate of the Chartered Secretaries Institute of Singapore.

GROUP STRUCTURE

KOH BROTHERS GROUP LIMITED

許兄弟
KOH BROS
Building Cities Building Dreams

CONSTRUCTION AND BUILDING MATERIALS

Koh Brothers Eco Engineering Limited

Koh Brothers Building & Civil Engineering Contractor (Pte) Ltd

G & W Ready-Mix Pte Ltd

G & W Precast Pte Ltd

Oiltek International Limited

Oiltek Sdn Bhd

REAL ESTATE

Koh Brothers Development Pte Ltd

Koh Brothers Holdings Pte Ltd

KBD Holland Pte Ltd

Koh Brothers Gangnam Limited

KBD Ventures Pte Ltd

Changi Properties Pte Ltd

KBD Kosdale Pte Ltd

Kosland Pte Ltd

PT Koh Brothers Indonesia

LEISURE & HOSPITALITY

Oxford Hotel Pte Ltd

Koh Brothers Investment Pte Ltd

Note: This list is not exhaustive

SUSTAINABILITY REPORT

BOARD STATEMENT

Koh Brothers Group Limited (the "Company", and together with its subsidiaries, the "Group"), is pleased to present its sustainability report for the financial year ended 31 December 2022. This report demonstrates our continuing commitment towards building a more sustainable future, as global and national calls for combating climate change have been increasing with urgency.

Being in the construction sector, we understand the impact that our operations have on the environment, and recognise that it is our responsibility to incorporate sustainable practices into our corporate strategy and daily operations. Our sustainability strategy and principles are also linked to the Group's motto, Building Cities Building Dreams, which drives the behaviours, attitudes, decisions and actions of the business.

Against the backdrop of the ongoing conflict between Russia and Ukraine, there is greater uncertainty in the global economy than before. However, the Group remains committed to deliver the best value to our stakeholders in a sustainable manner, while navigating today's challenging operating environment. With the continued support of our business partners and employees, the Group has adapted to the evolving business landscape by adjusting our ways of working to ensure business viability, and also supporting the well-being of our employees and local communities.

With the recent SGX announcements on the requirements for internal review over sustainability reporting and mandatory climate reporting for our industry, we endeavour to strengthen the integration of sustainability into the heart of our business by aligning our business strategy with the interests of our stakeholders, while managing the impacts we have in the environment and society. The Group considers sustainability issues as part of our strategic intent and continues to focus on setting up a strategic direction towards sustainable consumption of environmental resources, diverse and inclusive workplace, fair employment practices, as well as the health and safety of our employees.

The board of directors of the Group ("the Board") oversees the management and monitoring of the material factors discussed in this report and continue to be supported by management in integrating sustainability considerations into business decisions. As discharged by the Board, management from across the Group is responsible for determining ESG issues that are material to the Group, managing and reporting the Group's ESG performance.

The Board thanks its various stakeholders for being part of our sustainability journey and looks forward to a continued partnership as we strive towards responsible corporate citizenship.

Board of Directors
Koh Brothers Group Limited

ABOUT THIS REPORT

REPORTING PERIOD AND SCOPE

This report addresses the Group's sustainability practices and performance around its material economic, environment, social and governance ("EESG") factors for the period of 1 January to 31 December 2022 ("FY2022"). The scope of the report covers the Group's main operating entities under two business divisions, the Construction and Building Materials and Real Estate divisions.

REPORTING FRAMEWORK

This report has been prepared in accordance with the requirements of SGX-ST Listing Rules 711A and 711B, and with reference to the Global Reporting Initiative ("GRI") Standards 2021. The GRI Standards were selected as it is an internationally recognised reporting framework that covers a comprehensive range of sustainability disclosures.

We understand that making climate-related disclosures consistent with the recommendations of the Task Force on Climate-related Financial Disclosures ("TCFD") is also an important step in our growth and development and we take it very seriously. However, for the financial year ended 31 December 2022, the Group was focused on conducting a study with our subcontractors to understand their approach to preserving the ecosystem. On top of that, our customers' opinions are invaluable in shaping our future actions. Therefore, for the financial year ending 31 December 2023, the Group will focus on seeking their thoughts on climate-related risks and opportunities in regard to our industry. The subcontractors' and customers' input will help us gather the right resources and ensure adequate preparation such that we are able to make the relevant climate-related disclosures in the annual report for the financial year ending 31 December 2023 in a meaningful manner.

The accuracy and veracity of the information presented in this report has been reported in good faith and to the best of our knowledge. While the information provided has been ensured by internal monitoring and verification, this report has not been externally assured. We have conducted an internal review of our sustainability management process.

FEEDBACK

We value and welcome all feedback from stakeholders as they are integral to the continuous improvement of our sustainability practices and reporting.

Please send all the comments and suggestions to our Investor Relations Consultants, Citigate Dewe Rogerson Singapore Pte Ltd.

SUSTAINABILITY REPORT

MANAGING SUSTAINABILITY

STAKEHOLDER APPROACH

Plan and Scope → Stakeholder Engagement → Materiality Assessment → Data Collection → Disclose Performance

STAKEHOLDER ENGAGEMENT

We understand that stakeholders play a critical role in determining a business' long-term viability and we have identified our key stakeholders as groups or individuals who impact our strategy the most or are directly impacted by it.

We actively engage our key stakeholders on a consistent basis to understand their needs and expectations and strive to respond to their concerns in a timely manner. Thus, it is always our priority to maintain open lines of communication with our stakeholders.

Key Stakeholders	Engagement Methods	Key Concerns	Our Responses
Government / Regulators	• Participation in government initiatives and policy working groups	• Occupational health and safety • Regulatory compliance	• We work closely with government agencies and regulators to elevate industry standards for sustainable practices, as well as health and safety standards.
Employees	• Annual performance appraisals • Staff orientation for new employees • Regular sessions with the Project Heads and/or Heads of Departments to address the training needs of staff • Ad-hoc gatherings	• Employment • Remuneration • Benefits • Career Progression • Training and education	• Our employees are our most important asset and we ensure that they are equipped with the relevant skills to navigate a fast-changing global landscape.
Investors	• Annual General Meetings • Annual reports • Notices, Circulars, and Announcements	• Voting rights • Financial results • Key information	• We strongly emphasise corporate governance and sustainability and continue to build investors trust and confidence through open dialogue with shareholders.
Customers	• Websites • Face-to-face meetings • Electronic medium	• Service quality • Project completion • Price	• Delivering the highest standards of quality, safety and sustainability across all our businesses
Contractors	• Periodic meetings • Contractor/supplier evaluation exercises • Electronic medium	• Projects volume • Prompt payments	• We constantly review and monitor the performance of our subcontractors and suppliers which are governed by our standard operating procedures and improve efficiency throughout the supply chain.
Media	• Media announcements	• Financial Results • Environmental news • Community impact	• We are committed to ensuring that accurate and pertinent information is disseminated to the market in a timely and transparent manner as part of good corporate governance.

SUSTAINABILITY REPORT

MATERIALITY ASSESSMENT

We believe that material issues have a direct or indirect impact on our ability to create, preserve or deplete the economic, environmental and social value for ourselves, our stakeholders and the society at large. A materiality assessment allows us to identify aspects most relevant to us, which aids in defining our sustainability goals and their alignment with our business aspirations.

In September 2017, the Company conducted an inaugural 3-step materiality assessment in line with the Materiality Principle of the GRI Standards. The process is described as follows:

STEP 1: IDENTIFICATION
Identified potential material EESG factors

STEP 2: PRIORITISATION
Prioritised material EESG factors based on management team discussion

STEP 3: VALIDATION
Validated material EESG factors by the Board

In the process of identifying the material EESG factors, the Company considered the following:

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

In 2022, we re-validated the material EESG factors identified in 2017 and added more material factors in our sustainability reporting. Taking into consideration our business operations, the new sustainability landscape and stakeholders' needs and expectations, the current EESG factors were deemed to be relevant and material to the Group. The Company will regularly review and assess these material EESG factors to ensure their relevance.

Our assessment yielded ten material EESG factors as shown in the following table.

Sustainability Focus Area	Material EESG Factors
Economic	Economic performance
	Anti-corruption
Environmental	Energy Consumption
	Water Consumption
	Waste Generation
Social	Employment
	Diversity and Equal Opportunity
	Occupational Health and Safety
	Training and Education
Governance	Compliance with Laws and Regulations

KEY PERFORMANCE AT A GLANCE

Indicators	2021	2022	Sustainability Performance
Economic Performance Refer to the 2022 Annual Report page 50 to 54 for financial statements that provides more information on the Group's economic performance for the financial year ended 31 December 2022.			
Anti-corruption Confirmed incidents of corruption and actions taken	Nil	Nil	Achieved
Energy Total energy consumed (kWh)	213,285	515,653	Not achieved - Due to the gradual resumption of construction activities in FY2022
Total energy intensity (kWh/m^2)	31.06	57.61	
Water Total water consumed (m^3)	309,472	201,635	Achieved
Total water intensity (m^3/m^2)	1.37	0.84	
Waste Total waste generated (tonnes)	2,076	2,625	Not achieved - Due to the gradual resumption of construction activities in FY2022
Employment Total number of employees	493	497	Achieved – Maintained the number of employees
Diversity and Equal Opportunity Employee Gender distribution:			Achieved – Maintained a gender distribution ratio within the Group of between 70% to 80% for male employees and between 20% to 30% for female employees
Male	75.05%	72.84%	
Female	24.95%	27.16%	
Occupational Health and Safety Number of workplace fatalities	Nil	Nil	Achieved – Maintained zero workplace fatalities
Workplace injuries rate	31.46	56.46	Achieved – Remained below the national statistics for 1H2022 published by Ministry of Manpower
Training and Education Total Training Hours	3,495	3,058	Conducted regular training for employees
Average Training Hours per employee	7.09	6.15	
Compliance with Laws and Regulations Total reported incidents of non-compliance	Nil	Nil	Achieved

SUSTAINABILITY REPORT

ECONOMIC

ECONOMIC PERFORMANCE

For detailed financial results, business review and performance, please refer to the following sections in our 2022 Annual Report:

- Our Business, pages 2 – 4
- Financial Highlights, page 7
- Financial Statements, pages 50 – 54

ANTI-CORRUPTION

We are committed to creating a better and fairer world for everyone. We recognise that corruption is an issue that may affect our business. At Koh Brothers Group Limited, we have a zero-tolerance policy towards corruption, fraud, and bribery. We have put in place measures to help prevent, detect, and investigate any of such activity through our whistle-blowing policy.

Employees 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 to the Audit and Risk Committee ("ARC"). We are committed to ensure anonymity and protection of the whistle-blower against detrimental or unfair treatment. Only the Independent Directors of the ARC of the Company have been appointed to review and carry out investigations on all such complaints and/or concerns raised.

We are also dedicated to working with our business partners, suppliers, and contractors to ensure that they adhere to the same high standards of integrity and ethics that we strive for. We believe that helping to create an environment where everyone can benefit from fair and ethical business practices aligned with our general sustainability direction.

* In FY2022, we have zero confirmed incidents of corruption reported to the management (FY2021: nil).
* We target to have zero confirmed incidents of corruption reported to the management in FY2023.

ENVIRONMENT

ENERGY

We are committed to making sure our operations are as energy efficient and sustainable as possible. We believe that by taking steps to reduce energy consumption, we can positively impact our environment and help create a healthier future for our stakeholders.

We are continuously exploring new ways to reduce our energy consumption. This includes investigating new technologies and working with sustainability experts to ensure that we are compliant and conduct business responsibly. The Group aspires to help others decrease resources use through promoting green buildings in line with the Singapore Green Building Masterplan.

Measures implemented by the Group as of date include the following:

- Regular maintenance of equipment and facilities to ensure optimal energy efficiency;
- Provision of high-efficiency systems such as lifts with variable voltage frequency and sleep mode features; and
- Installation of energy-efficient light fittings and motion sensors at common staircases and toilets.

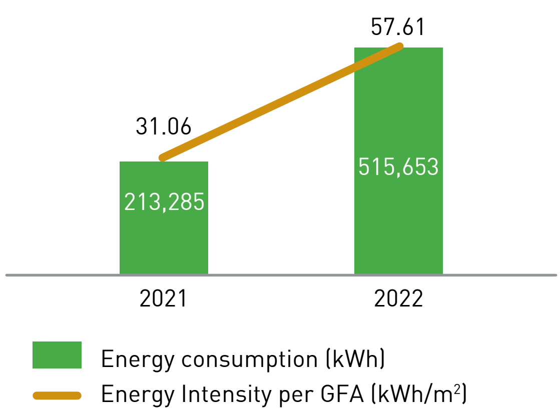
We also understand that measures must be identified and taken on a firm-wide level to improve our energy consumption performance. In this regard, we have continued to make efforts in conserving our resources and managing our consumptions so that the Group can optimise its utilities and emissions performance. We are proud of the steps we have taken so far, and we strive to continue improving our efforts to manage energy consumption more efficiently.

Our commitment to energy efficiency extends beyond our own operations. Through our indirect Catalist-listed subsidiary, Oiltek International Limited, we are able to generate biogas. Biogas can be used in a thermal and electricity generation for industrial and commercial purposes that pose as a sustainable alternative to boiler fuel.

CHANGES TO ENERGY MEASUREMENT METHOD

Our energy consumption is dependent on type, size, construction stage, construction activity and whether the project is a building or civil engineering project. In this year, the Group noted that the energy measurements previously would not allow for accurate comparisons in the future. In order to address this issue, we have decided to adopt a new approach this year. For our energy measurements, we solely account for buildings works and exclude civil works.

ENERGY CONSUMPTION AND INTENSITY



* In FY2022, our total energy consumption was 515,653 kWh (FY2021: 213,285 kWh), and our energy intensity per Gross Floor area ("GFA") was 57.61 kWh/m^2 (FY2021: 31.06 kWh/m^2).

* We target to reduce our energy intensity per GFA up to 2% compared to 2022 level next year.

SUSTAINABILITY REPORT

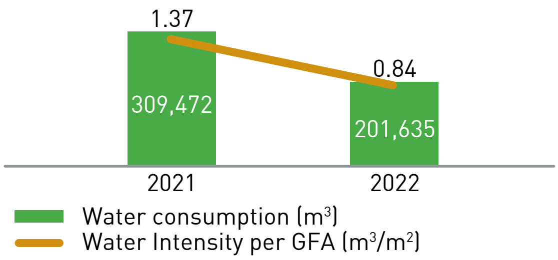
WATER

At the Group, we are firmly committed to managing our water consumption responsibly and sustainably. As a company, we understand the importance of conserving water as a valuable resource, especially in light of the increasing impact of climate change. Our commitment to reducing our water consumption applies to our construction work. We make sure that we use NEWater instead of PUB domestic water for construction works e.g. cleaning of sites.

Our commitment to managing water consumption is an integral part of our sustainability efforts. To manage the Group's environmental performance holistically and systematically, we also maintain the ISO 14001:2015 certification for environmental management systems. This certification helps map out a framework that we can adhere to set up an effective environmental management system, demonstrating our commitment to improving and reducing our environmental impact. As we continue to implement strategies and techniques, we look forward to seeing more positive impact to the environment.

Our water consumption was dependent on type, size, construction stage, construction activity, and whether the project was a building or civil engineering project. Furthermore, annual consumption trends may not be entirely comparable as water consumption tend to be higher during the middle stages of a project.

WATER CONSUMPTION AND INTENSITY



* In FY2022, our total water consumption was 201,635 m^3 (FY2021: 309,472 m^3) and our water intensity per GFA is 0.84 m^3/m^2 (FY2021: 1.37 m^3/m^2).

* We target to maintain the same level of our water intensity per GFA in 2023.

WASTE

The Group understands that it is important to account for waste we generate annually to track our performance and improve our sustainability management. As part of our commitment to sustainability, we have been diligently tracking and monitoring our waste generation which is largely dependent on the level of construction activities. Accounting for waste generation shows an extent to which we manage waste-related impacts. We are committed to manage our waste generation well, providing regular updates and reduce the negative impacts from our waste generation.

* In FY2022, the Group's total waste generation was 2,625 tonnes as there was an increased of work volume (FY2021: 2,076 tonnes).
* Assuming the same level of activities, we target to reduce up to 2% of waste generation for FY2023.

SOCIAL

The Group is committed to creating a sustainable future that respects and protects human rights within our operations. We are committed to upholding the fundamental principles of human rights based on the United Nations Guiding Principles on Business and Human Rights. We take steps to ensure that our practices and policies are respectful to the rights of every individual we conduct business with.
In particular, we are committed to:

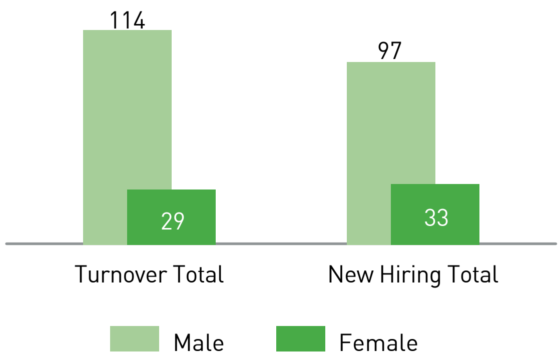
- Adhering to the Employment Laws and Regulations in the countries we operate in;
- Upholding labour rights, such as the rights to safe and fair working conditions;
- Promoting diversity and equal opportunities and non-discrimination in our workplace; and
- Ensuring respects to the local communities by adhering to the applicable laws and regulations.

EMPLOYMENT

We recognise the key role that employees play in the success of our business. Therefore, the Group remains committed to support and develop our employees wherever possible. We hope to create an environment where employees share the same values with the Group. The Group offers highly competitive salaries, training programmes, and excellent growth and development opportunities — all to create a compelling and rewarding work environment. Notwithstanding this, we have to acknowledge the current tight labour market and the difficulty in retaining employees especially in the construction industry.

Another key to retaining employees is to provide them with an engaging and fulfilling career by helping them discover and achieve their full potential. The Group provides academic and professional courses for job enhancement or job requirements, including job rotations, which allows employees to gain different skill sets and deepen their understanding of the Group's operations. The Group also reviews each employee's development plans during the annual performance appraisal to ensure that their training needs and goals are addressed. The Group total number of employees was 497 in FY2022 (FY2021: 493).

EMPLOYMENT FY2022



* In FY2022, the Group total turnover rate was 28.77%.
* We target to maintain the same level of turnover rate for FY2023.

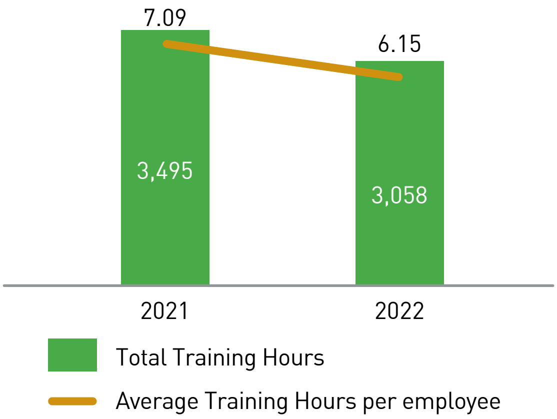
SUSTAINABILITY REPORT

TRAINING AND EDUCATION

We understand that value creation and sustainability are critical issues facing businesses today, and that is why we encourage training and education for our employees to equip them with the necessary skills and knowledge to promote business improvement and sustainability in all areas of our operations.

In FY2022, the Board has attended a comprehensive sustainability training. The training was aimed at equipping our Board members with the knowledge and skills necessary to integrate she sustainability principles into our business operations. We believe sustainability principles will guide us in our journey to manage sustainability issues. We remain committed to sustainability and will continue to invest in training and educational programmes that enhance our capacity to create long-term value for all stakeholders.

TRAINING AND EDUCATION ACTIVITY



* In FY2022, the Group total training hours was 3,058. The training hours were lower than last year as some programmes were not moderated by MOM certified trainers and hence, excluded from the calculation (FY2021: 3,495)

* We target to increase the average training hours per employee by 10% in FY2023.

DIVERSITY AND EQUAL OPPORTUNITY

Diversity is essential to building a dynamic, engaging, and productive workforce for our Group. We do not tolerate any discrimination on the grounds of gender, age, racial origin, religious affiliation, disability or marital status. We adopt a fair employment policy that provides everyone with equal opportunities free from discrimination. All employees are evaluated based on their merits and have an equal opportunity to be trained, promoted, selected for posts, and to have their employments terminated fairly.

Recognising that we operate in a male-dominated industry, the Group has highlighted the importance of monitoring gender diversity and will continue to explore opportunities to improve inclusivity and gender diversity among our workforce. In addition, the Group believes that understanding our employees' needs is crucial to retaining employees, and thus deploy an "open-door" policy to encourage communication between management and employees.

2021 Performance	2022 Performance
Gender Distribution • Male : 75.05% • Female: 24.95%	Gender Distribution • Male : 72.84% • Female: 27.16%

Board Diversity

Our commitment to Board diversity enables us to leverage unique perspectives of each Board members in order to make well-rounded decisions and foster a culture of inclusions. We believe that by having a diverse Board of Directors, we are creating an environment where everyone can contribute their ideas and perspectives, leading to improved business performance. We also understand that strong Board diversity can help create better relationships with our stakeholders and help us better understand their needs.

* In the forthcoming year, we aim to continue achieving gender distribution ratio of 70% to 80% for male employees and 20% to 30% for female employees.

OCCUPATIONAL HEALTH AND SAFETY

Safeguarding our employees' health and safety is of utmost importance to us and is integral to ensuring smooth operations. We believe that work progress cannot be achieved at the expense of health and safety, hence the tone of defining employees' health and safety is crucial in fostering a safe and effective working environment. Maintaining a safe working environment is also the responsibility of all employees and management across the organisation.

We have established Health and Safety Policies. Our Construction and Building Materials division has fortnightly meetings to discuss health and safety issues and incidents and evaluate the sufficiency of health and safety initiatives. A Health and Safety Forum is also held quarterly, where the Management of the Construction and Building Materials division will discuss health and safety issues with its Health, Safety, and Environment ("HSE") division.

With the establishment of the Management HSE Committee, monthly site visits and inspections are conducted, and thereafter committee meetings are held to discuss the health and safety issues. Our Construction and Building Materials

ACTIVITY 1 - FIRE DRILL

SUSTAINABILITY REPORT

division has set aside a health and safety budget dedicated to implementing health and safety improvement initiatives. Procedures are also in place to award workers, supervisors and subcontractors for safety-conscious behaviours to incentivise and nurture the safety culture, such as the monthly Best Safety Conscious Supervisor and Worker awards.

At the project level, health and safety risks and impacts are assessed for all projects opportunities for improvement in the different project life cycle stages are identified, such as during project plan development, project execution and project handover. At weekly project meetings, health and safety issues are discussed and messages from the meetings are cascaded to all supervisors and workers every morning before starting work. A group chat has also been formed to facilitate real-time safety updates and incident reporting between the management and project teams.

SAFETY TRAINING

ACTIVITY 2 - CRIME PREVENTING BRIEFING

At the site level, a safety manager conducts spot checks to ensure that assets and equipment including elevators, escalators and stairwells are well-maintained at worksites, ensuring that all necessary safety equipment are in place. 24/7 security guards are also hired to conduct daily rounds and spot checks. Periodic meetings are conducted with project consultants to highlight any health and safety-related matters. If any safety incident was reported by employees or visitors, the safety managers are responsible for conducting timely investigation and execution of preventive and corrective actions. We have a group of appointed clinics to provide readily available medical and healthcare services to employees and workers when required.

To supplement regular reviews of health and safety issues at various levels, we provide regular trainings to educate employees on the potential occupational health risks and safety hazards, as well as the proper precautions to take. Each of our projects has a training plan and various HSE trainings are conducted monthly. Employees are also required to complete a HSE induction programme at the KBCE Training Centre.

* In FY2022, there was zero fatalities (FY2021: nil fatalities).
* In FY2023, we aim to maintain zero workplace fatalities. Assuming the same level of activities, we aim to reduce the workplace injuries rate by 5% in 2023.

LOCAL COMMUNITIES

As a socially responsible corporation, KBE is dedicated to being a force which brings positive impacts to the local communities it operates in. Giving back to the society that has supported the growth of KBE is at the core of our values. KBE contributes and reaches out to the society through corporate social responsibility ("CSR") initiatives, which includes corporate philanthropy, volunteerism, environment and corporate sponsorship. During the year, our employees have been actively involved in food distribution to needy families.

At our Group, we understand the importance of collaboration and knowledge sharing within our industry. We are proud to participate in local industry associations as part of our efforts to further value creation and sustainability. By joining industry associations as a member, we are able to use the knowledge and resources gained to continuously improve our business operations. We believe that this commitment will enable us to stay ahead of the competition and better serve our clients. The Koh Brothers Group companies are members of the following associations:

1. Ready-Mixed Concrete Association of Singapore
2. Prefabrication Association of Singapore
3. Tunnelling & Underground Construction Society Singapore
4. Singapore Contractors Association
5. Real Estate Developers' Association of Singapore
6. Serviced Apartments Association

SUSTAINABILITY REPORT


ACTIVITY 3 – ATTENDING TO STAFF WELL BEING


ACTIVITY 4 - MORNING EXERCISE

GOVERNANCE

COMPLIANCE WITH LAWS AND REGULATIONS

We recognise the importance of taking proactive measures to ensure that our employees understand and adhere to the applicable laws and regulations. We will ensure that all employees are informed about the ethical standards to which we hold ourselves and are properly trained on applicable laws, regulations and policies. We have implemented internal policies and procedures designed to prevent incidents that could negatively affect our Group and its stakeholders.

We believe that the trust of our stakeholders is essential for our success. We are committed to providing clear and timely communication regarding any issues that may arise. We also encourage open dialogue and feedback our practices, and we take all concerns seriously.

In relation to the Group's environmental performance, we maintain the ISO 14001:2015 certification for environmental management systems. This certification helps map out a framework that we can adhere to set up an effective environmental management system, demonstrating our commitment to improving and reducing our environmental impact. Going forward, we will continue to conform for all external audits conducted for the aforementioned management system.

As mentioned in our corporate governance report, the Board has an appropriate level of independence and diversity of thought and background in its composition to enable it to make decisions in the best interests of the company. Directors have been appointed based on their calibre, expertise and experience. Board members comprise business leaders and professionals with finance, legal and industry knowledge. The Board, in concurrence with the Nominating Committee ("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. In this regard, the NC considered, amongst others, the skills, knowledge and experience required of the Board, in 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; and
d) the need for independence.

Our corporate governance report also discusses the procedures for developing remuneration policies and level and mix of remuneration, risk management and internal controls. For detailed information regarding the corporate governance report, please refer to page 25 – 40 in Annual Report FY2022.

* In FY2022, we have zero reported incidents of non-compliance to the applicable laws and regulations (FY2021: nil incidents).

* We target to maintain zero reported incidents of non-compliance to the applicable laws and regulations in FY2023.

SUSTAINABILITY REPORT

GRI CONTENT INDEX

GRI Standard	Disclosure	Page Reference
GRI 2: General Disclosures 2021	2-1 Organisational details	1-6
	2-2 Entities included in the organisation's sustainability reporting	15
	2-3 Reporting period, frequency and contact point	16
	2-4 Restatements of information	19
	2-5 External assurance	16
	2-6 Activities, value chain and other business relationships	1-4
	2-7 Employees	20
	2-8 Workers who are not employees	None
	2-9 Governance structure and composition	28-29
	2-10 Nomination and selection of the highest governance body	29-32
	2-11 Chair of the highest governance body	29
	2-12 Role of the highest governance body in overseeing the management of impacts	25-27
	2-13 Delegation of responsibility for managing impacts	16
	2-14 Role of the highest governance body in sustainability reporting	16
	2-15 Conflicts of interest	25
	2-16 Communication of critical concerns	17
	2-17 Collective knowledge of the highest governance body	28-29
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	2-19 Remuneration policies	33-34
	2-20 Process to determine remuneration	33-34
	2-21 Annual total compensation ratio	34-35
	2-22 Statement on sustainable development strategy	16
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	2-24 Embedding policy commitments	20
	2-25 Processes to remediate negative impacts	19
	2-26 Mechanisms for seeking advice and raising concerns	19
	2-27 Compliance with laws and regulations	23
	2-28 Membership associations	22
	2-29 Approach to stakeholder engagement	17
	2-30 Collective bargaining agreements	None
GRI 3: Material Topics 2021	3-1 Process to determine material topics	18
	3-2 List of material topics	18
	3-3 Management of material topics	18
GRI 201: Economic Performance 2016	201-1 Direct economic value generated and distributed	19
GRI 205: Anti-corruption 2016	205-3 Confirmed incidents of corruption and actions taken	19
GRI 302: Energy 2016	302-1 Energy consumption within the organization	19
	302-3 Energy intensity	19
GRI 303: Water and Effluents 2018	303-1 Interactions with water as a shared resource	20
	303-5 Water consumption	20
GRI 306: Waste 2020	306-3 Waste generated	20
GRI 401: Employment 2016	401-1 New employee hires and employee turnover	20
	401-2 Benefits provided to full-time employees that are not provided to temporary or part-time employees	20-21
GRI 403: Occupational Health and Safety 2018	403-4 Worker participation, consultation, and communication on occupational health and safety	21-22
	403-5 Worker training on occupational health and safety	21-22
	403-9 Work-related injuries	21-22
GRI 404: Training and Education 2016	404-1 Average hours of training per year per employee	21
GRI 405: Diversity and Equal Opportunity 2016	405-1 Diversity of governance bodies and employees	21
GRI 406: Non-discrimination 2016	406-1 Incidents of discrimination and corrective actions taken	21-22

REPORT ON CORPORATE GOVERNANCE

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 provisions of the Code of Corporate Governance 2018 which was last amended on 11 January 2023 (the "Code"). Where the Company's practices vary from any provisions of the Code, the Company has explicitly stated the provision from which it has varied, and explained the reason for the variation and how its practices are consistent with the intent of the relevant principle 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.

BOARD MATTERS

The Board's Conduct of Affairs

Principle 1 ***The company is headed by an effective Board which is collectively responsible and works with Management for the long-term success of the company***

The Board is made up of the following 13 Directors comprising 5 Executive Directors, 1 Non-Executive and Non-Independent Director, and 7 Independent Directors:

Koh Tiat Meng (Executive Chairman)
Koh Teak Huat (Executive Deputy Chairman)
Koh Keng Siang (Managing Director & Group Chief Executive Officer ("MD & Group CEO"))
Koh Keng Hiong (Executive Director and Deputy Chief Executive Officer (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)
Goh Mou Lih (Non-Executive and Independent Director)
Lai Mun Onn (Non-Executive and Independent Director)
Low Yee Khim (Non-Executive and Independent Director)
Ong Kheng Chye (Non-Executive and Independent Director)
Ong Seet Joon (Non-Executive and Independent Director)
Ow Yong Thian Soo (Non-Executive and Independent Director)

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

(a) review and oversee the management of the Group's business affairs and financial controls, performance and resource allocation, including ensuring that the required financial and human resources are available for the Group to meet its objectives;
(b) 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;
(c) 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);
(d) approve major investment and funding decisions;
(e) set the Company's values and standards and ensure that obligations to shareholders and other stakeholders are understood and met; and
(f) consider sustainability issues (e.g. environmental and social factors) as part of its strategic formulation.

All Directors are expected to objectively discharge their duties and responsibilities, to act in good faith, to provide insights and to consider the interests of the Company at all times. Any Director facing a conflict of interests will recuse himself or herself from discussions and decisions involving the issue of conflict. (Provision 1.1 of the Code)

REPORT ON CORPORATE GOVERNANCE

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

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

The Board delegates the formulation of business policies and day-to-day management to the MD & Group CEO and the Executive Directors. Each Board committee, including the EC were formed with clear written terms of reference setting out their compositions, authorities and duties, including reporting back to the Board. (Provision 1.4 of the Code)

The Board meets at least 4 times a year and convenes additional meetings when warranted by particular circumstances. In between Board meetings, other important matters will be tabled for the Board's approval by way of circulating resolutions in writing. The Company's Constitution provides for meetings of Directors to be held by means of telephone conference or other methods of simultaneous communication by electronic or other means.

A record of the Directors' attendance at Board and its committee meetings in 2022 is disclosed below

No. of meetings / Name of Directors	BOARD	EC	ARC	NC	RC	SPC#
	4	**5**	**4**	**1**	**2**	**–**
Koh Tiat Meng	2	2	–	–	–	–
Koh Teak Huat	4	5	–	–	–	–
Koh Keng Siang	4	5	–	1	–	–
Koh Keng Hiong	4	5	–	–	–	–
Lee Sok Khian John	4	–	–	–	–	–
Quek Chee Nee	4	–	–	–	–	–
Er Dr Lee Bee Wah(1)	4	–	4	–	–	–
Goh Mou Lih(2)	4	–	–	–	–	–
Lai Mun Onn(3)	4	–	4	1	2	–
Low Yee Khim(4)	4	–	3	–	–	–
Ong Kheng Chye(5)	4	–	–	–	1	–
Ong Seet Joon(6)	4	–	–	–	–	–
Ow Yong Thian Soo	4	–	4	1	2	–

Notes:
There were no Share Purchase Committee meetings held during the financial year ended 31 December 2022.
(1) Er Dr Lee Bee Wah was appointed as a member of the NC with effect from 1 April 2022.
(2) Mr Goh Mou Lih was appointed as a Non-Executive and Independent Director on 1 January 2022, and a member of the SPC with effect from 1 April 2022.
(3) Mr Lai Mun Onn had relinquished his position as a member of the NC with effect from 1 April 2022.
(4) Mr Low Yee Khim was appointed as a member of the ARC with effect from 1 April 2022.
(5) Mr Ong Kheng Chye was appointed as a Non-Executive and Independent Director on 1 January 2022, and a member of the RC with effect from 1 April 2022.
(6) Mr Ong Seet Joon was appointed as a Non-Executive and Independent Director on 1 January 2022, and the chairman of the SPC with effect from 1 April 2022.

The Board is of the view that the contributions of each Director should not be based only on his/her 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 the sharing of views, advice, experience and strategic networking relationships which would further the interests of the Group. (Provision 1.5 of the Code)

REPORT ON CORPORATE GOVERNANCE

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. (Provision 1.5 of the Code)

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

(a) corporate or financial restructuring;
(b) material acquisitions and disposals of assets which are outside the ordinary course of business;
(c) dividend payments;
(d) financial results announcements; and
(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 Management via a structured delegation of authority matrix (i.e. Group Limits of Authority (the "GLA")), which is reviewed, and revised when necessary.

The GLA provides clear guidance and directions to 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; and
(d) material financial/funding arrangements and expenditures.
(Provision 1.3 of the Code)

The Company has in place an orientation programme for all newly appointed Directors. This ensures that newly appointed Directors 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. All newly appointed Directors are also strongly encouraged to attend courses conducted by the Singapore Institute of Directors ("SID") which will assist them in the discharge of their duties as Directors.

As Mr Goh Mou Lih, Mr Ong Kheng Chye and Mr Ong Seet Joon were appointed as Non-Executive and Independent Directors on 1 January 2022, in line with the above and each of them has attended and completed the requisite Listed Entity Director programme conducted by the SID.

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 which will be paid by the Company. All Directors have attended the mandated sustainability training as required by the SGX-ST. (Provision 1.2 of the Code)

Prior to each meeting and when the need arises, the Board is furnished with complete and adequate information in a timely manner to enable full deliberation of the issues to be considered. To ensure that the Board is able to fulfil their respective responsibilities, Management provides the Board and board committees with board papers and related materials, background and copies of disclosure documents, management reports, forecasts, budgets, financial statements and other relevant information of the Group. (Provision 1.6 of the Code)

Directors have separate and independent access to the Management and the Company Secretary. The Company Secretary attends all Board and board 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 Board, the Company Secretary is responsible for, *inter alia*, (i) ensuring an effective flow of information within the Board and its committees and Management, (ii) facilitating orientation, and (iii) assisting with professional development, as required. The Company Secretary also assists the Board in the implementation and upkeep of good corporate governance and best practices across the Group.

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

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. (Provision 1.7 of the Code)

REPORT ON CORPORATE GOVERNANCE

Board Composition and Guidance

Principle 2 ***The Board has an appropriate level of independence and diversity of thought and background in its composition to enable it to make decisions in the best interests of the company.***

The Board is made up of 13 Directors comprising 5 Executive Directors, 1 Non-Executive and Non-Independent Director, and 7 Independent Directors. The Board is of the view that there is a strong and independent element on the Board and an appropriate level of independence and diversity of thought and background in its composition to exercise independent judgment in the best interests of the Company in light of the fact that a majority of the Board members are Non-Executive Directors. There is a sufficient number of Non-Executive Directors on the Board to carry significant weight in the Board's deliberations. The Board's decision making is not dominated by an individual or a small group of individuals. (Provisions 2.2 and 2.3 of the Code)

The NC reviews and assesses the independence of each Director, in accordance with the Code's criteria of independence, taking into account, *inter alia*, the Director's ability to act with independent business judgement in the best interest of the Company and to discharge his duties objectively, and the Director's conduct, character and judgment. The NC has assessed that the Independent Directors of the Board are independent within the meaning of the Code. 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. (Provision 2.1 of the Code)

During the financial year under review, the Group had received notarial public and commissioner for oaths and legal services rendered from 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 FY2022 was neither significant nor material in the context of both the Group'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 interest of the Company.

Mr Ow Yong Thian Soo is a partner of Lee & Lee ("L&L"), which had rendered legal services to the Group during FY2022. The Board considers that Mr Ow Yong's independence has not been compromised as the aggregate value of the transactions during FY2022 was not significant in the context of both the Group's and L&L's revenues. The Board believes that Mr Ow Yong is able to exercise strong independent judgement in his deliberations and act in the interest of the Company.

Based on the NC's recommendations, the Board has determined that the following Directors are considered independent within the meaning of the Code:

Er Dr Lee Bee Wah
Goh Mou Lih
Lai Mun Onn
Low Yee Khim
Ong Kheng Chye
Ong Seet Joon
Ow Yong Thian Soo

Mr Lai Mun Onn has served on the Board for more than 9 years and has been re-elected at the AGM previously held on 27 April 2021.

The Board, having examined the scope, nature and requirements 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 necessary, to meet the changing needs and demands of the Group's business and operations.

Directors have been appointed based on 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. In this regard, the NC considered, amongst others, the skills, knowledge and experience required of the Board, in 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; and
(d) the need for independence.

REPORT ON CORPORATE GOVERNANCE

The Company has adopted a board diversity policy. Diversity in the composition of the Board will allow the company to draw on diversified skill sets, experience, backgrounds and perspectives, which can be expected to deliver a range of following benefits. For the purposes of Board composition, diversity includes but is not limited to, business skills; industry experience, gender, age and ethnicity. The Board will make good use of such diversity among individuals in determining the composition of the Board. All Board appointments are targeted to reflect the diverse nature of the business environment in which the Group operates. While all directors' appointments are based on merit, the Board recognises gender as an important aspect of diversity. In order to achieve its diversity goals, the Board undertakes to set measurable objectives to achieve gender diversity and the NC shall endeavour to ensure that female candidates are included for consideration when identifying candidates to be appointed to the Board. (Provision 2.4 of the Code)

The Board currently comprises 8 Non-Executive Directors of whom 7 are Independent Directors. They constructively challenge and help develop strategies for the Group. The Non-Executive Directors also review the performance of Management in meeting agreed goals and objectives, and monitor the Group's performance.

The Independent Directors also discuss matters such as the Group's financial performance, corporate governance initiatives, the performance of Management, and the remuneration of the Executive Directors and senior management from time to time. The Independent Directors meet up at least once annually, without the presence of Management to facilitate a more effective check on Management. The Chairman of such meetings provides feedback to the Board and/or the Chairman of the Board, as appropriate. (Provision 2.5 of the Code)

Chairman and Chief Executive Officer

Principle 3 There is a clear division of responsibilities between the leadership of the Board and Management, and no one individual has unfettered powers of decision-making.

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.

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. 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 for the Group's businesses and operations and 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.

Assisted by the MD & Group CEO, the Executive Chairman is responsible for the Board's proceedings. He leads the Board to ensure its effectiveness in 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, facilitates 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 Board members are provided with complete, adequate and timely information of all agenda items. (Provisions 3.1 and 3.2 of the Code)

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 has failed or is inappropriate. The Independent Directors also confer among themselves (when necessary) and provide feedback to the Executive Chairman and the MD & Group CEO as appropriate. (Provision 3.3 of the Code)

Board Membership

Principle 4 The Board has a formal and transparent process for the appointment and re-appointment of Directors, taking into account the need for progressive renewal of the Board.

The NC comprises the following members:

Ow Yong Thian Soo (Chairman)
Er Dr Lee Bee Wah
Koh Keng Siang

The NC is comprised of mostly Independent Directors. The chairman of the NC, Mr Ow Yong Thian Soo and Er Dr Lee Bee Wah are Independent Directors. The NC complies with the formal and transparent process in place regarding the appointment and re-appointment of Directors. (Provision 4.2 of the Code)

REPORT ON CORPORATE GOVERNANCE

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

(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) to ensure that all Directors submit themselves for re-nomination and re-appointment at regular intervals and at least once every three years;
(d) review training and professional development programs for the Board;
(e) ensure that new Directors are aware of their duties and obligations; and
(f) make recommendations on the appointment and re-appointment of Directors.
(Provisions 4.1 and 4.2 of the Code)

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. (Provision 4.3 of the Code)

Pursuant to Regulation 110 of the Company's Constitution, one-third of the Directors shall retire from office at every AGM provided always that each Director is required to retire from office at least once in every three years. 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 ensures that new Directors are aware of their duties and obligations.

The NC assesses annually and as and when circumstance requires, whether or not a Director is independent based on the guidelines set out in the Code and any other salient factors. When considering the independence of the Directors, the NC also reviews the annual declaration by the Independent Directors regarding their independence and the Directors' disclosure of interests in transactions. (Provision 4.4 of the Code)

The Board does not encourage the appointment of alternate Directors. No alternate Director has been appointed to the Board.

The Board has adopted a process for the selection, appointment and re-appointment of Directors. 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) based on their relevant experience and skillsets 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.

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; and
(d) the need for independence of the Board.

REPORT ON CORPORATE GOVERNANCE

The dates of initial appointment of each Director, together with their Directorships in other listed companies, are set out below:

Name of Director	**Appointment**	**Date of Initial Appointment**	**Date of last re-election**	**Current Directorships in listed companies**	**Past Directorships in listed companies (5 years)**	**Principal Commitments**
Koh Tiat Meng	Executive Chairman	2 Feb 1994	26 Apr 2022	–	–	Executive Chairman, Koh Brothers Group Limited
Koh Teak Huat	Executive Deputy Chairman	2 Feb 1994	27 Apr 2021	–	–	Executive Deputy Chairman, Koh Brothers Group Limited
Koh Keng Siang	Managing Director & Group CEO	5 May 1994	26 Apr 2022	Koh Brothers Eco Engineering Limited, Oiltek International Limited	–	Managing Director and Group CEO, Koh Brothers Group Limited
Koh Keng Hiong	Executive Director and Deputy CEO (Real Estate and Leisure & Hospitality Divisions)	7 Feb 2007	26 Apr 2022	–	–	Executive Director and Deputy CEO (Real Estate and Leisure & Hospitality Divisions), Koh Brothers Group Limited
Lee Sok Khian John	Executive Director	9 May 2016	26 Apr 2022	Koh Brothers Eco Engineering Limited	–	Executive Director, Koh Brothers Group Limited
Quek Chee Nee	Non-Executive and Non-Independent Director	2 Feb 1994	25 Jun 2020	–	–	N.A.
Er Dr Lee Bee Wah	Non-Executive and Lead Independent Director	1 Jul 2015	27 Apr 2021	Amcorp Global Ltd, Heeton Holdings Ltd	–	Group Director, Meinhardt (Singapore) Pte Ltd
Goh Mou Lih	Non-Executive and Independent Director	1 Jan 2022	26 Apr 2022	–	–	Consultant, Quyntor Pte Ltd
Lai Mun Onn	Non-Executive and Independent Director	30 Jul 1994	27 Apr 2021	Fuji Offset Plates Manufacturing Ltd	–	Managing Partner, Lai Mun Onn & Co
Low Yee Khim	Non-Executive and Independent Director	1 Jan 2019	27 Apr 2021	–	–	N.A.
Ong Kheng Chye	Non-Executive and Independent Director	1 Jan 2022	26 Apr 2022	–	–	1) Executive Director, Edge Capital Group of Companies 2) Executive Director, Eden Residence Group of Companies 3) Executive Director, Habitat Commercial Pte Ltd

REPORT ON CORPORATE GOVERNANCE

Name of Director	Appointment	Date of Initial Appointment	Date of last re-election	Current Directorships in listed companies	Past Directorships in listed companies (5 years)	Principal Commitments
Ong Seet Joon	Non-Executive and Independent Director	1 Jan 2022	26 Apr 2022	–	–	Partner, A3 Capital Pte. Ltd.
Ow Yong Thian Soo	Non-Executive and Independent Director	20 Jun 2016	25 Jun 2020	–	–	Senior Partner, Lee & Lee and Head of its Real Estate Department

When a Director has multiple board representations or principal commitments, the NC also considers whether or not the Director is able to and has adequately carried out his duties as a Director of the Company. The NC is satisfied that sufficient time and attention has been given by the Directors to the affairs of the Company, notwithstanding that some of the Directors have a few board representations or principal commitments. The Board is of the view that there is no necessity at this point in time to determine the maximum number of listed company board representations which a Director may hold, as each Director is able to devote sufficient time and attention to the affairs of the Company. (Provision 4.5 of the Code)

The following Directors will be offering themselves for re-election at the forthcoming AGM:

Koh Teak Huat
Quek Chee Nee
Er Dr Lee Bee Wah
Low Yee Khim
Ow Yong Thian Soo

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 2022 (the "Annual Report"). Additional details of the Directors that are due for retirement and who will be offering themselves for re-election at the forthcoming AGM are also contained in the Section of the Annual Report entitled "Additional Information for Directors seeking re-election."

Board Performance

Principle 5 ***The Board undertakes a formal annual assessment of its effectiveness as a whole, and that of each of its board committees and individual Directors.***

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 annually.

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 outcome 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.

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 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. (Provisions 5.1 and 5.2 of the Code)

The NC, where appropriate, will act on the results of the performance evaluation and propose new members to the Board or seek the resignation of Directors, when required and/or appropriate.

REPORT ON CORPORATE GOVERNANCE

REMUNERATION MATTERS

Procedures for Developing Remuneration Policies

Principle 6 ***The Board has a formal and transparent procedure for developing policies on Director and executive remuneration, and for fixing the remuneration packages of individual Directors and Key Management Personnel. No Director is involved in deciding his or her own remuneration.***

The RC comprises the following Directors

Lai Mun Onn (Chairman)
Ong Kheng Chye
Ow Yong Thian Soo

The RC is comprised solely of Independent Directors. (Provision 6.2 of the Code)

The key responsibilities of the RC are to:

(a) review and recommend to the Board for endorsement a framework of remuneration for the Board and key members of Management, and the remuneration package for each Executive Director and each key member of Management, covering all aspects of remuneration including but not limited to Directors' fees, salaries, allowances, bonuses and benefits-in-kind;
(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 Management; and
(c) ensure that there is an adequate disclosure on the remuneration of Directors and key members of Management.

(Provisions 6.1 and 6.3 of the Code)

No individual Director is involved in deciding his own remuneration. The RC will seek internal or external expert advice in furtherance of its duties where necessary. During FY 2022, the Company did not engage a remuneration consultant. However, in determining the remuneration of the members of the Board, the RC took into account, amongst others, the remuneration of board members of other comparative listed issuers. (Provision 6.4 of the Code)

The RC reviews the Executive Directors' and key Management members' contracts of service to ensure that their contracts of service contain fair and reasonable termination clauses which are not overly generous.

Level and Mix of Remuneration

Principle 7 ***The level and structure of remuneration of the Board and Key Management Personnel are appropriate and proportionate to the sustained performance and value creation of the company, taking into account the strategic objectives of the company***

The Company recognises 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 Management that promotes the long-term success of the Company. The RC ensures that the Executive Directors' and key Management members' remuneration commensurate with their performance and that of the Group's, taking into consideration the prevailing financial and commercial health, contribution to value creation of the Company and business needs of the Group. (Provision 7.1 of the Code)

Executive Directors receive Directors' fees and are also remunerated as members of Management. The remuneration package of each Executive Director/key Management member comprises a basic salary component and a variable component (i.e. annual bonus) which is based on the performance of the Group as a whole and that individual's performance. This is to ensure that each Executive Director's/key Management member's remuneration is linked to their individual performance, as well as the performance of the Group. (Provisions 7.1 and 7.3 of the Code)

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

REPORT ON CORPORATE GOVERNANCE

The Non-Executive Directors are paid Directors' fees, taking into account their responsibilities, as well as the time and effort spent in carrying out their duties. The Independent Directors are not over-compensated such that their independence is compromised. (Provision 7.2 of the Code)

All Directors' fees are recommended by the Board for approval at the Company's AGM. The Company will be seeking shareholders' approval at the forthcoming AGM for the payment of S$546,000 as Directors' fees for FY2022. In determining the proposed Directors' fees, the Board took into account factors such as the effort and time spent, and the increasingly onerous responsibilities of Directors.

Disclosure on Remuneration

Principle 8 ***The company is transparent on its remuneration policies, level and mix of remuneration, the procedure for setting remuneration, and the relationships between remuneration, performance and value creation.***

The Company's procedures for developing remuneration policies, as well as the level and mix of remuneration, have been set out in detail above under Principles 6 and 7. 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 Board believes that such disclosure is sufficient to enable shareholders to understand the Company's remuneration policies for Directors and the top five Key Management Personnel, and the relationship between remuneration and performance. The total remuneration paid to the Directors of the Company for FY2022 was approximately S$4,113,000. A breakdown of remuneration of the following Directors of the Company by percentage for FY2022 is set out below:

Remuneration band	Director	Fees (%)	Salary (%)	Bonuses and other variable performance components (%)	Allowances and other benefits (%)**	Total (%)
S$1,000,000 to S$1,249,999	Koh Tiat Meng	15.7	72.7	9.9	1.7	100.0
	Koh Keng Siang	20.5	61.8	15.9	1.8	100.0
S$500,000 to S$749,999	Koh Teak Huat	8.0	82.1	7.3	2.6	100.0
S$250,000 to S$499,999	Koh Keng Hiong	12.7	76.6	7.3	3.4	100.0
	Lee Sok Khian John	16.0	78.0	6.0	–	100.0
Below S$250,000	Quek Chee Nee	100.0	–	–	–	100.0
	Er Dr Lee Bee Wah	100.0	–	–	–	100.0
	Goh Mou Lih	100.0	–	–	–	100.0
	Lai Mun Onn	100.0	–	–	–	100.0
	Low Yee Khim	100.0	–	–	–	100.0
	Ong Kheng Chye	100.0	–	–	–	100.0
	Ong Seet Joon	100.0	–	–	–	100.0
	Ow Yong Thian Soo	100.0	–	–	–	100.0

Notwithstanding Provision 8.1 of the Code which requires the company to disclose the remuneration of the top five Key Management Personnel (who are not Directors or the CEO) on a named basis, the Board has, on review, decided to do so on an unnamed basis in order to maintain confidentiality and taking into consideration the competitive pressures in the talent market. The Board believes that such disclosure is sufficient to enable shareholders to understand the Company's remuneration policies for the top five Key Management Personnel (who are not directors or the CEO), and the relationship between remuneration and performance. The total remuneration paid to the top five Key Management Personnel (who are not directors or the CEO) for FY2022 was approximately S$1,392,000. A breakdown of remuneration of each of the top five Key Management Personnel (who are not directors or the CEO of the Group) by percentage for FY2022 is set out below:

REPORT ON CORPORATE GOVERNANCE

Remuneration band	Top five executives*	Fees (%)	Salary (%)	Bonuses and other variable performance components (%)	Allowances and other benefits (%)**	Total (%)
S$500,000 to S$749,999	First Executive	4.8	90.2	0.1	4.9	100.0
S$250,000 to S$499,999	Second Executive	9.8	86.6	3.6	–	100.0
Below S$250,000	Third Executive	–	90.4	9.6	–	100.0
	Fourth Executive	–	89.6	10.4	–	100.0
	Fifth Executive	–	90.8	9.2	–	100.0

(Provisions 8.1 and 8.3 of the Code)

Note:
* The names are not disclosed in order to maintain confidentiality taking into consideration the competitive pressures in the talent market.
** Other benefits include vehicular and club membership benefits.

Mdm Phua Siew Gaik and Mr Benjamin Koh Yong Jun who are the spouse and son of Mr Koh Keng Siang, the MD & Group CEO respectively, received remuneration above S$100,000 and below S$200,000 during FY2022. (Provision 8.2 of the Code)

The Company currently does not have any employee share option scheme. (Provision 8.3 of the Code)

All forms of remuneration and other payments and benefits paid by the Company and its subsidiaries to Directors and Key Management Personnel of the Company are disclosed in this Annual Report.

ACCOUNTABILITY AND AUDIT

Risk Management and Internal Controls

Principle 9 ***The Board is responsible for the governance of risk and ensures that Management maintains a sound system of risk management and internal controls, to safeguard the interests of the company and its shareholders.***

The responsibility of overseeing the Company's risk management framework and policies is undertaken by the ARC with the assistance of the internal auditor ("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.

The Board will determine the Company's levels of risk tolerance and risk policies and the nature and extent of the significant risks which the Company is willing to take in achieving its strategic objectives and value creation. The Board also oversees Management in the design, implementation and monitoring of the risk management and internal control systems.

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. (Provision 9.1 of the Code)

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). Together with Management, the ARC regularly reviews the Group's businesses and operational activities to assess and manage potential risk exposure through an Enterprise Risk Management ("ERM") framework which incorporates a Risk Register to capture significant business risks, and the strategies and internal controls to mitigate risks. The ERM Committee, including relevant members from the Senior Management team, is responsible for setting the direction of corporate risk management and monitoring the implementation of risk management policies and procedures. The ERM Committee reports to the ARC on a regular basis. The Group's financial risk management objectives and policies are set out in the notes to the FY2022 financial statements.

REPORT ON CORPORATE GOVERNANCE

The internal auditor, KPMG services Pte Ltd ("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 control systems 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. There are no material non-compliances or lapses in internal controls which have resulted in the Board and/or the ARC being of the view that internal controls need to be strengthened or having concerns that the internal controls of the Group are inadequate.

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:

(a) from the MD & Group CEO and the Financial Controller* the financial records have been properly maintained and the financial statements give a true and fair view of the Company's operations and finances; and
(b) from the MD & Group CEO and other responsible Key Management Personnel that the Company's risk management and internal control systems are adequate and effective in addressing the material risks faced by the Group in its current business environment.
(Provision 9.2 of the Code)

*Note: The Company does not have a Chief Financial Officer

AUDIT AND RISK COMMITTEE ("ARC")

Principle 10 The Board has an Audit and Risk Committee which discharges its duties objectively.

The ARC comprises the following Directors:

Er Dr Lee Bee Wah (Chairperson)
Lai Mun Onn
Low Yee Khim
Ow Yong Thian Soo

The ARC comprises solely of Independent Directors. Er Dr Lee Bee Wah, the chairperson of the ARC, is the Lead Independent Director. (Provision 10.2 of the Code)

The Board is of the view that the members of the ARC (including the Chairperson of the ARC) have the requisite accounting and related financial management expertise and experience to discharge their duties. At least two members, including the ARC Chairperson, have recent and relevant accounting or related financial management expertise or experience. (Provision 10.2 of the Code)

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.

The ARC carries out its functions in accordance with the Code and the Companies Act 1967 of Singapore (the "Act"), and is also guided by its terms of reference. The ARC reviews, *inter alia*, the following:

(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; and
(g) financial results announcements.
(Provision 10.1 of the Code)

REPORT ON CORPORATE GOVERNANCE

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 FY2022.

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 Management. (Provision 10.5 of the Code)

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.

The aggregate amount of fees paid to the auditors is set out below:

Audit services:	Auditors of the Company	-	S$450,000
	Member firms of auditors of the Company	-	S$37,000
Non-audit services:	Auditors of the Company	-	S$22,000
	Member firms of auditors of the Company	-	S$nil

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

Under the oversight and monitoring of the ARC, the Company has put in place a whistle-blowing policy. 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 to the ARC. As the Company is committed to ensure anonymity and protection of the whistleblower against detrimental or unfair treatment, only the Independent Directors of the ARC of the Company have been appointed to review and carry out investigations on all such complaints and/or concerns raised. (Provision 10.1 of the Code)

The ARC held 4 meetings in FY2022 and performed its functions and responsibilities as set out in its terms of reference.

The ARC meets regularly with 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). Such meetings occur at least annually. The ARC also reviews the internal audit function to ensure that an effective system of controls is maintained within the Group.

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

No former or current partner or Director of the Company's existing auditing firm is a member of the ARC. (Provision 10.3 of the Code)

Internal Audit

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.

The IA plans its internal audit schedules in consultation with, but independent of 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 Management and require IA's assurance in specific areas of concern.

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 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.

REPORT ON CORPORATE GOVERNANCE

The Management decides on the appointment, termination and remuneration of the IA, with such information for such administrative matters being disclosed to the ARC, and the Board is of the view that such arrangement does not affect the objectivity of the IA. The IA plans internal audit schedules in consultation with, but independent of 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 Management and require IA's assurance in specific areas of concern. The ARC is satisfied that the internal audit function is staffed by independent, suitably qualified and experienced professionals with the relevant experience and has adequate resources to perform its function effectively. (Provision 10.4 of the Code)

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.

SHAREHOLDER RIGHTS AND ENGAGEMENT

Shareholder Rights and Conduct of General Meetings

Principle 11 ***The company treats all shareholders fairly and equitably in order to enable them to exercise shareholders' rights and have the opportunity to communicate their views on matters affecting the company. The company gives shareholders a balanced and understandable assessment of its performance, position and prospects.***

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.

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. Voting and vote tabulation procedures used are disclosed before the general meetings proceed, with independent scrutineers appointed to validate the voting process and procedures. The Annual Report and any notice of general meeting are also released via SGXNet and posted on the Company's website. The said notice of meeting will table the separate resolutions to be voted on at the general meeting. The Company tables separate resolutions at general meetings of shareholders on each substantially separate issue unless the issues are interdependent and linked so as to form one significant proposal. Where resolutions are interdependent or linked, the Company will provide the reasons and implications as to why such resolutions are required to be interdependent or linked. (Provisions 11.1 and 11.2 of the Code)

All shareholders are entitled to vote by poll in accordance with the established voting rules and procedures. Voting in absentia and by mail, facsimile or email is currently not permitted as current measures that may be implemented may be unable to ensure the integrity of the information and the authenticity of the shareholders' identities. Shareholders who are unable to attend the meetings are instead encouraged to vote via proxy. An announcement of the detailed results is made after the conclusion of the general meeting. (Provisions 11.1 and 11.4 of the Code)

The Company's 2022 AGM was held by electronic means pursuant to the COVID-19 (Temporary Measures) (Alternative Arrangement for Meetings for Companies, Variable Capital Companies, Business Trusts, Unit Trusts and Debenture Holders) Order 2020 (the "Order"). Attendance at the 2022 AGM was via electronic means accessed via live audio-visual webcast or live audio-only stream. Questions were submitted to the Chairman of the Meeting in advance of the 2022 AGM. The Company endeavoured to address substantial and relevant questions at the 2022 AGM. Voting was conducted by appointing the Chairman of the Meeting as proxy at the 2022 AGM. Pursuant to the Order, only the MD & Group CEO (who took the Chair of the 2022 AGM), Mr Koh Teak Huat, Mr Koh Keng Hiong, Mr Lee Sok Khian John, Madam Quek Chee Nee, Ms Tay Tze Wen (Financial Controller) and Ms Therese Ng Chew Hwee (Company Secretary) were present at the 2022 AGM. The Non-Executive Independent Directors, external legal advisors and external auditors attended the 2022 AGM via electronic means. In line with past years' practice, at the start of the 2022 AGM, there was a presentation on the Group's progress and financial highlights. The presentation is available on the websites of SGX and the Company for the benefit of shareholders who were unable to attend the 2022 AGM electronically. The results of the proxy voting were published at the meeting and announced via the SGXNet after the conclusion of the 2022 AGM. Minutes of the 2022 AGM, which include relevant and substantial comments from shareholders relating to matters on the agenda of the meeting and responses from Directors and Senior Management, are also available on the websites of the Company and SGX.

REPORT ON CORPORATE GOVERNANCE

The Company's 2023 AGM will be held physically. Questions are to be submitted to the Chairman of the Meeting ahead of the 2023 AGM. The Company will also endeavour to address substantial and relevant questions at the 2023 AGM. Voting will be conducted physically or by appointing the Chairman of the Meeting as proxy at the 2023 AGM. The results of the proxy voting will be published at the meeting and announced via the SGXNet after the conclusion of the 2023 AGM. Minutes of the 2023 AGM which will include relevant and substantial comments from shareholders relating to matters on the agenda of the meeting and responses from Directors and Senior Management, will also be available on the websites of the Company and SGX. The Chairman of the Meeting will also endeavour to address those questions which are related to the resolutions to be tabled for approval physically during the 2023 AGM. Details will be provided in the Notice of 2023 AGM which will be disseminated by electronic means via publication on the websites of the Company and SGX. (Provision 11.3 of the Code).

Minutes of the Company's general meetings, which will be published as soon as practicable, can be found at the Company's corporate website. (Provision 11.5 of the Code)

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.

The Board is recommending a final dividend of S$0.002 per share for the financial year ended 31 December 2022. (Provision 11.6 of the Code)

Engagement with Shareholders

Principle 12 ***The company communicates regularly with its shareholders and facilitates the participation of shareholders during general meetings and other dialogues to allow shareholders 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 as general meetings are the principal forum for dialogue with shareholders. Sufficient time is allocated for answering of questions submitted by shareholders in advance of the general meetings. Shareholders may raise questions or share their views submitted in advance about the proposed resolutions, the Group's business affairs and financial performance. This enables the Board to gather shareholders' views and address any of the shareholders' concerns. (Provision 12.1 of the Code)

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.

The Company does not practice selective disclosure of price sensitive information. The Company discloses half-yearly 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. (Provision 12.2 of the Code)

The Board encourages shareholders to participate actively in relation to 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. (Provision 12.3 of the Code)

Principle 13 ***The Board adopts an inclusive approach by considering and balancing the needs and interests of material stakeholders, as part of its overall responsibility to ensure that the best interests of the company are served.***

The Company has identified stakeholders that are impacted by the Group's business and operations as well as those who have a material impact on the Group's business and operations. The Company engages its stakeholders through a variety of channels to ensure that the business interests of the Group are balanced against that of the stakeholders. More information on the Company's stakeholder engagement, including its strategy and key areas of focus can be found in the Company's Sustainability Report 2022 which is at pages 16 to 24. (Provisions 13.1 and 13.2 of the Code)

The Company maintains a corporate website at www.kohbrothers.com to engage its stakeholders. (Provision 13.3 of the Code)

REPORT ON CORPORATE GOVERNANCE

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 FY2022 are as follows:

Name of interested person	Nature of relationship	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)
Benjamin Koh Yong Jun	Note 1	147	–
Rachel Koh Han Ling	Note 2	202	–

Note 1:

Mr Benjamin Koh is the son of Mr Koh Keng Siang ("KKS"), who is a Substantial Shareholder, the Managing Director and Group CEO of the Company; nephew of Mr Koh Keng Hiong ("KKH"), who is a Substantial Shareholder and the Executive Director and Deputy CEO (Real Estate and Leisure & Hospitality divisions) of the Company; grandson of Mr Koh Tiat Meng ("KTM"), who is the Executive Chairman of the Company; grandson of Mdm Quek Chee Nee ("QCN"), who is a Substantial Shareholder, Non-Executive and Non-Independent Director of the Company and grandnephew of Mr Koh Teak Huat ("KTH"), who is a Substantial Shareholder and the Executive Deputy Chairman of the Company.

Note 2:

Miss Rachel Koh is the daughter of KKS, who is a Substantial Shareholder, the Managing Director and Group CEO of the Company; niece of KKH, who is a Substantial Shareholder, the Executive Director and Deputy CEO (Real Estate and Leisure & Hospitality divisions) of the Company; granddaughter of KTM, who is the Executive Chairman of the Company; granddaughter of QCN, who is a Substantial Shareholder, Non-Executive and Non-Independent Director of the Company and grandniece of KTH, who is a Substantial Shareholder and the Executive Deputy Chairman of the Company.

DEALINGS IN SECURITIES

The Company has adopted an internal compliance code on dealings in the Company's securities. The Company has issued share trading guidelines to all Directors, employees of executive level and above, and personal assistants. They are not allowed to deal in the Company's securities during the period commencing one month before the announcement of the Company's half year and full year financial statements. In addition, they are prohibited from dealing in the Company's securities while in possession of price sensitive information and on short-term considerations.

FINANCIAL CONTENTS

DIRECTORS' STATEMENT

For the financial year ended 31 December 2022

The directors present their statement to the members together with the audited financial statements of the Group for the financial year ended 31 December 2022 and the balance sheet of the Company as at 31 December 2022.

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 50 to 121 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 2022 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
Goh Mou Lih
Lai Mun Onn
Low Yee Khim
Ong Kheng Chye
Ong Seet Joon
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' STATEMENT

For the financial year ended 31 December 2022

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 31.12.2022	At 1.1.2022	**At 31.12.2022**	At 1.1.2022
Koh Brothers Group Limited				
Ordinary shares				
Koh Tiat Meng	**8,908,654**	8,908,654	**–**	–
Koh Teak Huat	**35,713,088**	35,713,088	**325,000**	325,000
Koh Keng Siang	**30,272,535**	30,007,035	**60,020,000**	60,020,000
Koh Keng Hiong	**55,260,100**	55,260,100	**10,000**	10,000
Quek Chee Nee	**25,896,814**	25,896,814	**–**	–
Er Dr Lee Bee Wah	**605,000**	605,000	**–**	–
Lai Mun Onn	**100,000**	100,000	**–**	–
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$500,000
Quek Chee Nee	**–**	S$500,000	**–**	–
Er Dr Lee Bee Wah	**–**	S$250,000	**–**	–
S$22.75 million 6.5% fixed rate notes due 2026				
Koh Teak Huat	**S$1,000,000**	–	**–**	–
Koh Keng Siang	**S$750,000**	–	**S$500,000**	–
Lee Sok Khian John	**S$750,000**	–	**–**	–
Er Dr Lee Bee Wah	**S$250,000**	–	**–**	–
Ong Seet Joon	**S$250,000**	–	**–**	–
Koh Brothers Eco Engineering Limited				
Ordinary shares				
Koh Tiat Meng	**2,134,800**	2,134,800	**–**	–
Koh Teak Huat	**6,764,746**	6,764,746	**32,500**	32,500
Koh Keng Siang	**13,120,000**	13,120,000	**1,544,629,607**	1,544,629,607
Koh Keng Hiong	**3,026,010**	3,026,010	**1,211,000**	1,211,000
Quek Chee Nee	**2,589,681**	2,589,681	**–**	–
Lai Mun Onn	**14,000**	14,000	**–**	–
Warrants 2018				
Koh Teak Huat	**2,254,915**	2,254,915	**–**	–
Koh Keng Siang	**4,388,846**	4,388,846	**–**	–
Oiltek International Limited				
Ordinary shares				
Koh Keng Siang	**–**	–	**97,445,805**	21,814,362
Ong Seet Joon	**50,000**	–	**–**	–

DIRECTORS' STATEMENT

For the financial year ended 31 December 2022

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

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 2023 were the same as those as at 31 December 2022.

SHARE OPTIONS

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

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

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

AUDIT AND RISK COMMITTEE

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

Er Dr Lee Bee Wah (Chairperson)
Lai Mun Onn
Low Yee Khim
Ow Yong Thian Soo

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

The Audit and Risk Committee carried out its functions in accordance with Section 201B(5) of the Singapore Companies Act 1967. In performing those functions, the Committee reviewed:

- the scope and the results of internal audit procedures with the internal auditor;
- the audit plan of the Company's independent auditor and any recommendations on internal accounting controls arising from the statutory audit;
- the assistance given by the Company's management to the independent auditor; and
- the balance sheet of the Company and the consolidated financial statements of the Group for the financial year ended 31 December 2022 before their submission to the Board of Directors.

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

INDEPENDENT AUDITOR

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

On behalf of the directors

Koh Keng Siang
Director

Koh Keng Hiong
Director

21 March 2023

INDEPENDENT AUDITOR'S REPORT

To the Members of Koh Brothers Group Limited

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

OUR OPINION

In our opinion, the accompanying consolidated financial statements of Koh Brothers Group Limited (the "Company") and its subsidiaries (the "Group") and the balance sheet of the Company are properly drawn up in accordance with the provisions of the Companies Act 1967 (the "Act") and Singapore Financial Reporting Standards International ("SFRS(I)s") so as to give a true and fair view of the consolidated financial position of the Group and the financial position of the Company as at 31 December 2022 and of the consolidated financial performance, consolidated changes in equity and consolidated cash flows of the Group for the financial year ended on that date.

What we have audited

The financial statements of the Company and the Group comprise:

- the consolidated statement of comprehensive income of the Group for the financial year ended 31 December 2022;
- the balance sheets of the Group and the Company as at 31 December 2022;
- the consolidated statement of changes in equity of the Group for the financial year then ended;
- the consolidated statement of cash flows of the Group for the financial year then ended; and
- the notes to the financial statements, including a summary of significant accounting policies.

BASIS FOR OPINION

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

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

Independence

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

OUR AUDIT APPROACH

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

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements for the financial year ended 31 December 2022. 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(a) and Note 4*	
During the financial year ended 31 December 2022, revenue from construction contracts amounted to S$198.5 million, representing 56.2% of the total revenue of the Group of S$353.1 million. Contract assets relating to construction contracts amounted to S$145.0 million. The Group uses the input method (i.e. "cost-to-cost" method) to measure project progress and recognise contract revenue in accordance with SFRS(I) 15 *Revenue from Contracts with Customers*. This requires significant judgement in assessing the revenue from variation order, cost to complete and project margins. The estimation of total contract sum includes variation orders ("VOs") where management had determined that there was sufficient basis to claim from customers. Given these VOs are unpriced and un-rated, estimates are used to determine the valuation of these variation orders which are included into the total contract sum for revenue recognition. Management has applied the relevant rates, taking into consideration the condition of the contract, agreed with subcontractors or quotations from subcontractors (where applicable) and work of specialists, on the basis that it is highly probable to recover from customers the cost of performing these variation orders. We focused on the accuracy of revenue recognition and recoverability of contract assets due to the significant management judgment required in determining the total contract sum and the total contract costs.	We obtained an understanding of the projects under construction through discussions with management and project managers, assessed the appropriateness of the method selected for individual projects to measure project progress and recognise contract revenue, and examined project documentation (including contracts, correspondences with customers on delays or extension of time). In relation to total contract sums for projects in progress, our audit procedures include the following on a sampling basis: • agreed total contract sums to contract entered into by the Group and its customer; • inspected correspondences with customers and supporting documents by the Group's specialists relating to variation orders included in the total contract sums; • obtained and reviewed legal opinions from the Group's external legal counsels in relation to their contractual rights to claim for variation orders for certain projects; • agreed variation orders with agreed prices included in total contract sums recognised to surveyor/architect's certification; • for variation orders where management had determined that there was sufficient basis to claim from customers but pending final agreement with the customers, agreed claims to customers' instructions and schedule of rate or quotation from subcontractors; • inspected progress billings to customers subsequent to year end and compared amounts to contract asset balances at year end; and • assessed the adequacy of the amount of liquidated damages to be net off against contract sums, based on our understanding of the projects. In relation to total contracts costs, our audit procedures include the following on a sampling basis: • traced the cost to complete for each project by substantiating costs that have been committed to quotations and contracts entered into; • tested the reasonableness of the cost to complete for selected projects, focusing on those with significant activities during the year; and • assessed the reasonableness of cost incurred against our understanding of the projects. Based on the audit procedures performed above, we have assessed management's estimates to be reasonable. We then recomputed the percentage of completion based on actual cumulative cost incurred as a portion of total contract costs, cumulative contract revenue and the contract revenue recognised for the current financial year as well as the amount of provision for onerous contracts (where relevant) for each project, and traced to the accounting records and found it to be appropriate. We have also assessed the adequacy of the disclosures of the key accounting estimates and sensitivity and found the disclosures in the financial statements to be appropriate.

INDEPENDENT AUDITOR'S REPORT

To the Members of Koh Brothers Group Limited

OUR AUDIT APPROACH *(continued)*

Key Audit Matters (continued)

Key Audit Matter	How our audit addressed the Key Audit Matter
Valuation of investment properties *Refer to Note 3(b) and Note 22* The Group's investment properties carried at fair value amount to S$108.4 million at 31 December 2022 and accounted for 13.5 % of the Group's total assets. The disclosures relating to these investment properties are included in Note 3(b) and Note 22 to the financial statements. Management uses external valuers to support its determination of the individual fair value of its investment properties annually. The valuation of investment properties is significant to our audit due to the complexity involved in the valuation techniques. The judgement relating to the assumptions used in the valuation techniques, including the monthly rental per square metre, yield rate, cost per square metre and market value per square metre, impact the valuation. Uncertainty arises as a result of having to consider long-term trends and market conditions in the assumptions.	Our procedures included the following: ● assessed the competency, capabilities and objectivity of the external valuers engaged by the Group; ● obtained an understanding of the techniques used by the external valuers in determining the valuation of individual investment properties; ● discussed the critical assumptions made by the external valuers for the key inputs used in the valuation techniques; ● tested the integrity of information, including underlying lease and financial information provided to the external valuers; and ● assessed the reasonableness of the rental rate and market value of comparable property by benchmarking these against those of comparable properties and prior year inputs. We found that the external valuers are members of recognised professional bodies for external valuers. We also found that the valuation methodologies used were appropriate in the context of the Group's investment properties and the critical assumptions used for the key inputs were within the range of market data. We have also assessed the adequacy of the disclosures relating to the assumptions as we consider them as likely to be significant to users of the financial statements given the estimation uncertainty and sensitivity of the valuations.

OTHER INFORMATION

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

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

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

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

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

INDEPENDENT AUDITOR'S REPORT

To the Members of Koh Brothers Group Limited

RESPONSIBILITIES OF MANAGEMENT AND DIRECTORS FOR THE FINANCIAL STATEMENTS

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

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

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

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

INDEPENDENT AUDITOR'S REPORT

To the Members of Koh Brothers Group Limited

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

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

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

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

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

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

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

PricewaterhouseCoopers LLP
Public Accountants and Chartered Accountants

Singapore, 21 March 2023

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the financial year ended 31 December 2022

	Note	2022 S$'000	2021 S$'000
Sales	4(a)	**353,050**	252,621
Cost of sales	7	**(327,012)**	(231,047)
Gross profit		**26,038**	21,574
Other income	5	**1,620**	1,828
Other gains - net	6	**15,027**	8,659
Expenses			
- Distribution and marketing			
- (Allowance for)/ write-back of allowance for impairment of trade receivables	7	**(119)**	658
- Others	7	**(4,698)**	(1,887)
- Administrative	7	**(16,981)**	(14,391)
- Finance	9	**(10,788)**	(9,200)
- Other			
- Allowance for impairment of loans to joint ventures	7	**(771)**	(1,377)
- (Allowance for)/write-back of allowance for impairment of sundry debtors	7	**(613)**	9
- Allowance for impairment of investment securities	7	**(1,014)**	–
- Others	7	**(84)**	(84)
Share of (loss)/profit of associated companies	19	**(342)**	159
Share of profit of joint ventures	20	**1,974**	2,880
Profit before income tax		**9,249**	8,828
Income tax expense	10(a)	**(1,027)**	(635)
Profit after income tax		**8,222**	8,193
Profit attributable to:			
Equity holders of the Company		**6,013**	6,900
Non-controlling interests		**2,209**	1,293
		8,222	8,193
Earnings per share for profit attributable to equity holders of the Company:			
- Basic earnings per share (in cents)	11(a)	**1.46**	1.67
- Diluted earnings per share (in cents)	11(b)	**1.46**	1.67
Profit after income tax		**8,222**	8,193
Other comprehensive loss:			
Items that may be reclassified subsequently to profit or loss:			
Currency translation loss arising from consolidation	31(d)	**(1,666)**	(553)
Fair value (loss)/gain on debt financial assets, at FVOCI	31(b)	**(222)**	1
		(1,888)	(552)
Items that may not be reclassified subsequently to profit or loss:			
Fair value loss on equity financial assets, at FVOCI	31(b)	**(2,622)**	(4,151)
Other comprehensive loss, net of tax		**(4,510)**	(4,703)
Total comprehensive income		**3,712**	3,490
Total comprehensive income attributable to:			
Equity holders of the Company		**1,825**	2,185
Non-controlling interests		**1,887**	1,305
		3,712	3,490

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

BALANCE SHEETS

As at 31 December 2022

		GROUP		COMPANY	
	Note	**2022 S$'000**	2021 S$'000	**2022 S$'000**	2021 S$'000
ASSETS					
Current assets					
Cash and bank balances	12	**82,432**	95,152	**178**	989
Investment securities	13	**1,382**	2,730	**–**	–
Trade and other receivables	14	**50,811**	57,293	**13**	7
Contract assets	4(b)	**146,011**	123,370	**–**	–
Amounts due from subsidiaries	21	**–**	–	**22,768**	39,920
Amounts due from joint ventures	15	**28,060**	45,245	**–**	–
Inventories	16	**7,708**	10,291	**–**	–
Development properties	17	**93,998**	128,402	**–**	–
Income tax receivables	10(b)	**730**	730	**–**	–
Other current assets	18	**4,793**	4,799	**–**	–
		415,925	468,012	**22,959**	40,916
Property held-for-sale	37	**–**	3,216	**–**	–
		415,925	471,228	**22,959**	40,916
Non-current assets					
Trade and other receivables	14	**30,127**	30,127	**–**	–
Contract assets	4(b)	**36,232**	4,296	**–**	–
Investment securities	13	**7,960**	10,705	**–**	–
Investment in subsidiaries	21	**–**	–	**156,741**	156,615
Investments in associated companies	19	**97**	439	**–**	–
Investments in joint ventures	20	**93,178**	94,202	**–**	–
Investment properties	22	**108,407**	102,169	**–**	–
Property, plant and equipment	23	**104,906**	110,715	**–**	–
Goodwill	26	**5,078**	5,078	**–**	–
		385,985	357,731	**156,741**	156,615
Total assets		**801,910**	828,959	**179,700**	197,531
LIABILITIES					
Current liabilities					
Trade and other payables	27	**92,811**	75,783	**1,462**	1,602
Contract liabilities	4(b)	**15,058**	11,352	**–**	–
Amounts due to subsidiaries	21	**–**	–	**38,186**	8,305
Amounts due to joint ventures	15	**38,291**	37,778	**–**	–
Current income tax liabilities	10(b)	**1,069**	818	**–**	–
Bank borrowings and lease liabilities	28	**177,768**	81,219	**–**	–
Notes Payables	30	**–**	70,000	**–**	70,000
		324,997	276,950	**39,648**	79,907
Non-current liabilities					
Trade and other payables	27	**9,480**	6,943	**–**	–
Amount due to a subsidiary	21	**–**	–	**19,011**	19,011
Bank borrowings and lease liabilities	28	**89,285**	195,050	**–**	–
Notes payables	30	**22,168**	–	**22,168**	–
Deferred income tax liabilities	10(c)	**6,717**	7,278	**–**	–
		127,650	209,271	**41,179**	19,011
Total liabilities		**452,647**	486,221	**80,827**	98,918
NET ASSETS		**349,263**	342,738	**98,873**	98,613
EQUITY					
Capital and reserves attributable to equity holders of the Company					
Share capital	31(a)	**36,981**	36,981	**36,981**	36,981
Treasury shares	31(a)	**(7,983)**	(7,983)	**(7,983)**	(7,983)
Other reserves	31(b)	**(5,993)**	(3,194)	**–**	–
Retained profits	31(c)	**276,435**	270,689	**69,875**	69,615
Currency translation reserve	31(d)	**(10,551)**	(9,382)	**–**	–
		288,889	287,111	**98,873**	98,613
Non-controlling interests		**60,374**	55,627	**–**	–
Total equity		**349,263**	342,738	**98,873**	98,613

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the financial year ended 31 December 2022

		Attributable to equity holders of the Company							
	Note	Share capital S$'000	Treasury shares S$'000	Other reserves S$'000	Retained profits S$'000	Currency translation reserve S$'000	Total S$'000	Non-controlling interests S$'000	Total equity S$'000
Balance at 1 January 2022		**36,981**	**(7,983)**	**(3,194)**	**270,689**	**(9,382)**	**287,111**	**55,627**	**342,738**
Profit for the financial year		**–**	**–**	**–**	**6,013**	**–**	**6,013**	**2,209**	**8,222**
Other comprehensive loss for the financial year		**–**	**–**	**(2,799)**	**–**	**(1,389)**	**(4,188)**	**(322)**	**(4,510)**
Total comprehensive (loss)/ income for the financial year		**–**	**–**	**(2,799)**	**6,013**	**(1,389)**	**1,825**	**1,887**	**3,712**
Change in ownership interests in subsidiaries	21	**–**	**–**	**–**	**719**	**220**	**939**	**(1,169)**	**(230)**
Share based payment pursuant to performance share plan by a subsidiary	31(b)(iii)	**–**	**–**	**–**	**–**	**–**	**–**	**5**	**5**
Issuance of shares by a subsidiary, net of expenses		**–**	**–**	**–**	**(161)**	**–**	**(161)**	**4,901**	**4,740**
Dividends paid	32	**–**	**–**	**–**	**(825)**	**–**	**(825)**	**(877)**	**(1,702)**
Total transactions with owners, recognised directly in equity		**–**	**–**	**–**	**(267)**	**220**	**(47)**	**2,860**	**2,813**
Balance at 31 December 2022		**36,981**	**(7,983)**	**(5,993)**	**276,435**	**(10,551)**	**288,889**	**60,374**	**349,263**
Balance at 1 January 2021		36,981	(7,983)	(2,311)	270,633	(9,432)	287,888	14,682	302,570
Profit for the financial year		–	–	–	6,900	–	6,900	1,293	8,193
Other comprehensive (loss)/ income for the financial year		–	–	(4,148)	–	(567)	(4,715)	12	(4,703)
Total comprehensive (loss)/ income for the financial year		–	–	(4,148)	6,900	(567)	2,185	1,305	3,490
Change in ownership interests in subsidiaries		–	–	257	(2,889)	617	(2,015)	2,015	–
Share based payment pursuant to performance share plan by a subsidiary		–	–	8	–	–	8	7	15
Issuance of shares by a subsidiary, net of expenses		–	–	–	(955)	–	(955)	37,789	36,834
Exercise of warrants issued by a subsidiary		–	–	–	–	–	–	439	439
Transfer upon realisation of fair value loss in equity financial assets, at FVOCI		–	–	3,000	(3,000)	–	–	–	–
Dividends paid to non-controlling interests		–	–	–	–	–	–	(610)	(610)
Total transactions with owners, recognised directly in equity		–	–	3,265	(6,844)	617	(2,962)	39,640	36,678
Balance at 31 December 2021		36,981	(7,983)	(3,194)	270,689	(9,382)	287,111	55,627	342,738

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

CONSOLIDATED STATEMENT OF CASH FLOWS

For the financial year ended 31 December 2022

	2022 S$'000	2021 S$'000
Cash flows from operating activities		
Profit after income tax	**8,222**	8,193
Adjustments for:		
- Income tax expense	**1,027**	635
- Write-back of allowance for inventory obsolescence	**–**	(2,280)
- Allowance for impairment of loans to joint ventures	**771**	1,377
- Allowance for investment securities	**1,014**	–
- Depreciation of property, plant and equipment	**10,022**	15,943
- Write-back of allowance for impairment of property, plant and equipment	**–**	(169)
- Property, plant and equipment written off	**2**	21
- Fair value gain on investment properties	**(6,436)**	(7,089)
- Gain on disposal of property, plant and equipment	**(8,626)**	(682)
- Share of loss/(profit) of associated companies	**342**	(159)
- Share of profit of joint ventures	**(1,974)**	(2,880)
- Finance expense	**10,788**	9,200
- Interest income	**(993)**	(1,209)
- Unrealised translation loss/(gain)	**281**	(514)
	14,440	20,387
Change in working capital:		
- Trade and other receivables	**6,491**	(17,050)
- Inventories	**2,583**	(5,302)
- Contract assets and liabilities	**(50,871)**	10,296
- Development properties	**34,404**	(6,344)
- Other current assets	**6**	1,141
- Trade and other payables	**16,790**	(19,531)
- Amount due from/to joint ventures	**16,928**	(3,175)
Cash generated from/(used in) operations	**40,771**	(19,578)
Income tax paid	**(1,323)**	(775)
Net cash generated from/(used in) operating activities	**39,448**	(20,353)
Cash flows from investing activities		
Purchase of property, plant and equipment	**(3,282)**	(3,021)
Net proceeds/(purchase) from investment securities	**235**	(13,302)
Proceeds from disposal of property, plant and equipment	**16,567**	3,135
Proceeds from liquidation of a joint venture	**–**	2,539
Dividends received from joint ventures	**3,000**	5,757
Interest received	**993**	1,209
Net cash provided by/(used in) by investing activities	**17,513**	(3,683)

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

CONSOLIDATED STATEMENT OF CASH FLOWS

For the financial year ended 31 December 2022

	Note	2022 S$'000	2021 S$'000
Cash flows from financing activities			
Proceeds from issuance of shares by listed subsidiaries, net of expenses		**4,740**	36,834
Proceeds from exercise of warrants in a subsidiary, net of expenses		**–**	439
Proceeds from bank borrowings		**23,452**	35,253
Proceeds from issuance of new series of notes payables		**10,500**	–
Notes issuance expense paid		**(582)**	–
Principal payment of lease liabilities		**(8,505)**	(8,832)
Repayment of bank borrowings		**(28,622)**	(36,613)
Redemption of notes payables		**(57,750)**	–
Dividends paid to equity holders of the Company		**(825)**	–
Dividends paid to non-controlling interests		**(877)**	(610)
Interest paid		**(10,113)**	(9,227)
Net cash (used in)/provided by financing activities		**(68,582)**	17,244
Net change in cash and bank balances		**(11,621)**	(6,792)
Beginning of financial year		**95,152**	101,849
Effects of currency translation on cash and bank balances		**(1,099)**	95
End of financial year	12	**82,432**	95,152

Reconciliation of liabilities arising from financing activities

	Beginning of financial year S$'000	Net cash flows S$'000	Non-cash changes: Interest expense S$'000	Non-cash changes: Additions to property, plant and equipment S$'000	Non-cash changes: Foreign exchange movement S$'000	Non-cash changes: Reclassification for property held-for-sale S$'000	End of financial year S$'000
2022							
Bank borrowings (Note 28 and 29)	**258,413**	**(5,170)**	**–**	**–**	**(111)**	**–**	**253,132**
Lease liabilities (Note 28)	**17,856**	**(8,916)**	**411**	**4,570**	**–**	**–**	**13,921**
Notes payables (Note 30)	**70,000**	**(51,055)**	**3,223**	**–**	**–**	**–**	**22,168**
Accrued interest expense within trade and other payables - Accruals for operating expenses (Note 27)	**772**	**(6,479)**	**7,154**	**–**	**–**	**–**	**1,447**
2021							
Bank borrowings (Note 28 and 29)	259,818	(1,360)	–	–	(45)	–	258,413
Lease liabilities (Note 28)	30,890	(9,576)	744	894	–	(5,096)	17,856
Notes payables (Note 30)	70,000	(3,570)	3,570	–	–	–	70,000
Accrued interest expense within trade and other payables - Accruals for operating expenses (Note 27)	799	(4,913)	4,886	–	–	–	772

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

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2022

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

1. General information

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

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

The principal activities of its significant subsidiaries, joint ventures, joint operations and associated companies are set out in Note 38 of the financial statements.

2. Significant accounting policies

2.1 Basis of preparation

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

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

Interpretations and amendments to published standards effective in 2022

On 1 January 2022, the Group adopted the new or amended SFRS(I) and Interpretations of SFRS(I) ("INT SFRS(I)") that are mandatory for application for the financial year. Changes to the Group's accounting policies have been made as required, in accordance with the transitional provisions in the respective SFRS(I) and INT SFRS(I).

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

<u>Interest Rate Benchmark Reform – Phase 2</u>

In the previous year, the Group has adopted the amendments to SFRS(I) 9, SFRS(I) 7 and SFRS(I) 16 Interest Rate Benchmark Reform – Phase 2 effective 1 January 2021. In accordance with the transition provisions, the amendments shall be applied retrospectively to hedging relationships and financial instruments. Comparative amounts have not been restated, and there was no impact on the current period opening reserves amounts on adoption.

<u>Financial instruments measured at amortised cost and lease liabilities</u>

Phase 2 of the amendments requires that, for financial instruments measured using amortised cost measurement, changes to the basis for determining the contractual cash flows required by IBOR reform are reflected by adjusting their effective interest rate. No immediate gain or loss is recognised. A similar practical expedient exists for lease liabilities.

These expedients are only applicable to changes that are required by IBOR reform, which is the case if, and only if, the change is necessary as a direct consequence of IBOR reform and the new basis for determining the contractual cash flows is economically equivalent to the previous basis immediately preceding the change.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2022

2. Significant accounting policies *(continued)*

2.1 Basis of preparation *(continued)*

Interpretations and amendments to published standards effective in 2022 *(continued)*

Financial instruments measured at amortised cost and lease liabilities *(continued)*

For lease liabilities where there is a change to the basis for determining the contractual cash flows, as a practical expedient the lease liability is remeasured by discounting the revised lease payments using a discount rate that reflects the change in the interest rate where the change is required by IBOR reform. If lease modifications are made in addition to those required by IBOR reform, the Group applies the relevant SFRS(I) 16 requirements to account for the entire lease modification, including those changes required by IBOR reform.

The Group's risk exposure that is directly affected by the IBOR reform predominantly comprised its variable rate borrowings that are linked to Singapore Swap Offer Rate ("SOR"). SOR will cease publication after 30 June 2023, and it is expected to be replaced by the Singapore Overnight Rate Average ("SORA"). Management has performed a detailed analysis and has determined that there will be no material impact from the transition to IBOR reform – Phase 2.

2.2 Revenue recognition

(a) Contract revenue

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

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

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

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

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

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

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

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2022

2. Significant accounting policies *(continued)*

2.2 Revenue recognition *(continued)*

(a) Contract revenue *(continued)*

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

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

(b) Sale of goods

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

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

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

(c) Rendering of services

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

(d) Revenue from property development sales

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

(e) Rental income

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

(f) Dividend income

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

(g) Interest income

Interest income is recognised using the effective interest method.

2.3 Government grants

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

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

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2022

2. Significant accounting policies *(continued)*

2.4 Group accounting

(a) Subsidiaries

(i) Consolidation

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

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

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

(ii) Acquisitions

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

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

Acquisition-related costs are expensed as incurred.

Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are, with limited exceptions, measured initially at their fair values at the acquisition date.

In an acquisition-by-acquisition basis, the Group recognises any non-controlling interest in the acquiree at the date of acquisition either at fair value or at the non-controlling interest's proportionate share of the acquiree's identifiable net assets.

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

(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.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2022

2. Significant accounting policies *(continued)*

2.4 Group accounting *(continued)*

(a) Subsidiaries *(continued)*

(iii) Disposals (continued)

Any retained equity interest in the entity is remeasured at fair value. The difference between the carrying amount of the retained interest at the date when control is lost and its fair value is recognised in profit or loss.

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

(b) Transactions with non-controlling interests

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

(c) Associated companies and joint ventures

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

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

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

(i) Acquisitions

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

(ii) Equity method of accounting

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

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2022

2. Significant accounting policies *(continued)*

2.4 Group accounting *(continued)*

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

(ii) Equity method of accounting (continued)

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

(iii) Disposals

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

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

(d) Joint operations

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

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

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

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 2022

2. Significant accounting policies *(continued)*

2.5 Property, plant and equipment

(a) Measurement

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

The cost of an item of property, plant and equipment initially recognised includes its purchase price and any cost that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Cost also includes borrowing costs (refer to Note 2.21 on borrowing costs).

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

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

(b) Depreciation

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

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

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

(c) Subsequent expenditure

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

(d) Disposal

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

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2022

2. Significant accounting policies *(continued)*

2.6 Goodwill

Goodwill on acquisitions of subsidiaries and businesses represents the excess of (a) the sum of the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over (b) the fair values of the identifiable net assets acquired. Goodwill on subsidiaries is recognised separately as intangible assets and carried at cost less accumulated impairment losses.

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

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

2.7 Investment properties

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

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

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

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

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

2.8 Development properties

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

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

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

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2022

2. Significant accounting policies *(continued)*

2.8 Development properties *(continued)*

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

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

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

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

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

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

2.9 Investments in subsidiaries, joint ventures and associated companies

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

2.10 Impairment of non-financial assets

(a) Goodwill

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

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

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

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2022

2. Significant accounting policies *(continued)*

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

(a) Goodwill *(continued)*

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

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

(b) Property, plant and equipment
Right-of-use assets
Investments in subsidiaries, joint ventures and associated companies

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

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

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

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

For an asset other than goodwill, management assesses at the end of the reporting period whether there is any indication that an impairment recognised in prior periods may no longer exist or may have decreased. If any such indication exists, the recoverable amount of that asset is estimated and may result in a reversal of impairment loss. The carrying amount of this asset is increased to its revised recoverable amount, provided that this amount does not exceed the carrying amount that would have been determined (net of any accumulated amortisation or depreciation) had no impairment loss been recognised for the asset in prior years.

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

2.11 Financial assets

(a) Classification and measurement

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

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

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

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2022

2. Significant accounting policies *(continued)*

2.11 Financial assets *(continued)*

(a) Classification and measurement *(continued)*

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

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

At initial recognition

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

At subsequent measurement

(i) Debt instruments

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

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

- Amortised cost: Debt instruments that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. A gain or loss on a debt instrument that is subsequently measured at amortised cost and is not part of a hedging relationship is recognised in profit or loss when the asset is derecognised or impaired. Interest income from these financial assets is included in interest income using the effective interest rate method.

- FVOCI: Debt instruments that are held for collection of contractual cash flows and for sale, and where the assets' cash flows represent solely payments of principal and interest, are classified as FVOCI. Movements in fair values are recognised in Other Comprehensive Income (OCI) and accumulated in fair value reserve, except for the recognition of impairment gains or losses, interest income and foreign exchange gains and losses, which are recognised in profit and loss. When the financial asset is derecognised, the cumulative gain or loss previously recognised in OCI is reclassified from equity to profit or loss and presented in "Other gains - net". Interest income from these financial assets is recognised using the effective interest rate method and presented in "interest income".

- FVPL: Debt instruments that are held for trading as well as those that do not meet the criteria for classification as amortised cost or FVOCI are classified as FVPL. Movement in fair values and interest income is recognised in profit or loss in the period in which it arises and presented in "Other gains - net" and "Other income" respectively.

(ii) Equity instruments

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

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2022

2. Significant accounting policies *(continued)*

2.11 Financial assets *(continued)*

(b) Impairment

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

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

(c) Recognition and derecognition

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

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

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

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

2.12 Leases

(a) When the Group is the lessee:

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

(i) Right-of-use assets

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

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

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

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

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2022

2. Significant accounting policies *(continued)*

2.12 Leases *(continued)*

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

(ii) Lease liabilities

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

Lease payments include the following:

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

For contracts that contain both lease and non-lease components, the Group allocates the consideration to each lease component on the basis of the relative stand-alone price of the lease and non-lease component.

The Group has elected to not separate lease and non-lease component for property leases and account these as one single lease component.

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

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

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

(iii) Short term and low value leases

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

(iv) Variable lease payments

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

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2022

2. Significant accounting policies *(continued)*

2.12 Leases *(continued)*

(b) When the Group is the lessor:

(i) Operating leases

Leases of investment properties and property, plant and equipment where the Group retains substantially all risks and rewards incidental to ownership are classified as operating leases. Rental income from operating leases (net of any incentive given to the lessees) is recognised in profit or loss on a straight-line basis over the lease term. Income from leasing of equipment is recognised on its utilisation basis.

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

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

(ii) Subleases

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

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

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

2.13 Financial guarantees

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

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

(a) premium received on initial recognition less the cumulative amount of income recognised in accordance with the principles of SFRS(I) 15; and

(b) the amount of expected loss computed using the impairment methodology under Note 2.11.

2.14 Assets classified as held-for-sale

Non-current assets (or disposal groups) are classified as assets held-for-sale and carried at the lower of carrying amount and fair value less costs to sell if their carrying amount is recovered principally through a sale transaction rather than through continuing use. The assets are not depreciated or amortised while they are classified as held-for-sale. Any impairment loss on initial classification and subsequent measurement is recognised as an expense. Any subsequent increase in fair value less costs to sell (not exceeding the accumulated impairment loss that has been previously recognised) is recognised in profit or loss.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2022

2. Significant accounting policies *(continued)*

2.15 Borrowings

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

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

2.16 Trade and other payables

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

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

2.17 Inventories

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

2.18 Income taxes

Current income tax for current and prior periods is recognised at the amount expected to be paid to or recovered from the tax authorities, using the tax rates and tax laws that have been enacted or substantively enacted by the balance sheet date. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation and considers whether it is probable that a tax authority will accept an uncertain tax treatment. The Group measures its tax balances either based on the most likely amount or the expected value, depending on which method provides a better prediction of the resolution of the uncertainty.

Deferred income tax is recognised for all temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements except when the deferred income tax arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and affects neither accounting nor taxable profit or loss at the time of the transaction.

A deferred income tax liability is recognised on temporary differences arising on investments in subsidiaries, joint ventures and associated companies, except where the Group is able to control the timing of the reversal of the temporary differences and it is probable that the temporary differences will not reverse in the foreseeable future.

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

Deferred income tax is measured:

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

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

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2022

2. Significant accounting policies *(continued)*

2.18 Income taxes *(continued)*

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

2.19 Provisions

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

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

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) Short-term compensated absences

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

(c) Share-based compensation

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

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

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

2.21 Borrowing costs

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

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2022

2. Significant accounting policies *(continued)*

2.21 Borrowing costs *(continued)*

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

2.22 Currency translation

(a) Functional and presentation currency

Items included in the financial statements of each entity in the Group are measured using the currency of the primary economic environment in which the entity operates ("functional currency"). The financial statements are presented in Singapore Dollar, which is the functional currency of the Company.

(b) Transactions and balances

Transactions in a currency other than the functional currency ("foreign currency") are translated into the functional currency using the exchange rates at the dates of the transactions. Currency exchange differences resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at the closing rates at the balance sheet date are recognised in profit or loss. However, in the consolidated financial statements, currency translation differences arising from borrowings in foreign currencies and other currency instruments designated and qualifying as net investment hedges and net investment in foreign operations, are recognised in other comprehensive income and accumulated in the currency translation reserve.

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

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

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

(c) Translation of Group entities' financial statements

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

(i) assets and liabilities are translated at the closing exchange rates at the reporting date;

(ii) income and expenses are translated at average exchange rates (unless the average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated using the exchange rates at the dates of the transactions); and

(iii) all resulting currency translation differences are recognised in other comprehensive income and accumulated in the currency translation reserve. These currency translation differences are reclassified to profit or loss on disposal or partial disposal of the entity giving rise to such reserve.

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

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2022

2. Significant accounting policies *(continued)*

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.

2.25 Share capital and treasury shares

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

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

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

2.26 Dividends

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

3. Critical accounting estimates and assumptions

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

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

The Group has significant ongoing construction contracts as at 31 December 2022 that are non-cancellable which amounts to S$550.5 million [Note 4b(ii)]. For these contracts, revenue is recognised over time by reference to the Group's progress towards completion of the contract. The measure of progress is determined based on the proportion of contract costs incurred to date to the estimated total contract costs ("input method").

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

Significant judgement and assumptions are applied when estimating the total contract sum and the total contract costs which affect the accuracy of revenue recognition based on the percentage-of-completion.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2022

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

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

The estimation of total contract sum includes variation orders where management had determined that there was sufficient basis to claim from customers but pending final agreement with the customers. In making this assessment, management has relied on the term of the contracts with customers and instructions issued by customers to carry out the variation orders, along with the advice of external legal counsels where relevant.

Given these variation orders are unpriced and un-rated, estimates are used to determine the valuation of these variation orders which are included into the total contract sum for revenue recognition. Management has applied the relevant rates, taking into consideration the condition of the contract, agreed with subcontractors or quotations from subcontractors (where applicable) and work of specialists, on the basis that it is highly probable to recover from customers the cost of performing these variation orders. The estimates are revised when an agreement has been reached with the customers.

For every 5% of decrease in the estimated value of the variation orders that are recognised in contract assets (with total contract cost remaining unchanged) based on management estimates, the Group's profit before income tax will decrease by approximately S$4,212,000 (2021: profit before income tax will decrease by approximately S$3,236,000, with a decrease of 5% on variation orders recognised in contract asset).

Total contract cost includes the estimation of remaining cost to complete. Management has estimated the remaining cost to complete based on its past experience, use of specialists, quotations from and contracts with suppliers and sub-contractors. These estimations are also made with due consideration of the circumstances and relevant events that were known to management at the date of these financial statements. Construction projects, in particular, are inherently complex and involve uncertainties that may not be apparent to management at the balance sheet date.

If the estimated costs to be incurred from the balance sheet date to the completion date increase by 1% from management estimates, the Group's profit before income tax will decrease by approximately S$1,787,000 (2021: profit before income tax will decrease by approximately S$1,656,000).

(b) Valuation of investment properties

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

Valuation methods used are sales comparison approach and cost method. Sales comparison approach involves the comparison of the sale price comparable properties in close proximity and adjusted for differences in key attributes such as property size. Cost method involves the estimation of the current cost required to replace the property.

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

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2022

4. Revenue

(a) Disaggregation of revenue

	Construction and Building Materials		Real Estate		Leisure & Hospitality		Total	
	2022	2021	**2022**	2021	**2022**	2021	**2022**	2021
	S$'000	S$'000	**S$'000**	S$'000	**S$'000**	S$'000	**S$'000**	S$'000
Contract revenue – over time	**198,546**	173,348	**–**	–	**–**	–	**198,546**	173,348
Revenue from sale of products – point in time	**89,653**	60,110	**–**	–	**–**	–	**89,653**	60,110
Revenue from sale of development properties – over time	**–**	–	**57,097**	12,842	**–**	–	**57,097**	12,842
Revenue from services rendered – over time	**–**	–	**2,012**	2,605	**2,612**	1,458	**4,624**	4,063
Revenue from contracts with customers	**288,199**	233,458	**59,109**	15,447	**2,612**	1,458	**349,920**	250,363
Rental income from investment properties (Note 22)	**–**	–	**3,130**	2,258	**–**	–	**3,130**	2,258
Total revenue	**288,199**	233,458	**62,239**	17,705	**2,612**	1,458	**353,050**	252,621

(b) Contract assets and liabilities

	Group		
	31 December		1 January
	2022	2021	2021
	S$'000	S$'000	S$'000
Contract assets			
Current			
Construction contracts	**108,725**	114,857	115,164
Sale of products	**7,908**	3,270	4,032
Sale of development properties	**29,378**	5,243	10,893
	146,011	123,370	130,089
Non-current			
Construction contracts	**36,232**	4,296	3,869
	182,243	127,666	133,958
Contract liabilities			
Current			
Construction contracts	**10,364**	5,157	7,347
Sale of products	**4,694**	6,195	–
	15,058	11,352	7,347

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2022

4. Revenue *(continued)*

(b) Contract assets and liabilities *(continued)*

Contract assets primarily relates to the Group's right to consideration for work completed but not yet billed at reporting date on construction contracts, sale of products, and sale of development properties. The increases in contract assets in current financial year for construction contracts, sale of products and sale of development properties are mainly due to revenue recognition during the year and timing of billing to customers. Within the contract assets balance which includes significant variation orders being accounted for that has been assessed by management to be recoverable and determined by them that there was sufficient basis to claim from customers but pending final agreement with the customers.

Contract liabilities primarily relates to the Group's obligation to transfer goods or services to customers for which the Group has received advances from customers for construction contracts. The increase in contract liabilities in current financial year for construction contracts was mainly due to advances received from customer which exceeded the value of work transferred. The decrease in contract liabilities in current financial year for sale of products was mainly due to revenue recognition upon satisfaction of performance obligation on which the Group has received advances in previous year.

(i) Revenue recognised in relation to contract liabilities

	Group	
	2022	2021
	S$'000	S$'000
Revenue recognised in current year that was included in the contract liability balance at the beginning of the year		
- Construction contracts	**4,637**	6,900
- Sale of products	**3,500**	–

(ii) Unsatisfied performance obligations

	2022 S$'000	2021 S$'000
Aggregate amount of the transaction price allocated to contracts that are partially or fully unsatisfied as at 31 December		
- Construction contracts	**550,451**	669,781
- Sale of development properties	**33,040**	37,905

Management expects that the aggregate amount of the transaction price allocated to unsatisfied performance obligations as of 31 December 2022 will be recognised as revenue as the Group continue to perform to complete the construction, which is expected to occur over the next few years up to 2026 (2021: 2026). The amount disclosed above does not include variable consideration which is subject to significant risk of reversal.

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

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2022

4. Revenue *(continued)*

(c) Trade receivables from contracts with customers

	Group		
	31 December		1 January
	2022	2021	2021
	S$'000	S$'000	S$'000
Current assets			
Trade receivables from contracts with customers	**35,323**	40,016	27,838
Less: Allowance for impairment	**(243)**	(91)	(787)
	35,080	39,925	27,051

5. Other income

	Group	
	2022	2021
	S$'000	S$'000
Interest income		
- Investment securities		
- measured at FVOCI	**271**	71
- measured at fair value through profit or loss	**–**	213
- Amortisation of other receivables	**–**	734
- Loans to a joint venture	**106**	123
- Bank deposits and others	**616**	68
	993	1,209
Other income	**627**	619
	1,620	1,828

6. Other gains – net

Fair value gain on investment properties (Note 22)	**6,436**	7,089
Gain on disposal of property, plant and equipment	**8,626**	682
Net foreign exchange (loss)/gain	**(35)**	888
	15,027	8,659

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2022

7. Expenses by nature

	Group	
	2022	2021
	S$'000	S$'000
Allowance for/(write-back of allowance for) impairment of trade receivables	**119**	(658)
Allowance for/(write-back of allowance for) impairment of sundry debtors	**613**	(9)
Allowance for impairment of loans to joint ventures [Note 15(ii)]	**771**	1,377
Allowance for impairment of investment securities [Note 13(c)]	**1,014**	–
Changes in inventories of raw materials and finished goods	**2,583**	(7,582)
Contractor and material costs	**201,784**	131,611
Depreciation of property, plant and equipment (Note 23)	**10,022**	15,943
Employee compensation (Note 8)	**51,387**	44,733
Freight, shipping, transport and travelling expenses	**4,071**	2,458
Purchases of raw material, finished goods and consumables	**62,355**	51,328
Rental expenses [Note 24(d)]	**1,197**	706
Repair and maintenance expenses	**2,620**	2,473
Sales commission expenses	**3,925**	1,086
Utilities	**1,524**	1,086
Write-back of allowance for impairment of property, plant and equipment (Note 23)	**–**	(169)
Write-back of allowance for inventory obsolescence	**–**	(2,280)
Other expenses	**7,307**	6,016
	351,292	248,119

8. Employee compensation

Salaries, bonus and other costs	**48,584**	42,312
Share-based compensation expense [Note 31(b)(iii)]	**5**	15
Employer's contribution to defined contribution plans including Central Provident Fund	**2,798**	2,406
	51,387	44,733

During 2022, government grant income of S$17,000 (2021: S$1,287,000) under the Jobs Support Scheme ("JSS"), and S$498,000 (2021: S$552,000) relating to foreign worker levy rebates and waivers ("FWRW") were recognised and presented as an offset against salaries, bonus and other costs. The JSS is a temporary scheme introduced in the Singapore Budget 2020 to help enterprises retain local employees. Under the JSS, employers will receive cash grants in relation to the gross monthly wages of eligible employees. The FWRW were also introduced in the Singapore Budget 2020 to ease the labour costs of business employers who hire foreign workers amid the COVID-19 pandemic. The JSS and FWRW have been extended to 2021 and 2022 respectively by the Government.

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

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2022

9. Finance expenses

	Group	
	2022	2021
	S$'000	S$'000
Interest expenses		
- Bank borrowings	**6,606**	4,338
- Lease liabilities [Note 24(c)]	**411**	744
- Notes payables	**3,223**	3,570
- Joint venture	**548**	548
	10,788	9,200

10. Income taxes

(a) Income tax expense

Tax expense attributable to profit is made up of:		
- Current income tax [Note 10(b)]	**1,599**	1,104
- Deferred income tax [Note 10(c)]	**30**	(234)
	1,629	870
(Over)/under provision of income tax in prior financial years		
- Current income tax [Note 10(b)]	**(7)**	30
- Deferred income tax [Note 10(c)]	**(595)**	(265)
	1,027	635

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:

Profit before income tax	**9,249**	8,828
Share of loss/(profit) of associated companies	**342**	(159)
Share of profit of joint ventures	**(1,974)**	(2,880)
Profit before income tax and share of profit of associated companies and joint ventures	**7,617**	5,789
Tax calculated at a tax rate of 17% (2021: 17%)	**1,295**	984
Effects of:		
Expenses not deductible for tax purposes	**1,172**	1,164
Income not subject to tax	**(2,330)**	(1,882)
Unrecognised deferred tax benefits	**2,026**	946
Tax incentives	**(25)**	(23)
Utilisation of previously unrecognised:		
- Tax losses	**(548)**	(606)
- Capital allowances	**(337)**	–
Effect of different tax rates in other countries	**376**	287
Over provision of tax in prior financial years	**(602)**	(235)
Tax charge	**1,027**	635

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2022

10. Income taxes *(continued)*

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

	Group		Company	
	2022	2021	**2022**	2021
	S$'000	S$'000	**S$'000**	S$'000
Balance at 1 January	**88**	(267)	**–**	–
Currency translation differences	**(18)**	(4)	**–**	–
Income tax paid	**(1,323)**	(775)	**–**	–
Tax expense [Note 10(a)]	**1,599**	1,104	**–**	–
(Over)/under provision of current income tax in prior financial years [Note 10(a)]	**(7)**	30	**–**	–
Balance at 31 December	**339**	88	**–**	–

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

	Group		Company	
<u>Current assets</u>				
Income tax receivables	**(730)**	(730)	**–**	–
<u>Current liabilities</u>				
Current income tax liabilities	**1,069**	818	**–**	–

(c) Deferred income tax

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

	Group	
	2022	2021
	S$'000	S$'000
Balance at 1 January	**7,278**	7,775
Currency translation differences	**4**	2
Tax expense [Note 10(a)]	**(565)**	(499)
Balance at 31 December	**6,717**	7,278

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2022

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:

Group	Accelerated tax depreciation S$'000	Fair value adjustment on investment properties S$'000	Unrealised foreign exchange gain S$000	Unremitted foreign sourced income S$'000	Total S$'000
Deferred income tax liabilities					
Balance at 1 January 2022	**846**	**6,360**	**–**	**138**	**7,344**
(Credited)/charged to profit or loss	**(559)**	**39**	**–**	**(1)**	**(521)**
Currency translation differences	**(1)**	**–**	**–**	**–**	**(1)**
Balance at 31 December 2022	**286**	**6,399**	**–**	**137**	**6,822**
Balance at 1 January 2021	1,160	6,522	5	138	7,825
Credited to profit or loss	(315)	(162)	(5)	–	(482)
Currency translation differences	1	–	–	–	1
Balance at 31 December 2021	846	6,360	–	138	7,344

Group	Profits from construction contracts taxed in advance S$'000	Provision S$'000	Unrealised foreign exchange loss S$'000	Total S$'000
Deferred income tax assets				
Balance at 1 January 2022	**(2)**	**–**	**(64)**	**(66)**
Charged/(credited) to profit or loss	**2**	**–**	**(46)**	**(44)**
Currency translation differences	**–**	**–**	**5**	**5**
Balance at 31 December 2022	**–**	**–**	**(105)**	**(105)**
Balance at 1 January 2021	(10)	(40)	–	(50)
Charged/(credited) to profit or loss	9	40	(66)	(17)
Currency translation differences	(1)	–	2	1
Balance at 31 December 2021	(2)	–	(64)	(66)

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

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2022

10. Income taxes *(continued)*

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

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

	Group	
	2022	2021
	S$'000	S$'000
Deferred income tax liabilities	**6,717**	7,278

(e) Unutilised tax losses and capital allowances

As at 31 December 2022, the Group has unutilised tax losses of approximately S$72,342,000 (2021: S$65,924,000), unabsorbed capital allowances of approximately S$7,046,000 (2021: S$8,993,000) and investment allowance of approximately S$9,445,000 (2021: S$7,385,000) 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	
	2022	2021
Net profit attributable to equity holders of the Company (S$'000)	**6,013**	6,900
Weighted average number of ordinary shares in issue for computation of basic earnings per share ('000)	**412,459**	412,459
Basic earnings per share (in cents)	**1.46**	1.67

(b) Diluted earnings per share

For the current financial year, no adjustment was made to the diluted earnings per share because all the outstanding warrants of the Group' subsidiary, Koh Brothers Eco Engineering Limited ("KBE Warrants") are antidilutive.

For the previous financial year, KBE Warrants are included in the calculation of diluted earnings per share above because they are dilutive.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2022

12. Cash and bank balances

	Group		Company	
	2022	2021	**2022**	2021
	S$'000	S$'000	**S$'000**	S$'000
Cash and bank balances	**42,907**	66,254	**178**	989
Fixed deposits	**39,525**	28,898	**–**	–
	82,432	95,152	**178**	989

13. Investment securities

	Group		Company	
	2022	2021	**2022**	2021
	S$'000	S$'000	**S$'000**	S$'000
Financial assets, at FVOCI [Note 13(b)]	**8,327**	11,196	**–**	–
Financial assets, at amortised cost [Note 13(c)]	**1,015**	2,239	**–**	–
	9,342	13,435	**–**	–
Less: Current portion	**1,382**	2,730	**–**	–
Non-current portion	**7,960**	10,705	**–**	–

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

	Group		Company	
	2022	2021	**2022**	2021
	S$'000	S$'000	**S$'000**	S$'000
Balance at 1 January	**–**	–	**–**	218
Reclassification upon conversion of notes into quoted equity securities	**–**	(13,063)	**–**	–
Net purchase	**–**	13,063	**–**	–
Fair value loss during the financial year	**–**	–	**–**	(218)
Balance at 31 December	**–**	–	**–**	–

(b) Financial assets, at FVOCI

	Group	
	2022	2021
	S$'000	S$'000
Balance at 1 January	**11,196**	1,281
Reclassification upon conversion of notes into quoted equity securities	**–**	13,063
Net (disposal)/purchase	**(25)**	1,000
Fair value loss recognised in other comprehensive income [Note 31(b)(i)]	**(2,844)**	(4,150)
Currency translation difference	**–**	2
Balance at 31 December	**8,327**	11,196
Less: Current portion	**367**	491
Non-current portion	**7,960**	10,705

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2022

13. Investment securities *(continued)*

(b) Financial assets, at FVOCI *(continued)*

Financial assets, at FVOCI are analysed as follows:

	Group	
	2022	2021
	S$'000	S$'000
Listed securities		
- SGD corporate fixed rate notes of 3.00% to 6.90% (2021: 3.00% to 6.90%) per annum due between November 2023 to October 2026 (2021: June 2022 to October 2026)	**2,035**	2,282
- Equity securities – USA	**6,292**	8,914
	8,327	11,196

(c) Financial assets, at amortised cost

Balance at 1 January	**2,239**	3,000
Disposal	**(210)**	(761)
Impairment [Note 7]	**(1,014)**	–
Balance at 31 December	**1,015**	2,239

Financial assets, at amortised cost comprise the following:

Current		
Unquoted SGD 10.00% fixed rate note	**1,015**	2,239

The issuer of the unquoted convertible notes [Note 13(a)] negotiated with the Group to restructure the notes when it was due in 2021. This was accounted for as an extinguishment of the existing unquoted convertible note, and origination of a new SGD 10.0% fixed rate note due in 2022. Subsequently, the fixed rate note was further restructured (the "Further Addendum"), and the Group has received S$210,000 (2021: S$761,000) pursuant to the Further Addendum agreement.

The Groups has performed impairment assessment on the fixed rate notes. An impairment loss of S$1,014,000 was recognised during the financial year.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2022

14. Trade and other receivables

	Group		Company	
	2022	2021	**2022**	2021
	S$'000	S$'000	**S$'000**	S$'000
Current				
Trade receivables				
Due from non-related parties	**36,642**	41,886	**–**	–
Less: Allowance for impairment of trade receivables [Note 34(b)]	**(950)**	(797)	**–**	–
Trade receivables – net	**35,692**	41,089	**–**	–
Other receivables				
Deposit	**2,359**	2,550	**6**	7
Prepayments	**6,406**	7,798	**7**	–
Other receivables – non-related parties	**7,241**	6,132	**–**	–
Less: Allowance for impairment of other receivables-non-related parties	**(887)**	(276)	**–**	–
	50,811	57,293	**13**	7
Non-current				
Other receivables				
Due from non-related parties [Note 14(ii)]	**30,127**	30,127	**–**	–

(i) Allowance for impairment of trade receivables of S$119,000 (2021: write-back allowance for impairment of S$658,000) is recognised as expense (2021: recognised as reversal of expense) and included in "distribution and marketing expenses".

(ii) The non-current other receivables due from non-related parties are unsecured and bear interest at 3.50% (2021: 3.50%) per annum.

15. Amounts due from/(to) joint ventures

	Group	
	2022	2021
	S$'000	S$'000
Current assets		
Trade receivables from joint ventures	**1,076**	971
Loans to joint ventures [Note 15(i)]	**35,032**	51,551
Less: Allowance for impairment of loans [Note 15(ii)]	**(8,048)**	(7,277)
	26,984	44,274
	28,060	45,245
Current liabilities		
Amounts due to a joint venture (trade)	**(971)**	(423)
Amounts due to joint ventures (non-trade) [Note 15(iii)]	**(37,320)**	(37,355)
	(38,291)	(37,778)

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2022

15. Amounts due from/(to) joint ventures *(continued)*

(i) The loans to the joint ventures are unsecured, interest-free and repayable on demand, except for loan amounting to S$14,232,000 in 2021 which borne interest at 1.00% per annum and was repayable on demand.

(ii) Allowance for impairment of loans to joint ventures of S$771,000 (2021: S$1,377,000) was recognised as expense.

(iii) The current non-trade amounts due to joint ventures are unsecured, interest-free and repayable on demand, except for an amount of S$36,500,000 (2021: S$36,500,000) which bears interest at 1.50% (2021: 1.50%) per annum and is repayable on demand.

16. Inventories

	Group	
	2022	2021
	S$'000	S$'000
Raw materials	**1,228**	2,401
Finished goods	**6,480**	7,890
	7,708	10,291

The cost of inventories recognised as an expense and included in "cost of sales" amounted to S$64,938,000 (2021: S$ 43,746,000).

17. Development properties

Development properties in progress	**93,998**	128,402

Details of the Group's major development properties in progress as at 31 December 2022 are as follows:

Property	**Tenure of land**	**Percentage of completion at 31.12.2022/ expected date of completion**	**Site area/gross floor area (sq m)**	**Effective interest in property**
Site for residential development at Holland Road, Singapore	Freehold	71%/2023	4,428/6,819	100%

18. Other current assets

Project consumables	**4,793**	4,799

Project consumables are non-project specific in nature. These are carried at lower of cost or net realisable value.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2022

19. Investment in associated companies

	Group	
	2022	2021
	S$'000	S$'000
Balance at 1 January	**439**	280
Share of (loss)/profit	**(342)**	159
Balance at 31 December	**97**	439

(i) There are no associated companies as at 31 December 2022 and 2021, which in the opinion of the directors, are individually material to the Group.

(ii) At the date of these financial statements, the directors are of the view that SDK Consortium, an associated partnership of the Group, is able to repay its bank borrowing in full, and hence it is not probable that the Group is required to settle its share of the partnership's total banking facility of S$13,601,000.

(iii) Details of the associated companies are set out in Note 38. The associated companies have share capital consisting solely of ordinary shares, which are held directly by the Group, except for SDK Consortium which is incorporated as a partnership. The country of incorporation is also their principal place of business.

20. Investment in joint ventures

Balance at 1 January	**94,202**	99,516
Share of profit	**1,974**	2,880
Dividends received during the year	**(3,000)**	(5,757)
Voluntary liquidation	**–**	(2,539)
Currency translation differences	**2**	102
Balance at 31 December	**93,178**	94,202

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

Details of the joint ventures are set out in Note 38. The joint ventures have share capital consisting solely of ordinary shares, which are held directly by the Group. The country of incorporation is also their principal place of business.

Summarised financial information of joint ventures

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

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

- Property investment – Canberra Development Pte Ltd
- Property development – FEC Skypark Pte. Ltd. and Phileap Pte. Ltd. (2021: FEC Skypark Pte. Ltd., Phileap Pte. Ltd. and Daeryun Koh Brothers PFV Co. Ltd.)

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2022

20. Investment in joint ventures *(continued)*

Summarised statement of comprehensive income

	Property Investment		Property Development		Total	
	For the financial year ended 31 December		For the financial year ended 31 December		For the financial year ended 31 December	
	2022	2021	**2022**	2021	**2022**	2021
	S$'000	S$'000	**S$'000**	S$'000	**S$'000**	S$'000
Revenue	**22,363**	20,594	**126,004**	45,136	**148,367**	65,730
Expenses						
Include:						
- Interest expense	**(7,804)**	(3,606)	**(6,996)**	(5,482)	**(14,800)**	(9,088)
Profit/(loss) before income tax	**4,786**	6,475	**(3,418)**	(5,883)	**1,368**	592
Income tax expense	**(838)**	(892)	**–**	–	**(838)**	(892)
Profit after tax and total comprehensive income (Note 20 (i))	**3,948**	5,583	**(3,418)**	(5,883)	**530**	(300)
Dividends received from joint ventures	**3,000**	3,000	**–**	2,757	**3,000**	5,757

Summarised balance sheet

	Property Investment		Property Development		Total	
	As at 31 December		As at 31 December		As at 31 December	
	2022	2021	**2022**	2021	**2022**	2021
	S$'000	S$'000	**S$'000**	S$'000	**S$'000**	S$'000
Current assets	**84,127**	86,665	**392,495**	483,260	**476,622**	569,925
Include:						
- Cash and bank balances	**4,731**	6,971	**21,879**	34,039	**26,610**	41,010
Current liabilities	**(8,596)**	(11,974)	**(147,072)**	(163,094)	**(155,668)**	(175,068)
Include:						
- Financial liabilities (excluding trade and other payables)	**–**	–	**–**	–	**–**	–
Non-current assets	**372,193**	372,609	**–**	–	**372,193**	372,609
Non-current liabilities	**(262,972)**	(260,496)	**(277,330)**	(348,654)	**(540,302)**	(609,150)
Include:						
- Financial liabilities (excluding trade and other payables)	**(260,000)**	(260,000)	**(251,660)**	(317,660)	**(511,660)**	(577,660)
Net assets/(liabilities)	**184,752**	186,804	**(31,907)**	(28,488)	**152,845**	158,316

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

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2022

20. Investment in joint ventures *(continued)*

Reconciliation of the summarised financial information

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

	Property Investment		Property Development		Total	
	As at 31 December		As at 31 December		As at 31 December	
	2022	2021	**2022**	2021	**2022**	2021
	S$'000	S$'000	**S$'000**	S$'000	**S$'000**	S$'000
Net assets/(liabilities) at beginning of the financial year	**186,804**	187,221	**(28,488)**	(10,811)	**158,316**	176,410
Profit/(loss) after tax and total comprehensive income for the financial year	**3,948**	5,583	**(3,418)**	(5,883)	**530**	(300)
Dividends paid	**(6,000)**	(6,000)	**–**	(6,127)	**(6,000)**	(12,127)
Voluntary liquidation	**–**	–	**–**	(5,642)	**–**	(5,642)
Currency translation difference	**–**	–	**–**	(25)	**–**	(25)
Net assets/(liabilities) at end of the financial year	**184,752**	186,804	**(31,906)**	(28,488)	**152,846**	158,316
Interest in joint ventures	**92,378**	93,402	**(7,156)**	(6,446)	**85,222**	86,956
Impairment of loans to joint ventures	**–**	–	**7,156**	6,446	**7,156**	6,446
Carrying value	**92,378**	93,402	**–**	–	**92,378**	93,402
Add:						
Carrying value of individually immaterial joint ventures, in aggregate					**800**	800
Carrying value of Group's interest in joint ventures					**93,178**	94,202

The summarised financial information for property development is mainly attributable to FEC Skypark Pte. Ltd. (2021: FEC Skypark Pte. Ltd.) except for net liabilities, which is mainly attributable to Phileap Pte. Ltd.

(i) The Group's share of the above joint ventures' profit after tax, other comprehensive income and dividend were reflected in the movement of carrying value of investment in joint ventures. In the event that the group's share of losses in joint ventures exceeds its interest in such joint ventures, the Group recognise the further loss as impairment on loans to joint ventures and recorded under "Other expenses".

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:

	2022	2021
	S$'000	S$'000
Loss after tax and total comprehensive loss	**(61)**	(116)

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For the financial year ended 31 December 2022

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

	Company	
	2022	2021
	S$'000	S$'000
Investment in subsidiaries		
Balance at 1 January		
- Quoted equity shares, at cost	**73,130**	73,130
- Unquoted equity shares, at cost	**68,069**	68,069
- Financial guarantee contracts	**15,416**	15,280
	156,615	156,479
Increase in financial guarantee contracts	**126**	136
Balance at 31 December	**156,741**	156,615
Current assets		
Amounts due from subsidiaries (trade)	**1,698**	1,138
Amounts due from subsidiaries (non-trade) [Note 21(i)]	**21,070**	38,782
	22,768	39,920
Current liabilities		
Amounts due to subsidiaries (trade)	**(173)**	(820)
Amounts due to subsidiaries (non-trade) [Note 21(ii)]	**(38,013)**	(7,485)
	(38,186)	(8,305)
Non-current liabilities		
Amount due to a subsidiary (non-trade) [Note 21(iii)]	**(19,011)**	(19,011)

(i) The current non-trade amounts due from subsidiaries are repayable on demand, unsecured and interest-free, except for the loans amounting to S$15,350,000 (2021: S$30,500,000) due from subsidiaries which bear interest rate at 5.16% per annum (2021: ranging from 0.10% to 5.16% per annum).

(ii) The current non-trade amounts due to subsidiaries are repayable on demand, unsecured and interest-free, except for the loans amounting to S$23,000,000 (2021: S$ nil) due to subsidiaries which bear interest rate at 4.87% per annum (2021: nil%).

(iii) The non-current non-trade amount due to a subsidiary is unsecured, interest-free and is not expected to be repaid within one year.

	Group	
	2022	2021
	S$'000	S$'000
(iv) **Carrying value of non-controlling interests**		
Koh Brothers Eco Engineering Limited and its subsidiaries	**60,340**	55,579
Other subsidiaries with immaterial non-controlling interests	**34**	48
	60,374	55,627

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2022

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

Summarised financial information of subsidiaries with material non-controlling interests

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

	2022	2021
	S$'000	S$'000
Koh Brothers Eco Engineering Limited and its subsidiaries		
Summarised statement of comprehensive income		
Revenue	**211,742**	180,576
Profit before income tax	**4,455**	3,729
Income tax expense	**(1,087)**	(1,063)
Profit after tax	**3,368**	2,666
Other comprehensive loss	**(817)**	(450)
Total comprehensive income	**2,551**	2,216
Total comprehensive income allocated to non-controlling interests	**905**	309
Summarised balance sheet		
Current		
Assets	**204,993**	225,371
Liabilities	**(123,507)**	(117,836)
Total current net assets	**81,486**	107,535
Non-current		
Assets	**85,978**	58,072
Liabilities	**(16,464)**	(20,410)
Total non-current net assets	**69,514**	37,662
Net assets	**151,000**	145,197
Summarised cash flows		
Net cash provided by/ (used in) by operating activities	**4,797**	(17,445)
Net cash provided by investing activities	**1,625**	1,615
Net cash (used in)/provided by financing activities	**(16,074)**	24,325

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2022

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

Transactions with non-controlling interests

Change in ownership interest in subsidiaries due to dilution of equity interest

On 3 March 2022, an indirect subsidiary of the Group, Oiltek International Limited ("OIL"), was successfully admitted and listed on the Catalist Board of the Singapore Exchange Securities Trading Limited. OIL issued 22,500,000 new ordinary shares at S$0.23 each for its initial public offering. Following the OIL listing, the Group's effect shareholding interest in OIL and its subsidiaries reduced from approximately 43.88% to approximately 36.97%.

On 15 March 2021, a subsidiary of the Company, Koh Brothers Eco Engineering Limited ("KBE"), entered into a share subscription agreement with a non-related party, Penta-Ocean Construction Co. Ltd ("POC"), pursuant to which POC subscribed for 810,000,000 new ordinary shares in the capital of KBE. This transaction was completed on 8 June 2021 and as a result, the Company's shareholding interest in KBE decreased from 76.94% to 54.82%.

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

On 20 June 2022, a subsidiary of the Company, KBE, acquired additional 1,000,000 shares in OIL for a total consideration of S$230,000. As a result, the Group's effective shareholding interest in OIL and its subsidiaries increased from approximately 36.97% to approximately 37.35%.

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

	Group	
	2022	2021
	S$'000	S$'000
Carrying amount of non-controlling interests acquired/ (disposed of) in KBE and its subsidiaries	**1,169**	(2,015)
Consideration paid to non-controlling interest	**(230)**	–
Increase/(decrease) in parent's equity	**939**	(2,015)

22. Investment properties

Balance at 1 January	**102,169**	95,224
Fair value gain recognised in profit or loss (Note 6)	**6,436**	7,089
Currency translation difference	**(198)**	(144)
Balance at 31 December	**108,407**	102,169

The following amounts are recognised in profit or loss:

Rental income (Note 4)	**3,130**	2,258
Direct operating expenses arising from investment properties that generated rental income	**(1,676)**	(1,529)

(i) Investment properties with carrying values totalling S$101,180,000 (2021: S$94,900,000) are mortgaged to banks for credit facilities granted (Notes 28 and 29).

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For the financial year ended 31 December 2022

22. Investment properties *(continued)*

(ii) Details of the investment properties are set out below:

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

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

<u>Fair value hierarchy – Recurring fair value measurements</u>

	Fair value measurements using		
Description	**Quoted prices in active markets for identical assets (Level 1)**	**Significant other observable inputs (Level 2)**	**Significant unobservable inputs (Level 3)**
	S$'000	**S$'000**	**S$'000**
31 December 2022			
- Investment properties	**–**	**–**	**108,407**
31 December 2021			
- Investment properties	–	–	102,169

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2022

22. Investment properties *(continued)*

Valuation technique and inputs used in Level 3 fair value measurements

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

Description	Fair value as at 31 December 2022 (S$'000)	Valuation technique(s)	Unobservable inputs[1]	Range of unobservable inputs	Relationship of unobservable inputs to fair value
Investment properties - Singapore	101,180 (2021: 94,900)	Sales comparison method	Market value per square metre	S$20,000 to S$40,000 (2021: S$20,000 to S$40,000) per square metre	The higher the market value per square metre, the higher the fair value.
Investment properties - Indonesia	4,776 (2021: 4,620)	Cost method	Cost per square metre	S$380 to S$523 (2021: S$375 to S$516) per square metre	The higher the replacement cost per square metre, the higher the fair value.
Investment properties - South Korea	2,451 (2021: 2,649)	Sales comparison method	Market value per square metre	S$18,000 (2021: S$20,000) per square metre	The higher the market value per square metre, the higher the fair value.

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

Valuation processes of the Group

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

At each financial year, management:

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

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

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2022

23. Property, plant and equipment

Group	Freehold land S$'000	Buildings on freehold land S$'000	Leasehold land and buildings S$'000	Plant and machinery S$'000	Motor vehicles S$'000	Furniture, fittings, office and hotel equipment S$'000	Assets under construction S$'000	Total S$'000
Cost or valuation								
At 1 January 2022								
Cost	27,970	18,999	28,723	105,727	21,078	13,639	381	216,517
Independent valuation in 1993 [Note 23(ii)]	16,250	6,487	5,489	–	–	–	–	28,226
	44,220	25,486	34,212	105,727	21,078	13,639	381	244,743
Currency translation differences	(475)	(188)	(138)	(31)	(47)	(57)	–	(936)
Additions	–	238	4,294	131	645	418	2,126	7,852
Transfer	–	381	–	–	–	–	(381)	–
Disposals	–	–	(1,262)	(17,546)	(1,196)	(147)	–	(20,151)
Write off	–	–	–	–	–	(26)	–	(26)
At 31 December 2022	43,745	25,917	37,106	88,281	20,480	13,827	2,126	231,482
Represented by:								
Cost	27,495	19,430	31,617	88,281	20,480	13,827	2,126	203,256
Independent valuation in 1993 [Note 23(ii)]	16,250	6,487	5,489	–	–	–	–	28,226
	43,745	25,917	37,106	88,281	20,480	13,827	2,126	231,482
Accumulated depreciation and impairment losses								
At 1 January 2022	3,069	10,840	16,588	73,860	18,033	11,638	–	134,028
Currency translation differences	–	(25)	(5)	(20)	(47)	(53)	–	(150)
Disposals	–	–	(1,262)	(14,707)	(1,189)	(142)	–	(17,300)
Write off	–	–	–	–	–	(24)	–	(24)
Depreciation charge (Note 7)	–	182	4,063	3,868	1,331	578	–	10,022
At 31 December 2022	3,069	10,997	19,384	63,001	18,128	11,997	–	126,576
Net book value at 31 December 2022	40,676	14,920	17,722	25,280	2,352	1,830	2,126	104,906

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2022

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

Group	Freehold land S$'000	Buildings on freehold land S$'000	Leasehold land and buildings S$'000	Plant and machinery S$'000	Motor vehicles S$'000	Furniture, fittings, office and hotel equipment S$'000	Assets under construction S$'000	Total S$'000
Cost or valuation								
At 1 January 2021								
Cost	28,074	19,065	39,419	119,698	22,476	13,404	163	242,299
Independent valuation in 1993 [Note 23(ii)]	16,250	6,487	5,489	–	–	–	–	28,226
	44,324	25,552	44,908	119,698	22,476	13,404	163	270,525
Currency translation differences	(104)	(66)	(6)	(2)	(12)	1	–	(189)
Additions	–	–	726	1,833	936	329	218	4,042
Reclassification to property held-for-sale	–	–	(11,416)	(2,548)	–	–	–	(13,964)
Disposals	–	–	–	(13,230)	(2,311)	(67)	–	(15,608)
Write off	–	–	–	(24)	(11)	(28)	–	(63)
At 31 December 2021	44,220	25,486	34,212	105,727	21,078	13,639	381	244,743
Represented by:								
Cost	27,970	18,999	28,723	105,727	21,078	13,639	381	216,517
Independent valuation in 1993 [Note 23(ii)]	16,250	6,487	5,489	–	–	–	–	28,226
	44,220	25,486	34,212	105,727	21,078	13,639	381	244,743
Accumulated depreciation and impairment losses								
At 1 January 2021	3,069	10,656	16,608	77,044	18,629	11,115	–	137,121
Currency translation differences	–	(5)	(1)	–	(12)	1	–	(17)
Disposals	–	–	–	(10,956)	(2,144)	(55)	–	(13,155)
Write off	–	–	–	(24)	–	(18)	–	(42)
Write-back of allowance for impairment [Note 7, Note 23(iii)]	–	–	–	(169)	–	–	–	(169)
Reclassification to property held-for-sale	–	–	(3,274)	(2,379)	–	–	–	(5,653)
Depreciation charge (Note 7)	–	189	3,255	10,344	1,560	595	–	15,943
At 31 December 2021	3,069	10,840	16,588	73,860	18,033	11,638	–	134,028
Net book value at 31 December 2021	41,151	14,646	17,624	31,867	3,045	2,001	381	110,715

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2022

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

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

(ii) The valuation made in 1993, in connection with the listing of the Company, was performed by Messrs Knight Frank, Cheong Hock Chye & Baillieu (Property Consultants) Pte Ltd, a firm of independent valuers based on an open market existing use basis as at 31 December 1993.

(iii) In the previous financial year, write-back allowance on impairment of S$169,000 was recognised as a credit in "Other expenses" in the statement of comprehensive income. The write-back allowance on impairment was due to change in estimated recoverable value of plant and machineries.

(iv) If the revalued property, plant and equipment had been included in the financial statements at cost less accumulated depreciation, their net book values would be as follows:

	Group	
	2022	2021
	S$'000	S$'000
Freehold land	**15,293**	15,293
Buildings on freehold land	**3,197**	3,242

(v) At 31 December 2022, freehold land, buildings on freehold land and leasehold land and buildings with a carrying value of S$50,588,000 (2021: S$50,452,000) are mortgaged to banks for credit facilities granted in respect of short-term bank loans and term loans (Notes 28 and 29).

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

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

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2022

24. Leases – The Group as a lessee

Nature of the Group's leasing activities

Leasehold land

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

There are no externally imposed covenants on these lease arrangements.

Plant and machinery, motor vehicles and office equipment

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

		Group	
		2022	2021
		S$'000	S$'000
(a)	**Carrying amounts of ROU assets classified within Property, plant and equipment**		
	Leasehold land and buildings	**4,008**	2,782
	Plant and machinery	**21,757**	25,277
	Motor vehicles	**982**	1,109
		26,747	29,168
(b)	**Depreciation charge during the year**		
	Leasehold land and buildings	**3,106**	2,271
	Plant and machinery	**2,533**	2,511
	Motor vehicles	**421**	445
		6,060	5,227
(c)	**Interest expense**		
	Interest expenses on lease liabilities (Note 9)	**411**	744
(d)	**Lease expense not capitalised in lease liabilities**		
	Lease expense – short-term leases	**754**	498
	Lease expense – low-value leases	**443**	208
		1,197	706

(e) Total cash outflow for all the leases in 2022 was S$10,113,000 (2021: S$10,282,000).

(f) Addition of ROU assets during the financial year were S$4,570,000 (2021: S$894,000).

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2022

25. Leases – The Group as a lessor

Nature of the Group's leasing activities

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

Rental income from investment properties are disclosed in Note 22.

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

	Group	
	2022	2021
	S$'000	S$'000
Less than one year	**763**	673
One to two years	**327**	98
Total undiscounted lease payment	**1,090**	771

26. Goodwill

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 Renewable Energy" cash-generating unit ("CGU").

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

The recoverable amount of the CGU was determined based on fair value less cost to sell method. Fair value is determined using the quoted share price of subsidiary multiplied by the number of shares the Group has in the subsidiary.

Management have assumed 5% cost to sell based on actual past transactions, considering transaction costs incurred for purchase and sale of shares over the open market and sale of shares through private placement.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2022

27. Trade and other payables

	Group		Company	
	2022	2021	**2022**	2021
	S$'000	S$'000	**S$'000**	S$'000
Current				
Trade payables				
Due to non-related parties	**63,489**	45,061	**–**	–
Retention due to subcontractors on construction contracts	**4,826**	7,934	**–**	–
Other payables				
Accruals for operating expenses	**11,382**	10,567	**916**	1,097
Sundry payables	**3,229**	1,787	**–**	–
Deposits and advances received	**3,357**	3,163	**–**	–
Due to directors [Note 27(i)]	**853**	682	**546**	505
Indirect taxes payable	**575**	1,478	**–**	–
Due to non-related parties	**5,070**	5,070	**–**	–
Provision for onerous contracts [Note 27(ii)]	**30**	41	**–**	–
	92,811	75,783	**1,462**	1,602
Non-current				
Retention due to subcontractors on construction contracts	**9,480**	6,943	**–**	–

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

(ii) Provision for onerous contracts

	Group	
	2022	2021
	S$'000	S$'000
Balance at 1 January	**41**	23
Provision made	**–**	18
Provision utilised	**(11)**	–
Balance at 31 December	**30**	41

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

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2022

28. Bank borrowings and lease liabilities

	Group	
	2022	2021
	S$'000	S$'000
Current		
Short-term bank loans		
- Secured	**39,586**	16,177
- Unsecured	**44,500**	51,000
	84,086	67,177
Term loans payable within one year (Note 29)	**86,448**	6,658
Lease liabilities payable within one year	**7,234**	7,384
	177,768	81,219
Non-current		
Term loans payable after one year (Note 29)	**82,598**	184,578
Lease liabilities payable after one year	**6,687**	10,472
	89,285	195,050
Total bank borrowings and lease liabilities	**267,053**	276,269

Weighted average effective interest rates per annum of short-term bank loans at the balance sheet date is 5.03% (2021: 1.72%) per annum.

29. Bank borrowings

	Due within one year		Due after one year	
	2022	2021	**2022**	2021
Group	**S$'000**	S$'000	**S$'000**	S$'000
Term loans				
- Secured	**85,207**	1,806	**80,254**	180,993
- Unsecured	**1,241**	4,852	**2,344**	3,585
	86,448	6,658	**82,598**	184,578

Details of the term loans are as follows:

(i) Terms loans amounting to S$26,983,000 (2021: S$27,289,000) are secured by way of a first legal mortgage on a freehold property [Note 23(v)]. Term Loan I amounting to S$6,437,000 (2021: S$6,489,000) is interest servicing only for the first 2.5 years and was subsequently converted into a 19 years 9 months term loan repayable in equal instalment and mature on 29 June 2042. Term loan II amounting to S$20,546,000 (2021: S$ 20,800,000) is interest servicing only for the first 5 years and was subsequently converted into a 25 years term loan repayable in equal instalment thereafter and mature on 30 June 2047.

(ii) Term loans of S$15,200,000 (2021: S$15,200,000) are secured by way of a first legal mortgage over an investment property of the Group [Note 22(i)], assignments of all rights, title, benefits and interests in connection with any insurance policies, leases, tenancy agreements and/or sale and purchase agreements with respect to the property. The loans are fully repayable by 24 July 2026 (2021:24 January 2023).

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2022

29. Bank borrowings *(continued)*

(iii) A term loan of S$28,763,000 (2021: S$28,763,000) is secured by way of a first legal mortgage over an investment property of the Group [Note 22(i)], assignments of all rights, title, benefits and interests in connection with any insurance policies, leases, tenancy agreements and/or sale and purchase agreements with respect to the property. The loan is fully repayable by 26 July 2026 (2021: 24 January 2023).

(iv) Term loans of S$2,275,000 (2021: S$2,604,000) are secured by way of a first legal mortgage over the Group's investment properties [Note 22(i)]. The loans are repayable for the first 24 instalments from the date of first partial disbursement of the loan and thereafter converted into a term loan with equal monthly instalment of 15 years up to 31 March 2030.

(v) A term loan of S$83,400,000 (2021: S$99,000,000) is secured by way of a first legal mortgage over the Group's development properties (Note 17). The term loan is fully repayable on 7 December 2023 or 6 months after the date of issuance of the Temporary Occupation Permit, whichever is earlier.

(vi) A term loan of S$840,000 (2021: S$1,943,000) is secured by way of a first legal mortgage on freehold land [Note 23(v)]. It is repayable in 60 monthly instalments commencing from 5 December 2018.

(vii) A term loan of S$3,637,000 in 2021 was unsecured and repayable in 33 monthly instalment from April 2020, which was fully repaid during the financial year.

(viii) A term loan of S$3,585,000 (2021: S$4,800,000) is unsecured and interest servicing only for the first 12 months commencing October 2020 and will subsequently be converted into a 48 months term loan repayable in equal monthly instalments thereafter.

(ix) A term loan of S$8,000,000 (2021: S$8,000,000) is secured by way of a first legal mortgage over the Group's freehold land and building (Note 23), assignments of all rights, title, benefits and interests in connection with any insurance policies, leases, tenancy agreements and/or sale and purchase agreements with respect to the land and building. The term loan shall be interest servicing only for the first 5 years commencing February 2022 and subsequently be converted into an 18 years term loan with monthly instalment repayment computed on monthly rests basis.

(x) The carrying amounts of the non-current term loans approximate their fair values, as the term loans bear interest at variable rates, which are re-priced within a period of up to six months. These term loans can be contractually re-priced at one, two, three or six-monthly intervals except for a term loan of S$3,585,000 [Note 29 (viii)], which bears interest at fixed rate of 2.10% per annum.

(xi) The weighted average effective interest rate at the balance sheet date is 4.38% (2021: 1.72%) per annum.

30. Notes payables

	Group and Company	
	2022	2021
	S$'000	S$'000
Balance at 1 January	**70,000**	70,000
Redemption of notes payables	**(57,750)**	–
Proceeds from issuance of new series of notes payable	**10,500**	–
Notes issuance expense paid	**(582)**	–
Balance at 31 December	**22,168**	70,000

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.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2022

30. Notes payables *(continued)*

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 arrears. During the financial year, part of the second series of notes amounting to S$57,750,000 were repaid upon maturity and the remaining balance of S$12,250,000 were exchanged to new series of notes.

The Company issued the third series of notes amounting to S$22,750,000 (including S$12,250,000 exchanged from the second series of notes) in October 2022. The new notes bear a fixed rate of 6.50% per annum payable semi-annually in arear and are due on 17 April 2026.

At the balance sheet date, the fair value of the notes payables is S$22,507,000 (2021: S$69,671,000).

31. Share capital, treasury shares and reserves

(a) Share capital and treasury shares

	No. of ordinary shares		Amount	
Group and Company	**Issued share capital '000**	**Treasury shares '000**	**Share capital S$'000**	**Treasury shares S$'000**
2022				
Balance at 1 January and 31 December	**438,000**	**(25,541)**	**36,981**	**(7,983)**
2021				
Balance at 1 January and 31 December	438,000	(25,541)	36,981	(7,983)

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

(b) Other reserves

	Group	
	2022	2021
	S$'000	S$'000
Composition		
Fair value reserve	**(7,606)**	(4,807)
Capital reserve	**1,596**	1,596
Share-based payment reserve	**17**	17
	(5,993)	(3,194)

Other reserves are non-distributable.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2022

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

(b) Other reserves *(continued)*

	Group	
	2022	2021
	S$'000	S$'000
Movements		
(i) Fair value reserve		
Balance at 1 January	**(4,807)**	(3,916)
Change in ownership interests in subsidiaries	**–**	257
Transfer to retained profits upon disposal of equity financial assets, at FVOCI	**–**	3,000
Fair value loss on financial assets, at FVOCI [Note 13(b)]	**(2,844)**	(4,150)
Less: Non-controlling interests	**45**	2
Balance at 31 December	**(7,606)**	(4,807)
(ii) Capital reserve		
Balance at 1 January and 31 December	**1,596**	1,596

As at 31 December 2022 and 2021, capital reserve comprises goodwill in relation to acquisitions of subsidiaries prior to 1 January 2001.

(iii) Share-based payment reserve		
Balance at 1 January	**17**	9
Performance share plan of a subsidiary		
- Value of employee services (Note 8)	**5**	15
- Performance shares awarded	**(5)**	(7)
Balance at 31 December	**17**	17

Performance share plan of a subsidiary

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

No new ordinary shares of KBE were awarded to its employees during the financial year ended 31 December 2022 and 31 December 2021.

During the financial year, KBE issued 99,700 (2021:133,120) ordinary shares to its employee pursuant to the vesting of share awards granted under KBE PSP.

Details of the performance share plan granted by KBE are disclosed in KBE's audited consolidated financial statements for the financial year ended 31 December 2022, which is publicly available.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2022

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

(c) Retained profits

Retained profits of the Group are distributable except for accumulated losses of associated companies amounting to S$314,000 (2021: retained profit of S$656,000). Retained profits of the Company are fully distributable.

(d) Currency translation reserve

	Group	
	2022	2021
	S$'000	S$'000
Balance at 1 January	**(9,382)**	(9,432)
Change in ownership interests in subsidiaries	**220**	617
Net currency translation differences of financial statements of foreign operations	**(1,666)**	(553)
Less: Non-controlling interests	**277**	(14)
Balance at 1 January	**(10,551)**	(9,382)

32. Dividend

	Company	
	2022	2021
	S$'000	S$'000
Final dividend paid in respect of the previous financial year ended of 0.20 Singapore cent (2021: nil cent) per share	**825**	–

At the forthcoming Annual General Meeting, a final cash dividend of 0.20 Singapore cent per share amounting to a total of approximately S$825,000 will be recommended. These financial statements do not reflect these dividends, which will be accounted for in shareholders' equity as an appropriation of retained profits in the financial year ending 31 December 2023.

33. Commitments

Capital commitments

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

	Group	
	2022	2021
	S$'000	S$'000
Property, plant and equipment	–	150

The contracts are entered into with non-related parties.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2022

34. Financial risk management

Financial risk factors

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

(a) Market risk

(i) Currency risk

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

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

The Group's currency exposure is as follows:

Group	SGD S$'000	USD S$'000	Others S$'000	Total S$'000
At 31 December 2022				
Financial assets				
Cash and bank balances	58,346	9,643	14,443	82,432
Investment securities	3,050	6,292	–	9,342
Trade and other receivables	69,227	327	4,978	74,532
Amounts due from joint ventures	28,060	–	–	28,060
Inter-company balances	33,419	–	3,368	36,787
	192,102	16,262	22,789	231,153
Financial liabilities				
Notes payables, borrowings and lease liabilities	(287,922)	–	(1,299)	(289,221)
Trade and other payables	(84,364)	(1,092)	(16,807)	(102,263)
Amounts due to joint ventures	(38,291)	–	–	(38,291)
Inter-company balances	(33,419)	–	(3,368)	(36,787)
	(443,996)	(1,092)	(21,474)	(466,562)
Net financial assets/(liabilities)	(251,894)	15,170	1,315	(235,409)
Less: Net financial liabilities denominated in the respective entities' functional currency	251,692	–	(3,218)	248,474
Net currency exposure	(202)	15,170	(1,903)	13,065

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2022

34. Financial risk management *(continued)*

(a) Market risk *(continued)*

(i) Currency risk (continued)

Group	SGD S$'000	USD S$'000	Others S$'000	Total S$'000
At 31 December 2021				
Financial assets				
Cash and bank balances	72,392	10,214	12,546	95,152
Investment securities	4,521	8,914	–	13,435
Trade and other receivables	71,395	2,720	5,507	79,622
Amounts due from joint ventures	45,245	–	–	45,245
Inter-company balances	1,807	–	6,632	8,439
	195,360	21,848	24,685	241,893
Financial liabilities				
Notes payables, borrowings and lease liabilities	(343,840)	–	(2,429)	(346,269)
Trade and other payables	(68,428)	(990)	(13,267)	(82,685)
Amounts due to joint ventures	(37,778)	–	–	(37,778)
Inter-company balances	(1,807)	–	(6,632)	(8,439)
	(451,853)	(990)	(22,328)	(475,171)
Net financial assets/(liabilities)	(256,493)	20,858	2,357	(233,278)
Less: Net financial liabilities denominated in the respective entities' functional currency	256,367	–	(2,602)	253,765
Net currency exposure	(126)	20,858	(245)	20,487

As at 31 December 2022 and 2021, the Company's business operations are not exposed to significant foreign currency risks as it has no significant transactions denominated in foreign currencies. All financial assets and financial liabilities are mainly denominated in SGD.

If the USD changes against the SGD by 5% (2021: 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:

	Increase/(decrease)	
	Profit after tax	
Group	**2022 S$'000**	2021 S$'000
USD against SGD		
- Strengthened	**630**	866
- Weakened	**(630)**	(866)

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2022

34. Financial risk management *(continued)*

(a) Market risk *(continued)*

(ii) Interest rate risk

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

The Group's borrowings at variable rates are denominated mainly in SGD. If the SGD interest rates increase/decrease by 1% (2021: 1%) with all other variables including tax rate being held constant, the profit after tax will be lower/higher by S$2,071,000 (2021: S$2,105,000) as a result of higher/lower interest expense on these borrowings.

(iii) Price risk

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

If prices for the equity and debt securities listed in Singapore change by 10% (2021: 10%) with all other variables including tax rate being held constant, the profit after tax and other comprehensive income will be:

	Increase/(decrease)	
	Other comprehensive income	
	2022	2021
Group	**S$'000**	S$'000
Listed in Singapore		
- Increased by 10%	**833**	1,120
- Decrease by 10%	**(833)**	(1,120)

The Company is not exposed to any price risk for the financial year ended 31 December 2022 and 2021.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2022

34. Financial risk management *(continued)*

(b) Credit risk

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

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

- High credit quality counterparties.

The Group's investments in quoted debt instruments are considered to be low risk investments. The credit ratings of the investments are monitored for credit deterioration. The trade receivables of the Group comprise five debtors (2021: five debtors) that accounted for approximately 33% (2021: 55%) of the balance.

As the Group and the Company do not hold any collateral, the maximum exposure to credit risk for each class of financial instruments is the carrying amount of that class of financial instruments presented on the balance sheet, except for corporate guarantees as follows:

	2022	2021
Group	**S$'000**	S$'000
Corporate guarantees provided to banks on		
- Joint ventures' loan	**202,532**	202,532
Company		
Corporate guarantees provided to banks on		
- Subsidiaries' loan	**229,617**	210,155
- Joint ventures' loan	**202,532**	202,532

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

	Group	
	2022	2021
	S$'000	S$'000
By geographical areas		
Singapore	**32,255**	34,714
Malaysia	**2,574**	2,540
Others	**863**	3,835
	35,692	41,089
By industry sectors		
Construction and Building Materials	**30,403**	38,738
Real Estate	**4,958**	2,130
Leisure & Hospitality	**331**	221
	35,692	41,089

34. Financial risk management *(continued)*

(b) Credit risk *(continued)*

The movement in credit loss allowance are as follows:

	Group	
	2022	2021
	S$'000	S$'000
Trade receivables[1]		
Balance at 1 January	**797**	1,487
Loss allowance recognised in profit or loss on:		
- Assets acquired/originated	**119**	–
- Reversal of unutilised amounts	**–**	(658)
	119	(658)
Currency translation difference	**34**	(32)
Balance at 31 December	**950**	797

[1] Loss allowance measured at lifetime expected credit loss

The Group's contract assets and other receivables are subject to immaterial credit loss. Within other receivables are non-trade amounts due from non-related parties of S$30,127,000 (2021: S$30,127,000) [Note 14(ii)] which are considered to have low credit risk. This was based on management's assessment of the debtors' financial position and performance, cash flows, valuation of residential properties held and their ability to repay via realisation of these residential properties.

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

(i) Trade receivables and contract assets

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

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

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

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

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2022

34. Financial risk management *(continued)*

(b) Credit risk *(continued)*

(i) Trade receivables and contract assets (continued)

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

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

		Past due			
	Current	1 to 6 months	7 to 12 months	Over 12 months	Total
Group	**S$'000**	**S$'000**	**S$'000**	**S$'000**	**S$'000**
At 31 December 2022					
Construction and Building Materials					
Contract assets	**150,497**	**–**	**–**	**–**	**150,497**
Trade receivables	**24,884**	**5,504**	**92**	**167**	**30,647**
Loss allowance	**–**	**–**	**(77)**	**(167)**	**(244)**
Real Estate					
Contract assets	**29,378**	**–**	**–**	**–**	**29,378**
Trade receivables	**4,441**	**50**	**21**	**1,152**	**5,664**
Loss allowance	**–**	**–**	**–**	**(706)**	**(706)**
Leisure & Hospitality					
Trade receivables	**331**	**–**	**–**	**–**	**331**
Loss allowance	–	–	–	–	–
At 31 December 2021					
Construction and Building Materials					
Contract assets	122,423	–	–	–	122,423
Trade receivables	37,716	1,022	–	91	38,829
Loss allowance	–	–	–	(91)	(91)
Real Estate					
Contract assets	5,243	–	–	–	5,243
Trade receivables	2,091	39	–	706	2,836
Loss allowance	–	–	–	(706)	(706)
Leisure & Hospitality					
Trade receivables	221	–	–	–	221
Loss allowance	–	–	–	–	–

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2022

34. Financial risk management *(continued)*

(b) Credit risk *(continued)*

(ii) Financial guarantee contracts

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

(c) Liquidity risk

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

Group	Less than 1 year S$'000	Between 1 and 2 years S$'000	Between 2 and 5 years S$'000	Over 5 years S$'000
At 31 December 2022				
Payables	**131,074**	**–**	**9,480**	**–**
Borrowings and lease liabilities	**188,333**	**9,539**	**58,542**	**49,861**
Notes payables	**1,175**	**1,479**	**24,660**	**–**
Financial guarantee contracts	**202,532**	**–**	**–**	**–**
At 31 December 2021				
Payables	113,520	–	6,943	–
Borrowings and lease liabilities	86,109	154,632	13,219	39,738
Notes payables	72,975	–	–	–
Financial guarantee contracts	202,532	–	–	–
Company				
At 31 December 2022				
Payables	**1,462**	**–**	**–**	**–**
Amounts due to subsidiaries	**38,186**	**19,011**	**–**	**–**
Notes payables	**1,175**	**1,479**	**24,660**	**–**
Financial guarantee contracts	**432,149**	**–**	**–**	**–**
At 31 December 2021				
Payables	1,602	–	–	–
Amounts due to subsidiaries	8,305	19,011	–	–
Notes payables	72,975	–	–	–
Financial guarantee contracts	412,687	–	–	–

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

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2022

34. Financial risk management *(continued)*

(d) Capital risk

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

The gearing ratio is calculated as net debt divided by shareholders' funds. Net debt is calculated as notes payables, bank borrowings and lease liabilities less cash and bank balances.

	Group	
	2022	2021
	S$'000	S$'000
Net debt	**206,789**	251,117
Shareholders' funds	**288,889**	287,111
Gearing ratio (times)	**0.72**	0.87

The Group and the Company are in compliance with all externally imposed capital requirements in all material aspects for the financial years ended 31 December 2022 and 2021 respectively.

(e) Fair value measurements

The following presents the assets and liabilities measured at fair value and classified by level of the following fair value measurement hierarchy:

(i) quoted price (unadjusted) in active markets for identical assets or liabilities (Level 1);

(ii) inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (is as prices) or indirectly (i.e. derived from prices) (Level 2); and

(iii) inputs for the asset or liability that are not based on observable market data (unobservable inputs) (Level 3).

See Note 22 for disclosure of the investment properties that are measured at fair value.

Group	**Level 1 S$'000**	**Level 2 S$'000**	**Level 3 S$'000**	**Total S$'000**
31 December 2022				
Assets				
Financial assets, at FVOCI	**8,327**	**–**	**–**	**8,327**
31 December 2021				
Assets				
Financial assets, at FVOCI	11,196	–	–	11,196

The Company has no financial assets measured at fair value as at 31 December 2022 and 31 December 2021.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2022

34. Financial risk management *(continued)*

(e) Fair value measurements *(continued)*

The fair value of financial instruments traded in active markets (such as trading and available-for-sale securities) is based on quoted market prices at the balance sheet date. The quoted market price used for financial assets held by the Group is the current bid price. These instruments are included in Level 1.

The fair value of financial instruments that are not traded in active market is determined by using valuation techniques. The Group uses a variety of methods and makes assumptions that are based on market conditions existing at each balance sheet date. Quoted market prices or dealer quotes for similar instruments with adjustment on the market price of linked listed equity securities and interest rate curve are used to estimate the fair value of unquoted short-term structured notes. These instruments are classified as Level 2.

(f) Financial instrument by category

The carrying amounts of financial assets measured at fair value (fair value through profit and loss and FVOCI) are disclosed in Note 13.

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

	Group		Company	
	2022	2021	**2022**	2021
	S$'000	S$'000	**S$'000**	S$'000
Financial assets at amortised cost	**186,039**	222,258	**22,959**	40,916
Financial liabilities at amortised cost	**429,775**	466,732	**80,827**	98,918

35. Related party transactions

In addition to the related party information disclosed elsewhere in the financial statements, the Group has significant transactions with related parties on terms agreed between the parties concerned as shown below:

(a) Sales and purchases of goods and services

	Group	
	2022	2021
	S$'000	S$'000
Progressive billing recognised from sale of residential property to related parties	**349**	349

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

Outstanding balances at 31 December 2022 and 2021, arising from sale/purchase of goods and services, are disclosed in Notes 14, 15, and 27.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2022

35. Related party transactions *(continued)*

(b) Key management personnel compensation

Key management personnel compensation is analysed as follows:

	Group	
	2022	2021
	S$'000	S$'000
Salaries and other short-term employee benefits	**8,060**	7,298
Post-employment benefits – contribution to Central Provident Fund	**260**	272
	8,320	7,570

Included in the above was total directors' fees to directors of the Company amounting to S$546,000 (2021: S$487,000).

36. Segment information

Management has determined the operating segments based on the reports reviewed by the Executive Committee ("Exco") that are used to make strategic decisions. The Exco comprises the Chief Executive Officer and Executive Directors.

The Exco considers the business from a business segment perspective. Management manages and monitors the business in three main business segments which are Construction 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 Renewable Energy" segments and sales of building materials. Management has aggregated the above businesses under Construction and Building Materials as they have similar economic growth prospects.

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.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2022

36. Segment information *(continued)*

The segment information and the reconciliations of segment results to profit before tax and segment assets and liabilities to total assets and liabilities are as follows:

Group (S$'000)	Construction and Building Materials	Real Estate	Leisure & Hospitality	Others	Total
2022					
Sales					
- External	288,199	62,239	2,612	–	353,050
- Inter-segment	13,769	652	–	1,565	15,986
	301,968	62,891	2,612	1,565	369,036
Elimination					(15,986)
					353,050
Results					
Segment results					
- Company and subsidiaries	14,034	2,821	(141)	698	17,412
- Associated companies	(342)	–	–	–	(342)
- Joint ventures	–	1,974	–	–	1,974
Earnings/(loss) before interest and tax	13,692	4,795	(141)	698	19,044
Interest income (Note 5)					993
Finance expenses (Note 9)					(10,788)
Profit before income tax					9,249
Other information					
Capital expenditure	7,309	214	371	–	7,894
Depreciation	9,268	351	403	–	10,022
As at 31 December 2022					
Segment assets	293,359	339,502	25,104	1,073	659,038
Associated companies	97	–	–	–	97
Joint ventures	–	93,178	–	–	93,178
Unallocated assets					
Income tax receivables					730
Short-term bank deposits					39,525
Investment securities					9,342
Consolidated total assets					801,910
Segment liabilities	104,777	48,745	688	1,430	155,640
Unallocated liabilities					
Current income tax liabilities					1,069
Deferred income tax liabilities					6,717
Bank borrowings, notes payables, and lease liabilities					289,221
Consolidated total liabilities					452,647

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2022

36. Segment information *(continued)*

Group (S$'000)	Construction and Building Materials	Real Estate	Leisure & Hospitality	Others	Total
2021					
Sales					
- External	233,458	17,705	1,458	–	252,621
- Inter-segment	7,656	1,022	–	488	9,166
	241,114	18,727	1,458	488	261,787
Elimination					(9,166)
					252,621
Results					
Segment results					
- Company and subsidiaries	5,934	6,918	(755)	1,683	13,780
- Associated companies	159	–	–	–	159
- Joint ventures	–	2,880	–	–	2,880
Earnings/(loss) before interest and tax	6,093	9,798	(755)	1,683	16,819
Interest income (Note 5)					1,209
Finance expenses (Note 9)					(9,200)
Profit before income tax					8,828
Other information					
Capital expenditure	3,388	40	614	–	4,042
Depreciation	15,140	356	447	–	15,943
As at 31 December 2021					
Segment assets	295,617	367,450	24,714	3,474	691,255
Associated companies	439	–	–	–	439
Joint ventures	–	94,202	–	–	94,202
Unallocated assets					
Income tax receivables					730
Short-term bank deposits					28,898
Investment securities					13,435
Consolidated total assets					828,959
Segment liabilities					
Unallocated liabilities	81,830	47,844	557	1,625	131,856
Current income tax liabilities					818
Deferred income tax liabilities					7,278
Bank borrowings, notes payables and lease liabilities					346,269
Consolidated total liabilities					486,221

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2022

36. Segment information *(continued)*

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

a) Inter-segment transactions are determined on an arm's length basis. The sales from external parties reported to the Exco are measured in a manner consistent with that in the statement of comprehensive income.

b) The Exco assesses the performance of the business segments based on a measure of earnings before interest and tax for continuing operations. This measurement excludes the income or expenses that are not expected to recur regularly in every period. Interest income and finance expenses are not allocated to segments, as this type of activity is driven by the Group Treasury, which manages the cash performance of the Group.

(i) The amounts provided to the Exco with respect to total assets are measured in a manner consistent with that of the financial statements. All assets are allocated to reportable segments other than income tax receivables, short-term bank deposits and investment securities.

(ii) The amounts provided to the Exco with respect to total liabilities are measured in a manner consistent with that of the financial statements. All liabilities are allocated to the reportable segments other than current income tax liabilities, deferred income tax liabilities, bank borrowings, notes payables, and lease liabilities.

Geographical information

The Group's three business segments operate in four main geographical areas: Singapore, Malaysia, Indonesia and others.

The following table presents sales and non-current assets information for the main geographical areas for the financial years ended 31 December 2022 and 2021.

	Group	
	2022	2021
Total sales	**S$'000**	S$'000
Singapore	**301,534**	219,440
Malaysia	**9,928**	10,411
Indonesia	**31,520**	11,983
Others	**10,068**	10,787
	353,050	252,621
Total non-current assets		
Singapore	**366,241**	336,924
Malaysia	**10,962**	11,565
Others	**8,782**	9,242
	385,985	357,731

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2022

36. Segment information *(continued)*

Information about major customers

Revenue of approximately 39% (2021: 53%) are derived from two (2021: two) major customers. These revenues are attributable to the Construction and Building Materials segment.

37. Property held-for-sale

In the previous financial year, the Group has entered an agreement with a non-related party to dispose off the leasehold property and other related assets located at 50 Tuas Crescent for a gross consideration of S$14,900,000. Accordingly, the Group reclassified the non-current assets and liabilities associated with the disposal group as Property held-for-sale.

In accordance to SFRS(I) 5 *Non-current Assets Held for Sale and Discontinued Operation*, the assets and liabilities associated with the property were presented as a disposal group classified as held-for-sale as at 31 December 2021.

Details of the assets and liabilities of disposal group classified as held-for-sale were as follows:

	As at 31 December 2021 S$'000
Leasehold land and buildings (Note 23)	8,142
Plant and machineries (Note 23)	169
Lease liabilities (Note 28)	(5,095)
	3,216

During the financial year, the above transaction was completed after satisfaction of all the conditions set out in the agreement.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2022

38. Significant Group companies

The Group's significant subsidiaries, joint ventures, joint operations and associated companies at 31 December 2022 and 2021 are as follows:

Name of company	Country of incorporation and business	Principal activities	Effective holding by the Group 2022	2021
SUBSIDIARIES				
Held by the Company:				
Construction Consortium Pte Ltd [a]	Singapore	Investment holding	**100%**	100%
Koh Brothers Development Pte Ltd [a]	Singapore	Property development and management services	**100%**	100%
Koh Brothers Eco Engineering Limited [a]	Singapore	Investment holding and management services	**54.81%**	54.82%
Koh Brothers Holdings Pte Ltd [a]	Singapore	Investment holding and property investment	**100%**	100%
Koh Brothers Investment Pte Ltd [a]	Singapore	Hotel investment	**100%**	100%
Oxford Hotel Pte Ltd [a]	Singapore	Hotel management	**100%**	100%
Held by Subsidiaries:				
G & W Industrial Corporation Pte Ltd [a]	Singapore	Investment holding	**100%**	100%
G & W Precast Pte Ltd [a]	Singapore	Manufacture of precast products	**100%**	100%
G & W Ready-Mix Pte Ltd [a]	Singapore	Manufacture of building materials	**100%**	100%
KBD Kosdale Pte Ltd [a]	Singapore	Property investment	**100%**	100%
KBD Holland Pte Ltd [a]	Singapore	Property Development	**100%**	100%
Koh Brothers Building & Civil Engineering Contractor (Pte) Ltd [a]	Singapore	Engineering and construction	**54.81%**	54.82%
Koh Eco Engineering Pte Ltd [a]	Singapore	Engineering and construction	**54.81%**	54.82%
Kosland Pte Ltd [a]	Singapore	Property investment	**100%**	100%
Oiltek International Limited [a]	Singapore	Investment holding	**37.35%**	43.88%
Oiltek Sdn Bhd [b]	Malaysia	Specialist engineers and commission agent	**37.35%**	43.88%
Oiltek Global Energy Sdn Bhd [b]	Malaysia	Specialist engineers	**37.35%**	43.88%
G & W Building Materials Sdn Bhd [h]	Malaysia	Manufacture of building materials	**100%**	100%
PT Koh Brothers Indonesia [d]	Indonesia	Property investment and development	**100%**	100%

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2022

38. Significant Group companies *(continued)*

Name of company	Country of incorporation and business	Principal activities	Effective holding by the Group 2022	2021
JOINT VENTURE COMPANIES				
Held by Subsidiaries:				
Canberra Development Pte Ltd [c]	Singapore	Property investment	**50%**	50%
Phileap Pte Ltd [c]	Singapore	In the process of liquidation	**25%**	25%
Atlantic Star Pte Ltd [c]	Singapore	Property management	**50%**	50%
FEC Skypark Pte Ltd [a]	Singapore	Property development	**20%**	20%
Global KB Venture Sdn Bhd [g]	Malaysia	Property development	**25%**	25%
JOINT OPERATIONS				
Held by a Subsidiary:				
Samsung – Koh Brothers Joint Venture [f, #]	Singapore	Construction	**16.44%**	16.45%
POKB JV [a, #]	Singapore	Construction	**19.18%**	19.19%
Koh Brothers – China Harbour Joint Venture [a,#]	Singapore	Construction	**32.89%**	32.89%
ASSOCIATED COMPANY				
Held by Subsidiary:				
Tricaftan Environmental Technology Pte Ltd [e]	Singapore	Construction and project management	**21.93%**	21.93%

[a] Audited by PricewaterhouseCoopers LLP, Singapore.
[b] Audited by PricewaterhouseCoopers PLT, Malaysia.
[c] Audited by Ernst & Young LLP, Singapore.
[d] Audited by Riyanto, SE, Ak, Registered Public Accountants.
[e] Audited by Apen Chartered Accountants, Singapore.
[f] Audited by RSM Chio Lim LLP, Singapore.
[g] Audited by Chong Yew & Co., Malaysia.
[h] Audited by Baker Tilly HYT, Malaysia
[i] In accordance with Rule 716 of The Singapore Exchange Securities Trading Limited – Listing Rules, the Audit and Risk Committee and Board of Directors of the Company confirmed that they are satisfied that the appointment of different auditors for its subsidiaries, joint venture companies and associated companies would not compromise the standard and effectiveness of the audit of the Group.
[#] These partnerships are regarded as joint operations in accordance with SFRS(I) 11 Joint Arrangements as the joint venture agreements for these partnerships require unanimous consent from all parties and the partners have direct rights to the assets of the partnership and are jointly and severally liable for the liabilities incurred by the partnership. Therefore these partnerships are classified as joint operations and the Group recognise its direct right to the jointly held assets, liabilities, revenues and expenses as described in Note 2.4(d).

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2022

39. New or revised accounting standards and interpretations

Below are the mandatory standards, amendments and interpretations to existing standards that have been published, and are relevant for the Group's accounting periods beginning on or after 1 January 2023 and which the Group has not early adopted:

Amendments to SFRS(I) 1-1 Presentation of Financial Statements: Classification of Liabilities as Current or Non-current

The narrow-scope amendments to SFRS(I) 1-1 *Presentation of Financial Statements* clarify that liabilities are classified as either current or non-current, depending on the rights that exist at the end of the reporting period. Classification is unaffected by the expectations of the entity or events after the reporting date (e.g. the receipt of a waiver or a breach of covenant). The amendments also clarify what SFRS(I) 1-1 means when it refers to the 'settlement' of a liability.

The amendments could affect the classification of liabilities, particularly for entities that previously considered management's intentions to determine classification and for some liabilities that can be converted into equity.

The Group does not expect any significant impact arising from applying these amendments.

Amendments to SFRS(I) 1-12 Income Taxes: Deferred Tax related to Assets and Liabilties arising from a Single Transaction

The amendments to SFRS(I) 1-12 *Income Taxes* require companies to recognise deferred tax on transactions that, on initial recognition, give rise to equal amounts of taxable and deductible temporary differences. They will typically apply to transactions such as leases of lessees and decommissioning obligations, and will require the recognition of additional deferred tax assets and liabilities.

The amendment should be applied to transactions that occur on or after the beginning of the earliest comparative period presented. In addition, entities should recognise deferred tax assets (to the extent that it is probable that they can be utilised) and deferred tax liabilities at the beginning of the earliest comparative period for all deductible and taxable temporary differences associated with:

- right-of-use assets and lease liabilities, and
- decommissioning, restoration and similar liabilities, and the corresponding amounts recognised as part of the cost of the related assets.

The cumulative effect of recognising these adjustments is recognised in retained earnings, or another component of equity, as appropriate.

SFRS(I) 1-12 did not previously address how to account for the tax effects of on-balance sheet leases and similar transactions and various approaches were considered acceptable. Some entities may have already accounted for such transactions consistent with the new requirements. These entities will not be affected by the amendments.

The Group does not expect any significant impact arising from applying these amendments.

40. Events occurring after balance sheet date

On 6 January 2023, Oiltek International Limited together with its subsidiaries (the "OIL Group"), in which the Group has 37.35% effective shareholding interest, announced that there was a fire incident of a refinery plant located at the premises of a customer in Malaysia that is supplied by the OIL Group and in the course of being commissioned for the customer. Subsequently, the OIL Group and the customer have come to an agreement on the list of rectification work scopes and schedule, where the rectification works are to be completed between a period of four weeks to six months. The rectification works are expected to complete within the financial year ending 31 December 2023.

The fire incident does not have any financial impact on the result of the Group for FY2022.

41. Authorisation of financial statements

These financial statements were authorised for issue in accordance with a resolution of the Board of Directors of Koh Brothers Group Limited on 21 March 2023.

STATISTICS OF SHAREHOLDINGS

As at 15 March 2023

Number of issued shares	:	438,000,000
Number of issued shares (excluding treasury shares)	:	412,459,100
Class of shares	:	Ordinary shares
Voting rights	:	One vote per share
Number of subsidiary holdings held	:	Nil
Treasury shares	:	25,540,900 (representing 5.83% of the total number of issued shares)

DISTRIBUTION OF SHAREHOLDERS BY SIZE OF SHAREHOLDINGS AS AT 15 MARCH 2023

Size of Shareholdings	No. of Shareholders	%	No. of Shares	%
1 - 99	4	0.05	124	0.00
100 - 1,000	111	1.32	82,384	0.02
1,001 - 10,000	6,433	76.76	29,149,126	7.07
10,001 - 1,000,000	1,810	21.60	89,570,675	21.71
1,000,001 and above	23	0.27	293,656,791	71.20
Total	**8,381**	**100.00**	**412,459,100**	**100.00**

TWENTY LARGEST SHAREHOLDERS AS AT 15 MARCH 2023

No.	Shareholder's Name	No. of Shares Held	%
1	KOHS INVESTMENT PTE LTD	60,000,000	14.55
2	KOH KENG HIONG	55,260,100	13.40
3	KOH TEAK HUAT	35,713,088	8.66
4	KOH KENG SIANG	30,072,535	7.29
5	QUEK CHEE NEE	25,896,814	6.28
6	MORPH INVESTMENTS LTD	15,073,000	3.65
7	KOH KHENG HOW	14,908,800	3.61
8	PHILLIP SECURITIES PTE LTD	12,327,900	2.99
9	KOH TIAT MENG	8,908,654	2.16
10	DBS NOMINEES PTE LTD	8,062,600	1.95
11	ONG SZE WANG (WANG SIYUAN)	3,551,500	0.86
12	UNITED OVERSEAS BANK NOMINEES PTE LTD	3,148,900	0.76
13	ANG HAO YAO (HONG HAOYAO)	2,888,800	0.70
14	TAN THIAN HWEE	2,651,600	0.64
15	TAN NOI SOON	2,400,000	0.58
16	OCBC SECURITIES PRIVATE LTD	2,298,900	0.56
17	OCBC NOMINEES SINGAPORE PTE LTD	2,097,800	0.51
18	CITIBANK NOMINEES SINGAPORE PTE LTD	1,995,000	0.48
19	KHOO SWEE KWANG	1,369,000	0.33
20	ANG JUI KHOON	1,351,900	0.33
	Total	**289,976,891**	**70.29**

STATISTICS OF SHAREHOLDINGS

As at 15 March 2023

SUBSTANTIAL SHAREHOLDERS

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

Notes:

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

(2) Mr Koh Keng Siang is deemed interested in (i) 60,000,000 shares held by Kohs Investment Pte. Ltd., and (ii) 20,000 Shares held by his spouse, Mdm Phua Siew Gaik.

(3) Mr Koh Keng Hiong is deemed interested in 10,000 shares held by his spouse, Mdm Erliana Sutadi.

(4) Kohs Investment Pte. Ltd. is wholly owned by Mr Koh Keng Siang.

SHAREHOLDINGS HELD BY PUBLIC

Based on the information available to the Company as at 15 March 2023, approximately 43.73% 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.

NOTICE OF ANNUAL GENERAL MEETING

Unless otherwise defined herein, capitalised terms shall have the meaning ascribed to them in the Company's Letter to Shareholders dated 10 April 2023.

NOTICE IS HEREBY GIVEN that the Annual General Meeting ("AGM") of Koh Brothers Group Limited (the "Company") will be convened and held at Dunearn Ballroom II & III, Level 1, Raffles Town Club, 1 Plymouth Avenue, Singapore 297753 on Tuesday, 25 April 2023 at 3.00 p.m. for the following purposes:

ORDINARY BUSINESS

1. To receive and adopt the Directors' Statement, Audited Financial Statements and Auditors' Report for the financial year ended 31 December 2022. **(Resolution 1)**

2. To declare a final dividend of 0.20 Singapore cent per share for the financial year ended 31 December 2022. **(Resolution 2)**

3. To re-elect Mr Koh Teak Huat, a Director retiring by rotation pursuant to Regulation 110 of the Constitution of the Company. **(Resolution 3)**

4. To re-elect Mdm Quek Chee Nee, a Director retiring by rotation pursuant to Regulation 110 of the Constitution of the Company. **(Resolution 4)**

5. To re-elect Er Dr Lee Bee Wah, a Director retiring by rotation pursuant to Regulation 110 of the Constitution of the Company. **(Resolution 5)**

6. To re-elect Mr Low Yee Khim, a Director retiring by rotation pursuant to Regulation 110 of the Constitution of the Company. **(Resolution 6)**

7. To re-elect Mr Ow Yong Thian Soo, a Director retiring by rotation pursuant to Regulation 110 of the Constitution of the Company. **(Resolution 7)**

8. To approve the sum of S$546,000 as Directors' fees for the financial year ended 31 December 2022. (FY2021: S$487,000) **(Resolution 8)**

9. To re-appoint PricewaterhouseCoopers LLP as the Auditor of the Company and to authorise the Directors to fix their remuneration. **(Resolution 9)**

SPECIAL BUSINESS

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

10. **Proposed Renewal of Share Issue Mandate** **(Resolution 10)**

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

NOTICE OF ANNUAL GENERAL MEETING

(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 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;

(ii) new shares arising from exercising share options or vesting of share awards, provided the share options or share awards were granted in compliance with the Listing Manual of the SGX-ST; and

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

provided further that adjustments in accordance with sub-paragraphs (2)(i) and (ii) above are only to be made in respect of new shares arising from convertible securities, share options or share awards which were issued and outstanding or subsisting at the time of the passing of this Resolution;

(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 AGM of the Company or the date by which the next AGM of the Company is required by law to be held, whichever is the earlier.

11. **Proposed Renewal of Share Purchase Mandate** **(Resolution 11)**

That:

(a) for the purposes of sections 76C and 76E of the Companies Act 1967 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 price 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

NOTICE OF ANNUAL GENERAL MEETING

(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 AGM of the Company is held;

(ii) the date by which the next AGM 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 during such five-Market Day period and the day of the Market Purchase or, as the case may be, the date of the making of the offer pursuant to the Off-Market Purchase;

"**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;

NOTICE OF ANNUAL GENERAL MEETING

"**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

Koh Keng Siang
Managing Director and Group CEO

10 April 2023

Explanatory Notes:

Ordinary Resolution 3: Mr Koh Teak Huat will, upon re-election as a Director of the Company, remain as the Executive Deputy Chairman of the Company, and a member of the Executive Committee.

Ordinary Resolution 4: Mdm Quek Chee Nee will, upon re-election as a Director of the Company, remain as a Non-Executive and Non-Independent Director of the Company.

Ordinary Resolution 5: Er Dr Lee Bee Wah will, upon re-election as a Director of the Company, remain as the Lead Independent Director, the Chairperson of the Audit and Risk Committee and a member of the Nominating Committee. She is considered independent for the purposes of the Listing Manual of the SGX-ST.

Ordinary Resolution 6: Mr Low Yee Khim will, upon re-election as a Director of the Company, remain as an Independent Director of the Company and a member of the Audit and Risk Committee. He is considered independent for the purposes of the Listing Manual of the SGX-ST.

Ordinary Resolution 7: Mr Ow Yong Thian Soo will, upon re-election as a Director of the Company, remain as an Independent Director, the Chairman of the Nominating Committee, and a member of the Audit and Risk Committee and the Remuneration Committee. He is considered independent for the purposes of the Listing Manual of the SGX-ST.

Ordinary Resolution 10: This Resolution is to empower the Directors from the date of the AGM until the date of the next AGM 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.

Ordinary Resolution 11: This Resolution is to renew the Share Purchase Mandate which was approved by shareholders on 26 April 2022. Please refer to the Appendix to this Notice of AGM for more details.

NOTICE OF ANNUAL GENERAL MEETING

Notes:

1. A proxy need not be a member of the Company.

2. (a) A member who is not a relevant intermediary is entitled to appoint not more than two (2) proxies to attend, speak and vote at the AGM. Where such member's form of proxy appoints more than one (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 two (2) proxies to attend, speak and vote at the AGM, 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 two (2) proxies, the number and class of shares in relation to which each proxy has been appointed shall be specified in the proxy form.

   "**Relevant intermediary**" has the meaning ascribed to it in section 181 of the Companies Act.

   A Member can appoint the Chairman of the AGM as his/her/its proxy, but this is not mandatory.

3. The instrument appointing a proxy must be submitted to the Company in the following manner:

   (a) if submitted by post, be lodged with the Company c/o Complete Corporate Services Pte Ltd at 10 Anson Road, #29-07 International Plaza, Singapore 079903; or

   (b) if submitted electronically, be submitted via email to the Company at kohbrothersgroup-agm@complete-corp.com,

   in either case, by **3.00 p.m. on 22 April 2023**, being 72 hours before the time appointed for holding the AGM.

   A member who wishes to submit an instrument of proxy must first **download, print, complete and sign the proxy form**, before submitting it by post to the address provided above, or before scanning and sending it by email to the email address provided above. The proxy form for the AGM may be accessed at the Company's website at the URL http://www.kohbrothers.com/en/for-investors, and will also be made available on the SGX website at the URL https://www.sgx.com/securities/company-announcements.

4. The instrument appointing a proxy must be under the hand of the appointer or of his attorney duly authorised in writing. Where the instrument appointing a proxy 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 the instrument of proxy is executed by an attorney on behalf of the appointer, the letter or power of attorney or a duly certified copy thereof must be lodged with the instrument.

5. A member of the Company which is a corporation is entitled to appoint its authorised representative or proxy to vote on its behalf. The instrument appointing the proxy must be under the seal or the hand of an officer or attorney duly authorised.

6. The Company shall be entitled to reject an instrument appointing a proxy or proxies which 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.

7. In the case of a member whose shares are deposited with The Central Depository (Pte) Limited ("CDP"), the Company shall be entitled to reject an 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 seventy-two (72) hours before the time appointed for holding the Annual General Meeting, as certified by the CDP to the Company.

IMPORTANT INFORMATION:

1. **Physical meeting:**

   The AGM is being convened and will be held physically at Dunearn Ballroom II & III, Level 1, Raffles Town Club, 1 Plymouth Avenue, Singapore 297753 on Tuesday, 25 April 2023 at 3.00 p.m.. **There will be no option for members to participate virtually**.

   The Company may be required to change its AGM arrangements at short notice due to prevailing COVID-19 situation. Shareholders are advised to regularly check the Company's website or announcements released on SGXNET for updates on the AGM.

2. **Submission of questions:**

   In view of the guidance note issued by the Singapore Exchange Regulation, members (including CPF and SRS investors) who have any substantial and relevant questions in relation to the resolutions to be tabled at the AGM as set out in this Notice, are encouraged to submit their questions to the Company in advance by no later than **5.00 p.m. on Monday, 17 April 2023** in the following manner:

   (a) By email to kohbrothersgroup-agm@complete-corp.com; or

   (b) By post to the registered office of the Company, at 11 Lorong Pendek, Koh Brothers Building, Singapore 348639 (Attention: The Company Secretary).

NOTICE OF ANNUAL GENERAL MEETING

Members who submit questions by post must include the following information in their submission:

(a) their (A) full name, (B) full NRIC/Passport/Company Registration No., and (C) address; and

(b) the manner in which the Company's shares are held by them (e.g. via CDP, scrip, CPF or SRS).

Persons who hold shares in the Company through relevant intermediaries (as defined in section 181 of the Companies Act), other than CPF and SRS investors, and who wish to submit questions to the Chairman of the AGM in advance of, or at, the AGM should contact the relevant intermediary through which they hold such shares as soon as possible in order to make the necessary arrangements for them to participate in the AGM.

The Company will answer substantial and relevant questions by 3.00 p.m. on 20 April 2023 by publishing the responses to such questions on the SGX website at the URL https://www.sgx.com/securities/company-announcements at least 48 hours before the cut-off time for submission of proxy form. Any substantial or relevant questions received after the deadline of 20 April 2023 will be addressed at the AGM itself.

Shareholders, including CPF and SRS investors, and (where applicable) duly appointed proxies can also ask the Chairman of the AGM questions related to the resolutions to be tabled for approval at the AGM, at the AGM itself.

3. Voting:

Voting will be conducted by way of poll during the AGM for members and proxies attending the AGM.

Voting via appointing of Proxy: Members who wish to appoint proxy(ies) (other than the Chairman of the AGM) to attend and vote at the AGM on their behalf must complete and submit the proxy form in accordance with the instructions set out in the proxy form.

Voting via appointing of Chairman of the AGM as Proxy: Members may appoint the Chairman of AGM as his/her/its proxy to vote on his/her/its behalf at the AGM. Where a member (whether individual or corporate) appoints the Chairman of the AGM as his/her/its proxy, he/she/it must give specific instructions as to voting, or abstentions from voting, in respect of a resolution in the proxy form, failing which the appointment of the Chairman of the AGM as proxy for that resolution will be treated as invalid.

CPF and SRS investors:

(a) may vote at the AGM if they are appointed as proxies by their respective CPF Agent Banks or SRS Operators, and should contact their respective CPF Agent Banks or SRS Operators if they have any queries regarding their appointment as proxies; or

(b) may appoint the Chairman of the AGM as proxy to vote on their behalf at the AGM, in which case they should approach their respective CPF Agent Banks and/or SRS Operators to submit their votes seven (7) working days before the AGM, i.e. by **5.00 p.m. on Friday, 14 April 2023**.

Persons who hold shares through relevant intermediaries (other than CPF/SRS investors) and who wish to vote should approach the relevant intermediary through which they hold the shares as soon as possible to specify their voting instructions.

4. Annual Report and other documents relating to the AGM:

All documents (including the Annual Report, proxy form, this Notice of AGM and the Appendix to this Notice of AGM) or information relating to the business of the AGM have been, or will be, published on SGXNet at the URL https://www.sgx.com/securities/company-announcements and/or the Company's website at the URL http://www.kohbrothers.com/en/for-investors. **Printed copies of the documents will not be sent to shareholders**.

Personal Data Privacy:

By submitting an instrument appointing a proxy(ies) and/or representative(s) to attend, speak and vote at the AGM 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 AGM (including any adjournment thereof) and the preparation and compilation of the attendance lists, minutes, and other documents relating to the AGM (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, (ii) warrants that where the member discloses the personal data of the member's proxy(ies) and/or representative(s) to the Company (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 (or its agents or service providers) of the personal data of such 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.

ADDITIONAL INFORMATION ON DIRECTORS SEEKING RE-ELECTION

	Koh Teak Huat	Quek Chee Nee	Er Dr Lee Bee Wah	Low Yee Khim	Ow Yong Thian Soo
Date of appointment	2 February 1994	2 February 1994	1 July 2015	1 January 2019	20 June 2016
Date of last re-appointment	27 April 2021	25 April 2020	27 April 2021	27 April 2021	25 June 2020
Age	74	81	62	70	72
Country of principal residence	Singapore	Singapore	Singapore	Singapore	Singapore
The Board's comments on this appointment / re-appointment (including, where applicable, rationale, selection criteria and the search and nomination process)	Mr Koh Teak Huat has more than 50 years experience in the construction industry, with in-depth expertise in managing drainage, excavation and reclamation projects. His inside perspectives on all aspects of the Company will be beneficial to Board deliberations.	Mdm Quek Chee Nee has more than 50 years experience in the construction industry and contributed significantly to the Group's growth. Her inside perspectives on all aspects of the Company will be beneficial to Board deliberations.	Er Dr Lee Bee Wah is a Licensed Professional Engineer was previously the President of the Institution of Engineers Singapore. She is also a Honorary Fellow of the Institution of Structural Engineers in the United Kingdom. Her experience will continue to enhance Board deliberations.	Mr Low Yee Khim possesses a wealth of experience in financial matters, having been involved in the management of several Singapore listed companies for more than 30 years. His extensive work experiences will enhance Board deliberations.	Mr Ow Yong Thian Soo is a lawyer by profession and brings with him a wealth of expertise on legal matters. His experience will continue to enhance Board deliberations.
Where appointment is executive, and if so, the area of responsibility	Executive	Non-Executive	Non-Executive	Non-Executive	Non-Executive
Job title (e.g. Lead ID, AC Chairman, AC Member etc.)	• Executive Deputy Chairman • Member of Executive Committee	• Non-Executive and Non-Independent Director	• Non-Executive and Lead Independent Director • Chairperson of Audit & Risk Committee • Member of Nominating Committee	• Non-Executive and Independent Director • Member of Audit & Risk Committee	• Non-Executive and Independent Director • Chairman of Nominating Committee • Member of Audit & Risk Committee • Member of Remuneration Committee

ADDITIONAL INFORMATION ON DIRECTORS SEEKING RE-ELECTION

	Koh Teak Huat	Quek Chee Nee	Er Dr Lee Bee Wah	Low Yee Khim	Ow Yong Thian Soo
Professional qualifications	Not applicable	Not applicable	• Honorary Doctorate, University of Liverpool • Master of Science (Engineering), University of Liverpool • Bachelor of Civil Engineering, Nanyang Technological University	• Fellow of the Institute of Singapore Chartered Accountants	• Articled Clerk Final Examination conducted by Board of Legal Education • Called to the Bar on 14 July 1982
Working experience and occupation(s) during the past 10 years	1994 to Present Executive Deputy Chairman of Koh Brothers Group Limited ("KBGL"). More than 50 years experience in the construction industry with in-depth expertise in managing drainage, excavation and reclamation projects	N.A.	2014 to Present • Group Director of Meinhardt (Singapore) Pte Ltd • Principal Partner of LBW Consultants LLP • Lead Independent Non-Executive Director of Amcorp Global Ltd • Independent Director of Heeton Holdings Ltd	March 2007 to February 2016 Chief Operating Officer of Heeton Holdings Ltd October 2005 to February 2016 Executive Director of Heeton Holdings Ltd	2004 to Present Senior Partner of Lee & Lee
Shareholding interest in the listed issuer and its subsidiaries	• 35,713,088 direct interest and 325,000 deemed interest in ordinary shares of KBGL • 6,764,746 direct interest and 32,500 deemed interest in ordinary shares of Koh Brothers Eco Engineering Limited ("KBEEL")	• 25,896,814 direct interest in ordinary shares of KBGL • 2,589,681 direct interest in ordinary shares of KBEEL	• 605,000 direct interest in ordinary shares of KBGL	Nil	Nil

ADDITIONAL INFORMATION ON DIRECTORS SEEKING RE-ELECTION

	Koh Teak Huat	Quek Chee Nee	Er Dr Lee Bee Wah	Low Yee Khim	Ow Yong Thian Soo
Any relationship (including immediate family relationships) with any existing director, existing executive officer, the issuer and/or substantial shareholder of the listed issuer or any of its principal subsidiaries	• Brother of Koh Tiat Meng, who is the Executive Chairman of KBGL • Brother-in-law of Quek Chee Nee, who is the Non-Executive Director and Non-Independent Director and Substantial Shareholder of KBGL • Uncle of Koh Keng Siang, who is the Managing Director & Group CEO and substantial shareholder of KBGL and the Non-Executive and Non-Independent Chairman of KBEEL • Uncle of Koh Keng Hiong, who is the Executive Director and Deputy CEO, Real Estate and Leisure & Hospitality divisions and substantial shareholder of KBGL • Uncle of Koh Keng Seng, who is the Director of Koh Brothers Building & Civil Engineering Contractor (Pte) Ltd ("KBCE")	• Spouse of Koh Tiat Meng, who is the Executive Chairman of KBGL • Mother of Koh Keng Siang, who is the Managing Director & Group CEO and substantial shareholder of KBGL and the Non-Executive and Non-Independent Chairman of KBEEL • Mother of Koh Keng Hiong, who is the Executive Director and Deputy CEO, Real Estate and Leisure & Hospitality divisions and substantial shareholder of KBGL • Sister-in-law of Koh Teak Huat, who is the Executive Deputy Chairman and substantial shareholder of KBGL • Aunty of Koh Keng Seng, who is the Director of KBCE • Mother-in-law of Phua Siew Gaik, who is the Senior Group HR Manager, KBGL • Mother-in-law of Erliana Sutadi, who is the Office Manager of Oxford Hotel Pte Ltd	Nil	Nil	Nil

ADDITIONAL INFORMATION ON DIRECTORS SEEKING RE-ELECTION

	Koh Teak Huat	Quek Chee Nee	Er Dr Lee Bee Wah	Low Yee Khim	Ow Yong Thian Soo
Conflict of interest (including any competing business)	Nil	Nil	Nil	Nil	Nil
Whether the undertaking (in the format set out in Appendix 7H) under Rule 720(1) has been submitted to the listed issuer	Yes	Yes	Yes	Yes	Yes
Other principal commitments including directorships	**Past (for the last 5 years)** Nil **Present** ● Changi Properties Pte Ltd ● Construction Consortium Pte Ltd ● G & W Industrial Corporation Pte Ltd ● G & W Industries Pte Ltd ● G & W Precast Pte Ltd ● G & W Ready-Mix Pte Ltd ● Koh Brothers Development Pte Ltd ● Koh Brothers Holdings Pte Ltd ● Koh Brothers Investment Pte Ltd ● Brothers (China) Pte. Ltd. ● Brothers (Holdings) Pte. Ltd. ● Brothers (Overseas) Pte Ltd	**Past (for the last 5 years)** Nil **Present** ● Koh Brothers Holdings Pte Ltd	**Past (for the last 5 years)** Nil **Present** ● Mandai Park Holdings Pte. Ltd. ● Amcorp Global Ltd ● Heeton Holdings Ltd ● LBW Consultants LLP	**Past (for the last 5 years)** Nil **Present** Nil	**Past (for the last 5 years)** Nil **Present** ● Lee & Lee

ADDITIONAL INFORMATION ON DIRECTORS SEEKING RE-ELECTION

	Koh Teak Huat	Quek Chee Nee	Er Dr Lee Bee Wah	Low Yee Khim	Ow Yong Thian Soo
	• Lucieville Pte. Ltd. • Mallow Pte. Ltd. • MS Precision Pte. Ltd. • New City Investment Pte. Ltd. • T. H. Koh Investments Pte. Ltd. • Value Land Pte. Ltd. • Vogue Holdings Pte. Ltd. • G & W Industries (M) Sdn Bhd				
(a) Whether at any time during the last 10 years, an application or a petition under any bankruptcy law of any jurisdiction was filed against him or against a partnership of which he was a partner at the time when he was a partner or at any time within 2 years from the date he ceased to be a partner?					
	No	No	No	No	No
(b) Whether at any time during the last 10 years, an application or a petition under any law of any jurisdiction was filed against an entity (not being a partnership) of which he was a director or an equivalent person or a key executive, at the time when he was a director or an equivalent person or a key executive of that entity or at any time within 2 years from the date he ceased to be a director or an equivalent person or a key executive of that entity, for the winding up or dissolution of that entity or, where that entity is the trustee of a business trust, that business trust, on the ground of insolvency?					
	No	No	No	No	No
(c) Whether there is any unsatisfied judgment against him?					
	No	No	No	No	No
(d) Whether he has ever been convicted of any offence, in Singapore or elsewhere, involving fraud or dishonesty which is punishable with imprisonment, or has been the subject of any criminal proceedings (including any pending criminal proceedings of which he is aware) for such purpose?					
	No	No	No	No	No
(e) Whether he has ever been convicted of any offence, in Singapore or elsewhere, involving a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere, or has been the subject of any criminal proceedings (including any pending criminal proceedings of which he is aware) for such breach?					
	No	No	No	No	No

ADDITIONAL INFORMATION ON DIRECTORS SEEKING RE-ELECTION

	Koh Teak Huat	Quek Chee Nee	Er Dr Lee Bee Wah	Low Yee Khim	Ow Yong Thian Soo
(f) Whether at any time during the last 10 years, judgment has been entered against him in any civil proceedings in Singapore or elsewhere involving a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere, or a finding of fraud, misrepresentation or dishonesty on his part, or he has been the subject of any civil proceedings (including any pending civil proceedings of which he is aware) involving an allegation of fraud, misrepresentation or dishonesty on his part?					
	No	No	No	No	No
(g) Whether he has ever been convicted in Singapore or elsewhere of any offence in connection with the formation or management of any entity or business trust?					
	No	No	No	No	No
(h) Whether he has ever been disqualified from acting as a director or an equivalent person of any entity (including the trustee of a business trust), or from taking part directly or indirectly in the management of any entity or business trust?					
	No	No	No	No	No
(i) Whether he has ever been the subject of any order, judgment or ruling of any court, tribunal or governmental body, permanently or temporarily enjoining him from engaging in any type of business practice or activity?					
	No	No	No	No	No
(j) Whether he has ever, to his knowledge, been concerned with the management or conduct, in Singapore or elsewhere, of the affairs of: (i) any corporation which has been investigated for a breach of any law or regulatory requirement governing corporations in Singapore or elsewhere; or (ii) any entity (not being a corporation) which has been investigated for a breach of any law or regulatory requirement governing such entities in Singapore or elsewhere; or (iii) any business trust which has been investigated for a breach of any law or regulatory requirement governing business trusts in Singapore or elsewhere; or (iv) any entity or business trust which has been investigated for a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere, in connection with any matter occurring or arising during that period when he was so concerned with the entity or business trust?					
	No	No	No	No	No
(k) Whether he has been the subject of any current or past investigation or disciplinary proceedings, or has been reprimanded or issued any warning, by the Monetary Authority of Singapore or any other regulatory authority, exchange, professional body or government agency, whether in Singapore or elsewhere?					
	No	No	No	No	No

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

PROXY FORM

IMPORTANT
1. The Meeting (as defined below) will be held physically at Dunearn Ballroom II & III, Level 1, Raffles Town Club, 1 Plymouth Avenue, Singapore 297753 on Tuesday, 25 April 2023 at 3.00 p.m.. **There will be no option for members to participate virtually**. Printed copies of the Notice of the Meeting and this Proxy Form will not be sent to members. Instead, the Notice of the Meeting and this Proxy Form will be sent to members by electronic means via publication on the Company's website at https://www.kohbrothers.com/for-investors and the SGXNet.
2. This proxy form is not valid for use by investors holding shares in the Company ("Shares") through relevant intermediaries (as defined in section 181 of the Companies Act 1967 of Singapore) ("Investors") (including investors holding through Central Provident Fund ("CPF") and Supplementary Retirement Scheme ("SRS") ("CPF/SRS investors")) and shall be ineffective for all intents and purposes if used or purported to be used by them. An Investor who wishes to vote should instead approach his/her relevant intermediary as soon as possible to specify voting instructions. A CPF/SRS investor who wishes to vote should approach his/her CPF Agent Bank or SRS Operator by **5.00 p.m. on Friday, 14 April 2023**, being 7 working days before the date of the Meeting, to submit his/her voting instructions.
3. By submitting this proxy form, the member accepts and agrees to the personal data privacy terms set out in the Notice of the Meeting dated 10 April 2023.
4. **Please read the notes overleaf which contain instructions on, *inter alia*, the appointment of a proxy(ies)**.

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 Number	Proportion of Shareholdings (%)
and/or (delete as appropriate)			

or failing him/them, the Chairman of the Annual General Meeting of the Company (the "Meeting") as my/our proxy/proxies to attend, speak and vote for me/us on my/our behalf at the Meeting to be held on Tuesday, 25 April 2023 at Dunearn Ballroom II & III, Level 1, Raffles Town Club, 1 Plymouth Avenue, Singapore 297753 at 3.00 p.m. and at any adjournment thereof.

(Voting will be conducted by poll. Please indicate with a "✓" in the spaces provided whether you wish your vote(s) to be cast for or against the Resolutions as set out in the Notice of the Meeting. If you wish your proxy/proxies to abstain from voting on a Resolution, please indicate with a "✓" in the "Abstain" box provided in respect of that Resolution. Alternatively, you may indicate the number of Shares that you wish to vote for or against, and/or abstain from voting, for each Resolution in the relevant box. In the absence of specific directions, the proxy/proxies may vote or abstain as he/they may think fit on any of the above Resolutions, and on any other matter arising at the Meeting and any adjournment thereof.

NO.	ORDINARY RESOLUTIONS	FOR	AGAINST	ABSTAIN
Ordinary Business				
1	To receive and adopt the Directors' Statement, Audited Financial Statements and Auditors' Report for the financial year ended 31 December 2022 **(Resolution 1)**			
2	To declare a final dividend **(Resolution 2)**			
3	To re-elect Mr Koh Teak Huat as a Director **(Resolution 3)**			
4	To re-elect Mdm Quek Chee Nee as a Director **(Resolution 4)**			
5	To re-elect Er Dr Lee Bee Wah as a Director **(Resolution 5)**			
6	To re-elect Mr Low Yee Khim as a Director **(Resolution 6)**			
7	To re-elect Mr Ow Yong Thian Soo as a Director **(Resolution 7)**			
8	To approve Directors' fees **(Resolution 8)**			
9	To re-appoint PricewaterhouseCoopers LLP as the auditor and to authorise the Directors to fix their remuneration **(Resolution 9)**			
Special Business				
10	To approve the proposed renewal of the Share Issue Mandate **(Resolution 10)**			
11	To approve the proposed renewal of the Share Purchase Mandate **(Resolution 11)**			

Dated this __________ day of ________________ 2023.

Total number of shares held

____
Signature(s) or Common Seal of Member(s)

(Please read notes overleaf before completing this Form.)

3RD FOLD AND GLUE/OVERLEAF DO NOT STAPLE

Notes:

1. A member of the Company should insert the total number of shares held. 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 proxy need not be a member of the Company.
3. (a) A member who is not a relevant intermediary is entitled to appoint not more than two (2) proxies to attend, speak and vote at the Meeting. Where such member's form of proxy appoints more than one (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 two (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 two (2) proxies, the number and class of shares in relation to which each proxy has been appointed shall be specified in the proxy form.

   "Relevant intermediary" has the meaning ascribed to it in section 181 of the Companies Act 1967 of Singapore ("Companies Act").
4. The proxy form must be submitted to the Company in the following manner:

   (a) if submitted by post, be lodged with the Company c/o Complete Corporate Services Pte Ltd at 10 Anson Road #29-07 International Plaza Singapore 079903; or

   (b) if submitted electronically, be submitted via email to the Company at kohbrothersgroup-agm@complete-corp.com,

   in either case, **by 3.00 p.m. on 22 April 2023**, being 72 hours before the time appointed for holding the Annual General Meeting.

   A member who wishes to submit an instrument of proxy must first download, **print, complete and sign the proxy form**, before submitting it by post to the address provided above, or before scanning and sending it by email to the email address provided above.

2ND FOLD HERE

Proxy Form

PLEASE AFFIX POSTAGE STAMP HERE

Koh Brothers Group Limited
c/o Complete Corporate Services Pte Ltd
10 Anson Road
#29-07 International Plaza
Singapore 079903

1ST FOLD

5. 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 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 or, if the instrument of proxy is submitted electronically via email, be emailed with the instrument of proxy, failing which the instrument may be treated as invalid.
6. 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 Meeting in accordance with its Constitution and section 179 of the Companies Act.
7. The Company shall be entitled to reject an instrument appointing a proxy or proxies if it is incomplete, improperly completed, 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 Meeting, as certified by The Central Depository (Pte) Limited to the Company.
8. Completion and submission of the instrument appointing a proxy(ies) by a member will not prevent him/her from attending, speaking and voting at the Meeting if he/she so wishes. The appointment of the proxy(ies) for the Meeting will be deemed to be revoked if the member attends the Meeting in person and in such event, the Company reserves the right to refuse to admit any person or persons appointed under the relevant instrument appointing a proxy(ies) to the Meeting.

CORPORATE INFORMATION

Registered Office
11 Lorong Pendek
Koh Brothers Building
Singapore 348639
Tel: (65) 6289 8889
Website: www.kohbrothers.com

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, 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
(Non-Executive and Lead Independent Director)

Goh Mou Lih
(Non-Executive and Independent Director)

Lai Mun Onn
(Non-Executive and Independent Director)

Low Yee Khim
(Non-Executive and Independent Director)

Ong Kheng Chye
(Non-Executive and Independent Director)

Ong Seet Joon
(Non-Executive and Independent Director)

Ow Yong Thian Soo
(Non-Executive and 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)
Lai Mun Onn
Low Yee Khim
Ow Yong Thian Soo

Nominating Committee
Ow Yong Thian Soo (Chairman)
Er Dr Lee Bee Wah
Koh Keng Siang

Remuneration Committee
Lai Mun Onn (Chairman)
Ong Kheng Chye
Ow Yong Thian Soo

Share Purchase Committee
Ong Seet Joon (Chairman)
Goh Mou Lih
Lai Mun Onn

Company Secretary
Therese Ng Chew Hwee

Group PR Manager
David Tay

Auditor
PricewaterhouseCoopers LLP
7 Straits View
Marina One East Tower, Level 12
Singapore 018936
Partner–in–charge
Lee Chian Yorn
(appointed during the financial year ended 31 December 2020)

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

Investor Relations
Citigate Dewe Rogerson Singapore Pte. Ltd.
158 Cecil Street #05-01
Singapore 069545
Contact Person:
Dolores Phua
Tel: (65) 6534 5122

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

11 Lorong Pendek
Koh Brothers Building
Singapore 348639
Tel: (65) 6289 8889
www.kohbrothers.com