

Nonhyeon l'PARK
Seoul, South Korea

Focused **Strategy**
Seizing
Opportunities



Building Cities Building Dreams

2020
ANNUAL
REPORT

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OUR PROMISE

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

With these strengths, we are confident to excel and grow our organisation to achieve shareholder satisfaction.

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 infrastructural projects, the Group has expanded into real estate development, supply of building materials, and providing EPC services for water and wastewater treatment, hydro-engineering, bio-refinery and renewable energy projects. With the expansion into synergistic business segments, the Group has created multiple revenue streams.



▲ Marina East Desalination Plant

BUILDING CITIES BUILDING DREAMS

Koh Brothers



OUR BUSINESS

CONSTRUCTION AND BUILDING MATERIALS

ENGINEERING AND CONSTRUCTION

Our Construction and Civil Engineering services are provided through our Catalyst-listed subsidiary, Koh Brothers Eco Engineering Limited (“**KBE**”). Through KBE, 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, 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 and Geylang River Makeover.

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

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 our Engineering and Construction division 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 ME11 L6 grading for Mechanical Engineering projects from the BCA.

Projects currently undertaken by the Group’s Engineering and Construction division include the Singapore Changi Airport Runway 3 (Package 1), MRT Circle Line 6, Tuas Water Reclamation Plant Contract 2A-Influent Pumping Stations, Deep Tunnel Sewerage System Phase 2 and Woodlands Health Campus. Recently completed projects include Marina East Desalination Plant, Bukit Timah First Diversion Canal and Westwood Residences Executive Condominium and Improvement to Kallang River.



▲ Diaphragm wall trenching work at MRT Circle Line 6

OUR BUSINESS

CONSTRUCTION AND BUILDING MATERIALS

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 pre-cast products such as facades, household shelters, bathroom units, columns and planks to HDB projects, institutions and private developments.

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 subsidiary, Oiltek Sdn. Bhd., we provide services for the edible oil industry including the engineering, procurement, construction and commissioning of edible oil refining plants, turnkey outside-battery-limits infrastructure engineering, downstream high value niche processes and products and specialty products. We also provide services for the renewable energy industry including the designing, building and supplying of multi-feedstock biodiesel, winter fuel, and palm oil mill effluent biogas recovery plants, and specialty chemical product trading, engineering component sales and agency.



▲ Deep Tunnel Sewerage System Phase 2



▲ Multi-feedstock Biodiesel Plant



▲ Improvement to Kallang River



▲ G & W Ready-Mix Batching Plant

OUR BUSINESS

REAL ESTATE

Our Real Estate Division provides quality property developments with specialised lifestyle themes at choice locations. Our most recent project Van Holland is a luxurious freehold development in Holland Village.

Koh Brothers has managed to carve a niche in developing themed properties that are innovative and promote modern lifestyle. Amongst its many successes are 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 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 maiden entry into South Korea began in May 2017 with the acquisition of a freehold site in the heart of the famous Gangnam district in Seoul. The mixed-used development, Nonhyeon I'PARK, commenced construction in 2018 and is now completed. The project was very well-received and is fully sold.



▲ Parc Olympia



▲ Oxford Hotel



▲ Westwood Residences

LEISURE & HOSPITALITY

Our Leisure & Hospitality Division provides 'no-frills' hospitality services through Oxford Hotel that comprises more than 130 hotel rooms. Oxford Hotel has 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, a prime district in Singapore.

OUR CORE VALUES

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STATEMENT

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

KNOWLEDGE

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

OPENNESS

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

HONESTY

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

BONDING

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

RESPONSIBILITY

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

OPPORTUNITIES

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

STANDARDS

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

OUR 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 the 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
- Improvement 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)
- Ventured into property development
- The Capri (Real Estate)

2000s

- BCA Award for Construction Excellence 2000 (Civil Engineering) and for Construction of Holland Road/ Farrer Road/ Queensway Interchange
- Ranked amongst the top companies in Singapore 1000
- Construction of Marina Barrage
- Construction of Bugis MRT Station and its Associated Tunnels for Downtown Line Stage 1
- Construction of Punggol Waterway
- Koh Brothers Building & Civil Engineering Contractor (Pte.) Ltd. awarded OHSMS

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 Award (Distinguished Business Leader of the Year)
- BCA Construction Productivity Award – Advocates (Builder - Open Category) - Merit
- Malaysia Landscape Architecture Awards 2014 Excellence Award (International) – My Waterway @ Punggol
- Singapore Prestige Award 2013 – Heritage Brands Category
- HDB BTO Project at Vine Grove @ Yishun
- Acquisition of Koh Brothers Eco Engineering Limited (formerly known as Metax Engineering Corporation Ltd)
- Design and Engineering Safety Excellence Award 2010 – Marina Barrage (Merit - Civil Engineering Category)
- Green and Gracious Builder Award 2010 (Merit)
- BizSAFE STAR Certificate
- BizSAFE Partner Certificate
- Green and Gracious Builder Award 2012 (Excellent)
- BCA Construction Excellence Award 2011 – Marina Barrage (Civil Engineering Projects Category)
- Parc Olympia (Construction and Real Estate)
- Total Defence Award 2011
- Design & Build Contract for Proposed Retention Pond, associated drainage and backfill works at Singapore Changi Airport
- BCA Construction Productivity Award – Platinum (Civil Engineering) Punggol Waterway Part 1
- HDB Construction Award – Punggol Waterway Part 1
- Bukit Timah Diversion Canal
- Singapore Changi Airport – Runway 3 (Package One)
- Improvement to Kallang River (between Bishan Road and Braddell Road)
- Westwood Residences EC (Construction and Real Estate)
- Marina East Desalination Plant
- Deep Tunnel Sewerage System Phase 2
- Construction of cut and cover tunnel at Marina Bay Area for MRT Circle Line 6
- Ventured into Korea property development with the Nonhyeon I'PARK (Real Estate)
- Woodlands Health Campus
- Tuas Water Reclamation Plant Contract 2A – Influent Pumping Stations
- Redevelopment of Van Holland (Construction and Real Estate)

STATEMENT BY EXECUTIVE CHAIRMAN AND MANAGING DIRECTOR & GROUP CEO

“THE GROUP IS CONFIDENT THAT IT WILL RIDE OUT THE COVID-19 SITUATION DUE TO UNWAVERING SUPPORT FROM MANAGEMENT, STAFF, CLIENTS AND OTHER STAKEHOLDERS WHILE **SEIZING OPPORTUNITIES WITH A FOCUSED STRATEGY.**”



KOH TIAT MENG
Executive Chairman

KOH KENG SIANG (FRANCIS)
Managing Director & Group CEO

DEAR SHAREHOLDERS,

The year 2020 was an unparalleled year for Koh Brothers Group Limited and its subsidiaries which tested our resilience and determination to succeed. Since the implementation of the Circuit Breaker measures in Singapore on 7 April 2020, the economic activities in many industries slowed to a near standstill. All our sectors were affected, with the Construction and Building Materials Division being the hardest hit as construction activities came to a halt while Singapore battled to contain community cases.

To overcome the difficult period, we have taken a proactive approach through financial prudence, operational efficiency and a focus on improving productivity by staying flexible and maintaining a constant lookout for opportunities.

OUR FINANCIALS

COVID-19 has a significant financial impact globally. The Singapore economy was not spared and the government had to introduce various stimulus and support packages to

cushion the blow of this global pandemic. Due to the severity of the COVID-19 situation, FY2020 revenue decreased 31% to S\$243.1 million as compared to S\$353.7 million in FY2019 mainly due to lower revenue recognition from the Construction and Building Materials Division. The Singapore government's circuit breaker measures from April to June 2020 had severely impacted the Group's business, causing a halt in most of our construction projects, delay to project schedules, increased costs and disruption in project management.

The Group therefore reported a net loss attributable to shareholders of S\$14.8 million in FY2020, from a net profit attributable to shareholders of S\$5.8 million in FY2019. Cash and bank balances at the end of the financial year stood at S\$101.8 million while shareholders' equity stood at S\$287.9 million as at 31 December 2020. The Group's current ratio remains healthy at 1.9x with net gearing ratio of 0.9x as at 31 December 2020. Net asset value per share was 69.80 cents as at 31 December 2020 compared to 73.17 cents as at 31 December 2019.

STATEMENT BY EXECUTIVE CHAIRMAN AND MANAGING DIRECTOR & GROUP CEO

To conserve cash, our Management and staff have taken a 10% pay cut. Directors also took a 10% reduction in their annual Directors' fees. Business Divisions were also given guidelines not to commit to any capital expenditure items which were not critical to operations. We have taken this course of action as we are encountering an uncertain situation.

CONSTRUCTION AND BUILDING MATERIALS

As a result of the COVID-19 situation, the Construction and Building Materials Division recorded a lower revenue in FY2020 at S\$230.1 million compared to S\$351.2 million for FY2019. This was mainly due to mandatory closure of our project sites during the Circuit Breaker period. Work at our project sites only gradually started to resume in the second half of FY2020.

Our construction workers were also badly hit by the COVID-19 pandemic. During the Circuit Breaker period, our construction workers were re-housed in designated housing assigned by the Government and their movement were restricted as they were confined and not able to mingle freely. Following the COVID-19 pandemic, new rules were introduced on distancing measures on dormitory living for foreign workers. To resolve the issue on housing our workers after the Circuit Breaker period and to meet the new guidelines, we have built construction temporary quarters (CTQ) to house our construction workers. We are also looking into how we can make our projects more efficient while exploring new technologies, where applicable.

Based on the latest projections from the Building and Construction Authority, the total construction demand in 2021 is projected to range between S\$23.0 billion and S\$28.0 billion. This is an improvement from the preliminary estimate for construction demand of S\$21.3 billion in 2020. As in the previous year, the public sector is expected to drive the construction demand in 2021. Some of the upcoming public sector projects scheduled to be awarded include various contracts under the Jurong Region MRT Line, the Cross Island MRT Line Phase 1 and the Deep Tunnel Sewerage System Phase 2.

The Group's Construction Division had announced that Penta-Ocean Construction Co., Ltd ("**POC**") and Koh Brothers Eco Engineering Limited ("**KBE**") entered into a share subscription agreement pursuant to which POC will subscribe for 810 million new ordinary shares in the capital of KBE at an issue price of S\$0.047 for each Subscription Share. The aggregate consideration of S\$38.07 million shall be satisfied by POC in cash. The deal, which is subject to regulatory and shareholders' approval, will boost our Construction Division's capabilities to bid for future capital-intensive projects.

REAL ESTATE

Our Real Estate Division recorded an increase in revenue to S\$15.7 million in FY2020 from S\$6.0 million in FY2019 due to strong demand for our development in Van Holland. Van Holland is a 69-unit residential development located in the heart of the prime and vibrant Holland Village lifestyle enclave. Our real estate development, Nonhyeon l'PARK, in Seoul, South Korea is completed. The project has been well received and is fully sold.

For the whole of 2020, developers in Singapore had launched 10,833 units for sale and sold 9,982 units, as compared to 11,345 units launched and 9,912 units sold in 2019. Private home prices were also up by 2.2% in 2020. The private residential market is expected to remain stable and going forward, the Group will step up efforts to replenish our land bank selectively. Akin to FY2019, we will also continue to look for strategic acquisitions that will allow us to maximise shareholders' returns.

LEISURE AND HOSPITALITY

The Leisure and Hospitality Division recorded a decrease in revenue from S\$3.3 million in FY2019 to S\$2.0 million in FY2020 mainly due to the COVID-19 situation. Though the current outlook looks uncertain with international travel curtailed, we expect that our Leisure & Hospitality Division will benefit when borders open and international travel resumes after the rolling out of COVID-19 vaccination programmes in various countries.

PROPOSED DIVIDEND

The pandemic is a timely reminder of the importance of prudence. In view of the current challenging environment and as part of prudent cash and capital management, there is no dividend recommended for the year ended 31 December 2020.

ACKNOWLEDGEMENTS

The Group is only able to come so far with the unwavering grit of colleagues with a "can-do" attitude. On behalf of the Group, we would like to extend our heartfelt thanks to our management and staff for their hard work in ensuring that the Group succeeds in its endeavours.

We would also like to extend our sincere appreciation to our clients, business associates, partners and shareholders for their constant support over the years. It is only with their invaluable support that we are able to succeed. Together, we can ride through this storm.

Koh Tiat Meng
Executive Chairman

Koh Keng Siang (Francis)
Managing Director & Group CEO

FINANCIAL HIGHLIGHTS

	FY2018 S\$'000	FY2019 S\$'000	FY2020 S\$'000
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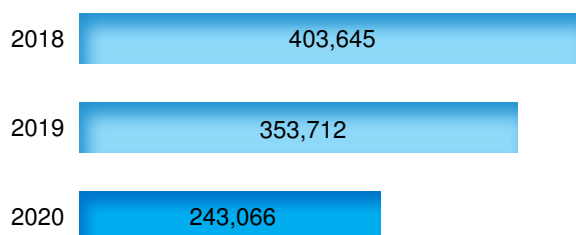
BALANCE SHEET HIGHLIGHTS

Shareholders' funds	280,084	301,796	287,888
Cash and bank balances	32,678	85,195	101,849
Net current assets	222,041	252,865	217,982
Total assets	797,078	858,778	819,375
Net tangible assets	275,006	296,718	282,810

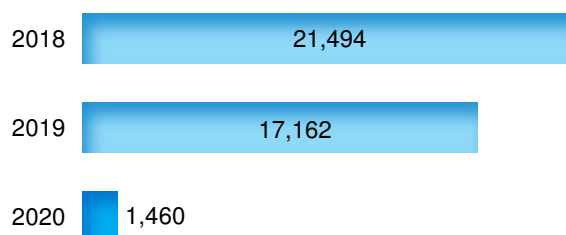
KEY FINANCIAL RATIOS

Net tangible assets per share (in cents)	66.67	71.94	68.57
Net gearing (times)	1.03	0.94	0.90
Earnings/(loss) per share (in cents)	1.38	1.40	(3.59)
Dividend per share (in cent)	0.40	0.40	–

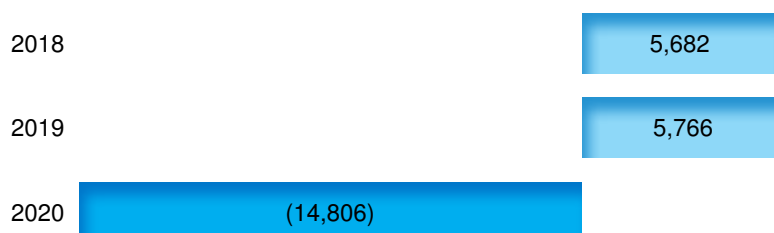
REVENUE (S\$'000)



GROSS PROFIT (S\$'000)



NET PROFIT/(LOSS) ATTRIBUTABLE TO EQUITY HOLDERS OF THE COMPANY (S\$'000)



BOARD OF DIRECTORS



From left to right:

Mr Koh Tiat Meng, Mr Koh Teak Huat, Mr Koh Keng Siang (Francis), Mr Koh Keng Hiong (Joseph)

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 17 April 2019. He is also the Chairman of the Executive Committee.

Mr Koh founded the Group in 1966 and has more than 50 years' 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 17 April 2019. He is also the Deputy Chairman of the Executive Committee.

Mr Koh joined the Group in 1970 and was a major contributor to the growth of the Group's core businesses. He has more than 45 years' 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 & Group CEO

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

Mr Koh has been with the Group since 1987 and has held various positions in administration, finance and project management. He was the main driving force behind the expansion of the Group's business into Real Estate and Leisure & Hospitality. He is credited with spearheading the Group to establish its brand name in Singapore as a builder of quality homes.

Mr Koh holds a Master of Business Administration from the National University of Singapore and a Bachelor of Engineering (Honours) from the University of Birmingham. He was conferred the Best Executive Award 1997-1998 by His Excellency, the State Minister of Industry and Trade of the Republic of Indonesia, Mr Ir T Airwibowo. He was also conferred the Promising SME 500 (Distinguished Business Leader of the Year) in 2014 and was named Real Estate Personality of the year 2016. Mr Koh is also the Non-Executive and Non-Independent Chairman of Koh Brothers Eco Engineering Limited, a Council Member of the Teochew Federation Council and Honorary Chairman of the Singapore Khoh Clan Association.

KOH KENG HIONG (JOSEPH)

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

Mr Koh Keng Hiong is an Executive Director of the Company. He was appointed a Director on 7 February 2007 and was last re-elected on 25 June 2020. 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 25 years' experience, he has amassed an extensive portfolio of skills and capabilities spanning across a broad spectrum of businesses in hospitality and property. His vast array of expertise has seen him engaged in key corporate and operations functions such as strategic business management, corporate planning, sales and marketing, finance, human resource, information technology as well as business development.

Mr Koh holds a Bachelor of Science with Honours in Business Administration (majoring in Finance) from the San Francisco State University, California, USA.

BOARD OF DIRECTORS



From left to right:
Mr Lee Sok Khian John, Mdm Quek Chee Nee, Er Dr Lee Bee Wah

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 re-elected on 17 April 2019.

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

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

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 26 April 2018. She was appointed as the Lead Independent Director on 20 June 2016 and is the Chairperson of the Audit and Risk Committee.

Er Dr Lee is a Licensed Professional Engineer who made history at the Institution of Engineers Singapore by becoming its first woman President in 2008. She is also the first Singaporean to be awarded Honorary Fellow of the Institution of Structural Engineers, United Kingdom. Er Dr Lee is a Honorary Fellow Member of the Institution of Engineers Singapore and a past Board Member of the Professional Engineers Board, Singapore. She holds a Master of Science (Engineering) from the University of Liverpool and a Bachelor of Civil Engineering from Nanyang Technological University. She was conferred 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. Prior to this, she was the Principal Partner of LBW Consultants LLP, before its acquisition by Meinhardt Group. Er Dr Lee was a Member of Parliament ("MP") from 2006 to 2020. As an MP, she had brought up many issues in Parliament to improve the standing of the engineering profession in Singapore. These ranged from the salaries of engineers to the implementation of green engineering in building structures. Many of her suggestions had subsequently become national policies. She 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 regional and international awards, including medals in the 2008 Beijing Summer Olympics and in the 2012 London Olympics. She is currently the Adviser to the STTA and Singapore Swimming Association since 2014. Er Dr Lee is also the Non-Executive Chairman of public-listed Amcorp Global Limited and a Director of the Building and Construction Authority.

BOARD OF DIRECTORS



From left to right:

Mr Lai Mun Onn, Mr Gn Hiang Meng, Mr Ow Yong Thian Soo, Mr Low Yee Khim

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 17 April 2019. He is the Chairman of the Remuneration Committee and a member of the Audit and Risk Committee, the Nominating Committee and the Share Purchase Committee.

Mr Lai 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 with Honours and obtained his Barrister-at-Law from Lincoln's Inn. In 1982, he was admitted as an Advocate and Solicitor of the Supreme Court of Singapore. He is presently a Notary Public and Commissioner for Oaths, and a member of the Singapore Institute of Arbitrators.

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

GN HIANG MENG

Non-Executive and Independent Director

Mr Gn Hiang Meng is an Independent Director of the Company. He was appointed a Director on 16 August 2007 and was last re-elected on 25 June 2020. He is the Chairman of the Share Purchase Committee and a member of the Audit and Risk Committee, the Remuneration Committee and the Nominating Committee.

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

Mr Gn graduated with a Bachelor in Business Administration with Honours from the University of Singapore. He is also an Independent Director of Centurion Corporation Ltd, Haw Par Corporation Ltd and Singhaiyi Group Ltd.

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, the Remuneration Committee and the Share Purchase Committee.

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

LOW YEE KHIM

Non-Executive and Independent Director

Mr Low Yee Khim is an Independent Director of the Company. He was appointed a Director on 1 January 2019 and was last re-elected on 17 April 2019. Mr Low was previously the Executive Director and Chief Operating Officer of Heaton Holdings Limited, overseeing its finance, leasing, operational, marketing, project and hospitality activities.

Prior to joining Heaton Holdings Limited, Mr Low worked with MNCs and various Singapore listed companies. He is a fellow member of the Institute of Singapore Chartered Accountants and a Member with the Singapore Institute of Directors.

SENIOR MANAGEMENT

SHIN YONG SEUB (PAUL)

Chief Executive Officer
(Koh Brothers Eco Engineering Limited)

Mr Shin was appointed the Chief Executive Officer of Koh Brothers Eco Engineering Limited in 2016. Prior to joining Koh Brothers Eco Engineering Limited, he was the Head of Southeast Asia for Samsung C&T Corporation. He was also previously the Vice President and General Manager of the Global Marketing and Operations Division of Samsung C&T Corporation at the Seoul Headquarters from 2004 to 2009. From 1997 to 2004, Mr Shin was the General Manager for Samsung Corporation (E&C Group) in Singapore and the Managing Director for Samsung Singapore's Regional Office for Southeast Asia.

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

CHOO SIEW MENG

Executive Director (Engineering and Construction Division)

Mr Choo was appointed as Executive Director (Engineering and Construction) in December 2017. 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.

Prior to 2009, he was the Executive Director of Koh Brothers Building & Civil Engineering (Pte.) Ltd. where he was responsible for the overall performance of the Construction Division. From 2009 to 2016, he was the Executive Director of the construction division of another public listed company. Mr Choo has in-depth knowledge and experience in building projects as well as highly specialised civil engineering and infrastructural projects.

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

CHAN PING MENG

Executive Director (Building Materials Division)

Mr Chan 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.

BERNARD WONG EE YU

Executive Director (Real Estate Division)

Mr 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 has more than 30 years' engineering and management experience in the property sector. Prior to joining the Group, he held senior and management positions with various property developers in Malaysia.

Mr Wong holds a Bachelor of Engineering with Honours in Civil Engineering from the University of Birmingham.

TAY TZE WEN (SAMMI)

Financial Controller

Ms Tay joined the Group in 2006 and was promoted to her current position of Financial Controller in May 2016. She is responsible for the Group's financial affairs including accounting, finance, treasury, taxation as well as risk management. Ms Tay has 20 years' experience in auditing, accounting and finance. She holds a Bachelor of Commerce in Accounting and Finance from Monash University, Australia. She is also a Chartered Accountant (Singapore) and a member of CPA Australia and the Institute of Singapore Chartered Accountants.

THERESE NG CHEW HWEE

Company Secretary

Ms 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 the University of Bradford. She is also an Associate of the Chartered Secretaries Institute of Singapore.

GROUP STRUCTURE



Building Cities Building Dreams

KOH BROTHERS GROUP LIMITED

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 Pte. Ltd.
- 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 APPROACH

➤ 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 2020. The Company recognises that the sound management of environmental, social and governance (“**ESG**”) risks and opportunities is key to ensuring the sustainability and long-term viability of its business. Therefore, the Group is focused on keeping sustainability at the heart of its operations by implementing practices and seeking opportunities to support the sustainable growth of the business, thereby creating sustainable value for its stakeholders.

2020 has been a challenging period for the construction industry due to the outbreak of the Coronavirus Disease 2019 (“**COVID-19**”) pandemic, where Singapore announced a two-month-long circuit breaker that brought all construction work to a halt and at the same time placing foreign construction workers on stay-home notice. However, the Company remains committed to deliver quality in our products, services and solutions. With the strong support of its business partners and dedicated staff, the Company responded to the COVID-19 pandemic by putting people first and reinventing ways of working to emerge stronger in the evolving business landscape. To ensure the viability of its business, the Company worked closely with its customers and local authorities to drive work and support economic recovery, safeguarding the physical and mental well-being of its employees and supporting local communities in tiding over these difficult times.

Each year, the Company gather more evidence of the benefits that sustainability is bringing to its business; especially so when the COVID-19 pandemic elevated the importance of ESG issues. With this in mind, the Company endeavours to continue integrating sustainability into its business by aligning its sustainability initiatives with business objectives. The Company considers sustainability issues as part of its strategic formulation and continues to focus on setting up a strategic direction towards ensuring the efficient consumption of resources, workplace diversity, fair employment practices, as well as the health and safety of our employees.

The Directors of the Company (the “**Board**”) continues to be supported by management in integrating sustainability considerations into its 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 this sustainability journey and looks forward to continue sharing the Group’s performance on its sustainability journey.

Board of Directors
Koh Brothers Group Limited

➤ ABOUT THIS REPORT

REPORTING PERIOD AND SCOPE

This report addresses the Group’s practices and performance around its material ESG factors during the period from 1 January to 31 December 2020. The scope of the report covers the Group’s main business unit, namely the Construction and Building Materials Division.

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. The GRI Standards were selected as it is an internationally recognised reporting framework that covers a comprehensive range of sustainability disclosures.

This report references the following GRI Standards and topic-specific disclosures:

- Disclosure 201-1 from GRI 201: Economic Performance 2016
- Disclosures 302-1 (c(i)) from GRI 302: Energy 2016
- Disclosures 302-3 (a) from GRI 302: Energy 2016
- Disclosures 303-5 (a) from GRI 303: Water and Effluents 2018
- Disclosure 403-9 (a(i) and (iii)) from GRI 403: Occupational Health and Safety 2018
- Disclosure 405-1 (b(i)) from GRI 405: Diversity and Equal Opportunity¹

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

➤ MANAGING SUSTAINABILITY

STAKEHOLDER ENGAGEMENT

The Company understands that stakeholders play a critical role in determining a business’ long-term viability. Thus, we engage with our stakeholders regularly through various methods to understand and address their needs and expectations.

MATERIALITY ASSESSMENT

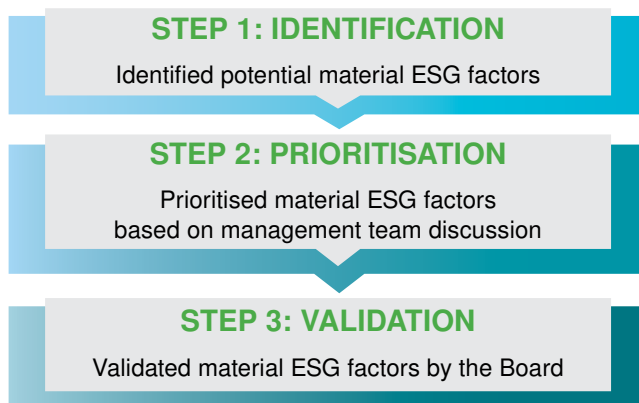
We believe that material issues have a direct or an indirect impact on our ability to create, preserve or deplete the economic, environmental and social value for ourselves, our stakeholders and the society at large. A materiality assessment allows us to identify aspects most relevant to us, which aids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

¹ For Disclosure 405-1, the gender distribution of employees is disclosed in this report, without the breakdown by employee category.

SUSTAINABILITY APPROACH

KEY STAKEHOLDERS	ENGAGEMENT METHODS ²
Government / Regulators	<ul style="list-style-type: none"> Participation in government initiatives and policy working groups
Employees	<ul style="list-style-type: none"> 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
Investors	<ul style="list-style-type: none"> Annual General Meetings ("AGMs") Annual reports Notices, Circulars, and Announcements
Customers	<ul style="list-style-type: none"> Websites Face-to-face meetings
Contractors	<ul style="list-style-type: none"> Periodic meetings Contractor/supplier evaluation exercises
Media	<ul style="list-style-type: none"> Media announcements

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



In the process of identifying the material ESG 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

Our assessment yielded 4 material ESG factors as shown in the following table.

In 2020, the Company re-validated these material ESG factors identified in 2017. Taking into consideration our business operations and the sustainability landscape, the existing 4 ESG factors were deemed to remain relevant and material to the Group. The Company will regularly review and assess these material ESG factors to ensure their relevance.

SUSTAINABILITY FOCUS AREA	MATERIAL ESG FACTORS
Economic	Economic performance ³
Environmental	Utilities and emissions
Social	Employee well-being Health and safety

KEY PERFORMANCE AT A GLANCE

PERFORMANCE MEASURES ⁴	2019 ⁵	2020	2020 performance against 2020 targets
Energy			
Total energy consumed (kWh)	631,951	840,831	Not achieved - Maintain energy intensity at 3.0 kWh/m ² based on Project GFA
Total energy intensity (kWh/m ²)	3.45	3.04	
Water			
Total water consumed (m ³)	237,125	225,814	Not achieved - Maintain water intensity at 0.4 m ³ /m ² based on Project GFA
Total water intensity (m ³ /m ²)	1.30	0.82	
Employee Well-being			
Gender distribution: Male	81%	80%	Achieved - Maintain a gender distribution ratio within the Group of between 70% to 80% for male employees and between 20% to 30% for female employees
Gender distribution: Female	19%	20%	
Health and Safety			
Total number of workplace fatalities	0	0	Achieved - Maintain zero workplace fatalities
Accident Severity Rate ("ASR") ⁶	47.15	29.88	Achieved ⁷ - Maintain or reduce ASR as per 2019 ASR of 47.15

² All activities were held while adhering to the government's Safe Management Measures ("SMM").

³ Please refer to the 2020 Annual Report for financial statements that provides more information on the Group's economic performance for the financial year ended 31 December 2020.

⁴ The disclosures for these performance measures encompass the Group's performance by its main operating entities under the Construction and Building Materials business unit.

⁵ Restatement of 2018's energy and water data due to an oversight.

⁶ "ASR" refers to the number of lost workdays experienced by the Company's Construction and Building Materials business unit, and computed based on the number of man-days lost due to workplace accidents per million man-hours worked.

⁷ Target pertaining to maintaining ASR below construction industry average is no longer applicable as data is not available. Accident Severity Rate was no longer published since the January to June 2019 edition of the Workplace Safety and Health Report by the Ministry of Manpower, to align with international practices.

SUSTAINABILITY APPROACH

ENVIRONMENTAL

UTILITIES AND EMISSIONS

Energy and its associated greenhouse gas (“GHG”) emissions are emerging global concerns. To play its part in combating global climate change, the Company seeks to minimise its environmental footprint and impacts by aiming to reduce energy consumption within its operations create.

Our 2020 energy performance, which comprises of electricity and diesel consumption, and water consumption is as follows:

2020 Performance⁸

Energy

- Total energy consumption: 840,831 kWh
- Energy intensity per Project Gross Floor Area (“GFA”): 3.04 kWh/m²

Water

- Total water consumption: 225,814 m³
- Water intensity per Project GFA: 0.82 m³/m²

2020 Targets

Energy

- Maintain energy intensity at 3.0 kWh/m² based on Project GFA

Water

- Maintain water intensity at 0.4 m³/m² based on Project GFA

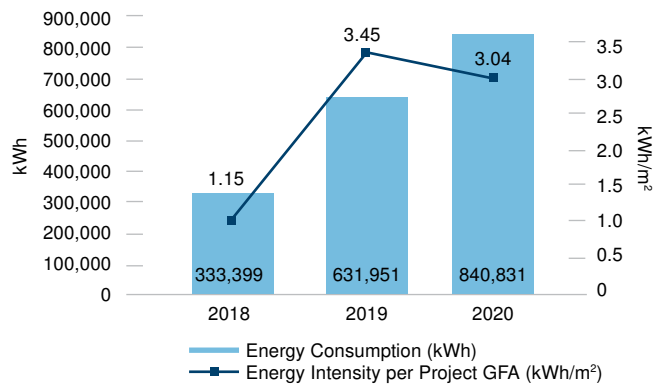
2021 Targets

Energy

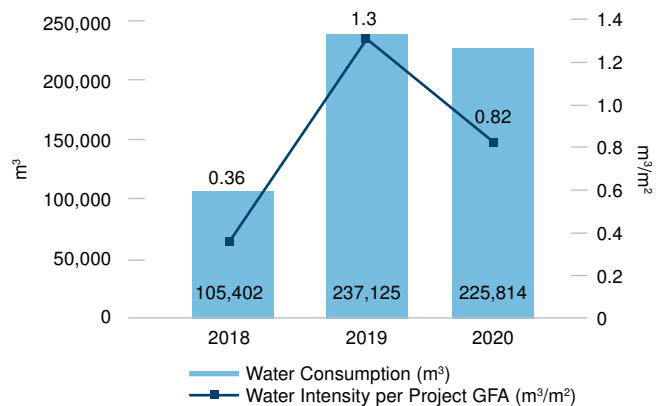
- Maintain energy intensity at 3.0 kWh/m² based on Project GFA
- Maintain water intensity at 0.4 m³/m² based on Project GFA



Energy Consumption and Intensity



Water Consumption and Intensity



Our energy and water consumption are dependent on type, size, construction stage, construction activity, and whether the project is a building or civil engineering project. Thus, annual consumption trends may not be entirely comparable as energy and water consumption tend to be higher during the middle stages of a project. In 2020, energy and water intensity decreased by 11.88% and 36.92% respectively from 2019.

⁸ The disclosures for these performance measures encompass the Group’s performance by its main operating entities under the Construction and Building Materials business unit.

SUSTAINABILITY APPROACH

The Group understands that measures must be identified and taken on a company-wide level to improve on our energy and water consumption performance. In an effort to conserve resources and manage our consumptions, the Group has implemented various measures to optimise its utilities and emissions performance, including 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
- Installation of energy-efficient light fittings and motion sensors at the common staircases and toilets
- Use of NEWater

To manage the Group's environmental performance holistically and systematically, the Company has also acquired the ISO 14001:2015 certification for environmental management systems. This certification helps map out a framework that our Group can follow to set up an effective environmental management system, demonstrating our commitment to improvement and reducing our environmental impact. Going forward, the Group will continue to maintain zero non-conformances for all external audits conducted for the aforementioned management systems.

In addition to reducing energy and water consumption, the Group aspires to help others decrease their resource use through promoting green buildings. In the next year, we target to maintain energy intensity at 3.0 kWh/m² and water intensity at 0.4 m³/m² based on Project GFA.



➤ SOCIAL

EMPLOYEE WELL-BEING

A team of high-performing and committed employees is fundamental to the success of our business. With this belief, the Company is committed to attracting, developing and retaining dedicated and professional employees that share the Company's values.

2020 Performance⁹

Gender Distribution

- Male: 80%
- Female: 20%

2020 Targets

Male Employees

- Achieve a ratio of between 70% to 80%

Female Employees

- Achieve a ratio of between 20% to 30%

2021 Targets

- Maintain a gender distribution ratio within the Group of between 70% to 80% for male employees and between 20% to 30% for female employees

Diversity is essential to building a dynamic, engaging, and productive workforce. The Company does not tolerate any discrimination on the grounds of sex, 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 equally and fairly.

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

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 Company provides personalised training and education programmes, including job rotations, which allows employees to gain different skill sets and deepen their understanding of the Company's operations. The Company also reviews each employee's development plans during the annual performance appraisal to ensure that their training needs and goals are addressed.

In 2020, the Group achieved the targeted gender distribution ratio of 20% to 30% for female employees. In the forthcoming year, the Company aims to continue achieving this gender distribution ratio of 70% to 80% for male employees and 20% to 30% for female employees.

⁹ The disclosures for these performance measures encompass the Group's performance by its main operating entities under the Construction and Building Materials business unit.

SUSTAINABILITY APPROACH

HEALTH AND SAFETY

Safeguarding our employees' health and safety is of utmost importance to us, and is integral to ensuring smooth operations. The Company believes that maintaining a safe working environment is the responsibility of all – from employees to management.

Our health and safety performances for the reporting year are as follows:

2020 Performance¹⁰

Workplace Fatalities

- Zero workplace fatalities

Accident Severity Rate ("ASR")¹¹

- Accident Severity Rate ("ASR"): 29.88

2020 Targets

Workplace Fatalities

- Zero workplace fatalities

Accident Severity Rate ("ASR")

- Maintain ASR below construction industry average
- Reduce ASR by 10% as compared to 2019 levels

2021 Targets

Workplace Fatalities

- Maintain zero workplace fatalities

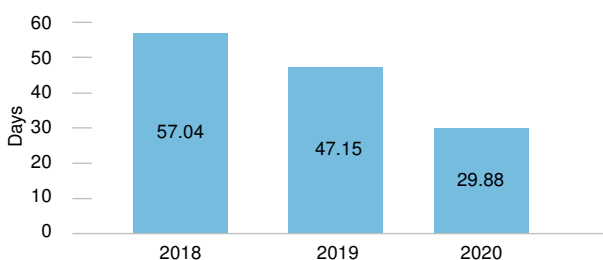
Workplace Accident Frequency Rate¹²

- Reduce Accident Frequency Rate to 0.5

Workplace Accident Severity Rate

- Reduce Accident Severity Rate to 10.45

Accident Severity Rate ("ASR")



During the year, the Group met its target of zero workplace fatalities, and also reduced the ASR by 36.63% from 47.15 days in 2019 to 29.88 days in 2020.

The Company has established Health and Safety Policies, including measures pertaining to the COVID-19 situation (see "Managing the Impacts of COVID-19" section for more information), that all business lines are required to adhere to and implement during their operations. At the Company level, the Risk Management Committee of the Company's Construction unit has bi-monthly meetings to discuss health and safety issues and incidents, and evaluate the sufficiency of health and safety initiatives. A Health and Safety CEO Forum is also held quarterly, where the Group CEO will discuss health and safety issues with the Company's Health, Safety, and Environment ("HSE") division.

A new Management HSE Committee has also been established, comprising of managers from various department and all projects. The committee conducts site inspection on a monthly basis, and thereafter holding a committee meeting to discuss the health and safety issues.

At the project level, health and safety risks and impacts are assessed for all projects and 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 meetings¹³, 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. In addition, we have implemented a pilot project, where Project Directors and Managers engage workers in monthly dialogue sessions.

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 and ensuring that all necessary safety equipment are in place. 24/7 security guards are also hired to conduct daily rounds and spot checks. Periodic meetings¹⁴ are conducted with project consultants to highlight any health and safety-related matters. If any safety incidents were reported by employees or visitors, the safety managers are responsible for conducting timely investigation and execution of preventive and corrective actions. The Company has a group of appointed clinics to provide readily-available medical and healthcare services to employees and workers when required.



¹⁰ The disclosures for these performance measures encompass the Group's performance by its main operating entities under the Construction and Building Materials business unit.

¹¹ "ASR" refers to the number of lost work days experienced by the Company's Construction and Building Materials business unit, and computed based on the number of man-days lost due to workplace accidents per million man-hours worked. $ASR = (\text{Lost of Man Day} / \text{Total Man Hours}) \times 1,000,000$

¹² Accident Frequency Rate refers to the number of workplace accidents reported by the Company's Construction and Building Materials business unit, and computed based on the number of workplace accidents reported per million man-hours worked. $\text{Accident Frequency Rate} = (\text{Number of Workplace Accidents reported} / \text{Total Man Hours}) \times 1,000,000$

¹³ All activities were held while adhering to the government's Safe Management Measures ("SMM").

¹⁴ All activities were held while adhering to the government's Safe Management Measures ("SMM").

SUSTAINABILITY APPROACH

To supplement regular reviews of health and safety issues at various levels, the Company provides 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 on a monthly basis. Employees are also required to complete a HSE induction programme at the KBCE Training Centre.

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The Company's Construction unit 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 award.

In the next year, the Company aims to maintain zero workplace fatalities. It also aims to reduce the ASR rate compared to 2020, while keeping it below 10.45.

CORPORATE SOCIAL RESPONSIBILITY

As a socially responsible corporation, the Company is dedicated in being a force which brings positive changes to the local communities it operates in. Giving back to the society that has supported the growth of the Company is at the core of its values. The Company contributes and reaches out to the society through corporate social responsibility ("CSR") initiatives, which includes corporate philanthropy, volunteerism, the environment and corporate sponsorship.

Due to the outbreak of COVID-19, the Company was unable to carry out such activities as per previous years. However, it is looking to continue CSR initiatives once the government restrictions eases in the near future.

MANAGING THE IMPACTS OF COVID-19¹⁶

The COVID-19 pandemic and the ensuing business disruptions have presented the construction sector with a major and evolving challenge. Since the outbreak of COVID-19, the Company has taken immediate action in ensuring that it has a business continuity plan that prioritises to minimise business disruptions and support recovery efforts.

While some of the measures taken include having less employees on site for projects that may have impacted the Company's short-term profits, as a responsible corporate citizen, it stands firm on taking strong precautionary measures in order to protect the health and safety of its employees and the community. To remain accountable to its stakeholders, efforts have been focused on developing business recovery plans and long-term strategies to remain resilient and adapt to the new norm of doing business.



(a) Continuing stakeholder engagement and communication

The Company communicates to stakeholders such as employees and customers on their roles and responsibilities during this pandemic period, including topics such as safe distancing and wearing of masks, as heightened coordination of all stakeholders can contribute to the effectiveness of our business continuity programmes. Communications to stakeholders were done via emails, calls and online meetings, to reduce physical contact during the pandemic period.

(b) Complying with relevant guidelines and health advisories on the COVID-19 from government agencies

Doing its part as a responsible corporate citizen, the Company complies with governmental guidelines and health advisories, such as the Safe Management Measures ("SMM"), by conducting temperature taking for employees and visitors, ensuring SafeEntry check in, and observing safe distancing measures at both the sites and head office. In addition, it ensures the availability of sufficient protective supplies such as surgical masks and hand sanitizers for its employees and customers.

(c) Putting people first

To safeguard on the health and well-being of its employees and customers, the Company built a Construction Temporary Quarters (CTQ) for its foreign domestic workers, with beds all at least 1 metre apart. In addition, it ensures the availability of sufficient protective supplies such as surgical masks and hand sanitizers for its employees and customers.

(d) Strengthening business resilience

The Company seeks to ensure that its business stays relevant by adapting to the new normal created by the pandemic. When the Circuit Breaker was first announced in April 2020, the Company took measures to facilitate employees to work from home, including providing them with laptops, using online meetings, as well as giving employees access to the Company's intranet.

The Company is committed to continuously develop, implement, maintain and endorse measures that connect well-being, productivity and security for our stakeholders. This is to ensure that we stay resilient and allows us to play a leading role in the road to our industry's economic and social recovery.

¹⁵ Trainings were held in smaller groups while adhering to the government's Safe Management Measures ("SMM").

¹⁶ This is an additional disclosure, not a material factor due to the temporary nature of a disease outbreak.

CORPORATE GOVERNANCE REPORT

The Board of Directors (the “**Board**”) of Koh Brothers Group Limited (the “**Company**”) is committed to ensuring that a high standard of corporate governance is practised throughout the Company and its subsidiaries (the “**Group**”). The Board believes that good corporate governance enhances shareholder value, corporate performance and accountability. This report discloses the corporate governance framework and practices that the Company has adopted, with specific reference to the principles and provisions of the Code of Corporate Governance 2018 (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 11 Directors comprising 5 Executive Directors, 1 Non-Executive and Non-Independent Director and 5 Non-Executive and Independent Directors:

Koh Tiat Meng (Executive Chairman)
Koh Teak Huat (Executive Deputy Chairman)
Koh Keng Siang (Managing Director & Group Chief Executive Officer (the “**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 (Non-Executive and Lead Independent Director)
Lai Mun Onn (Non-Executive and Independent Director)
Gn Hiang Meng (Non-Executive and Independent Director)
Ow Yong Thian Soo (Non-Executive and Independent Director)
Low Yee Khim (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)

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**”).

CORPORATE GOVERNANCE REPORT

The Board delegates the formulation of business policies and day-to-day management to the MD & Group CEO and the Executive Directors. (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 2020 is disclosed below:

	BOARD	EC	ARC	NC	RC	SPC
No. of meetings held	4	4	3	1	1	1
Name of Directors	No. of meetings attended	No. of meetings attended	No. of meetings attended	No. of meetings attended	No. of meetings attended	No. of meetings attended
Koh Tiat Meng	3	3	–	–	–	–
Koh Teak Huat	4	4	–	–	–	–
Koh Keng Siang	4	4	–	1	–	–
Koh Keng Hiong	4	4	–	–	–	–
Lee Sok Khian John	4	–	–	–	–	–
Quek Chee Nee	4	–	–	–	–	–
Er Dr Lee Bee Wah	4	–	3	–	–	–
Lai Mun Onn	4	–	3	1	1	1
Gn Hiang Meng	4	–	3	1	1	1
Ow Yong Thian Soo	4	–	3	1	1	1
Low Yee Khim	4	–	–	–	–	–

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)

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.

CORPORATE GOVERNANCE REPORT

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.

The Board is updated on relevant new laws, regulations and changing commercial risks from time to time. Directors are encouraged to attend training sessions, courses and seminars conducted by external consultants and institutions at the Company's expense. (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 its responsibilities, Management readily provides the Board 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 Executive Chairman, 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 implementation and upkeep of good corporate governance and best practices across the Group and ensuring that the Company complies with the Listing Manual of the Singapore Exchange Securities Trading Limited ("SGX-ST").

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)

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 11 Directors comprising 5 Executive Directors, 1 Non-Executive and Non-Independent Director, and 5 Non-Executive and 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. (Provision 2.2 and Provision 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)

CORPORATE GOVERNANCE REPORT

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, 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 FY2020 was neither significant nor material. The Board believes that Mr Lai is able to exercise strong independent judgement in his deliberations and act in the interests of the Company.

Mr Ow Yong Thian Soo is a partner of Lee & Lee, which had rendered legal services to the Group during FY2020. The Board considers that Mr Ow Yong's independence has not been compromised as the aggregate value of the transactions during FY2020 was neither significant nor material. The Board believes that Mr Ow Yong is able to exercise strong independent judgement in his deliberations and act in the interests of the Company.

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

Er Dr Lee Bee Wah
Lai Mun Onn
Gn Hiang Meng
Ow Yong Thian Soo
Low Yee Khim

Mr Lai Mun Onn and Mr Gn Hiang Meng have both served on the Board for more than 9 years. The Board conducted a more rigorous review on their status and considered them to be Independent Directors of the Company as they have consistently exercised strong independent judgement in their deliberations and contributions to the Board. The Board believes that they have acted and will continue to act in the best interests of the Company. In addition, their knowledge, experience and contributions have been extremely valuable to the Company.

As Mr Lai is up for re-election at the next annual general meeting ("**AGM**"), he has indicated his interest to seek re-election at the forthcoming AGM under Rule 205(5)(d)(iii) of the Listing Rules which will take effect from 1 January 2022.

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.
- (Provision 2.4 of the Code)

The Board currently comprises 6 Non-Executive Directors who constructively challenge and help develop strategies for the Group. The Non-Executive Directors also review the performance of Management in meeting agreed goals and objectives, and monitor the Group's performance closely.

The Independent Directors also communicate regularly to 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. 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)

CORPORATE GOVERNANCE REPORT

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.

The Executive Chairman (assisted by the MD & Group CEO) 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. (Provision 3.1 and Provision 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 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)
Lai Mun Onn
Gn Hiang Meng
Koh Keng Siang

The NC is comprised of mostly Independent Directors. The Chairman of the NC, Mr Ow Yong Thian Soo, and both Mr Lai Mun Onn and Mr Gn Hiang Meng 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)

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.
- (Provision 4.1 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)

CORPORATE GOVERNANCE REPORT

Pursuant to Regulation 110 of the Company's Constitution, one-third of the Directors (other than the MD & Group CEO) shall retire from office at every AGM provided always that each Director (except the MD & Group CEO) 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 circumstances require, 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 is currently being 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) 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.

The dates of the 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	17 Apr 2019	–	–	Executive Chairman, Koh Brothers Group Limited
Koh Teak Huat	Executive Deputy Chairman	2 Feb 1994	17 Apr 2019	–	–	Executive Deputy Chairman of Koh Brothers Group Limited
Koh Keng Siang	Managing Director & Group CEO	5 May 1994	29 Apr 2005	Koh Brothers Eco Engineering Limited	–	Managing Director and Group CEO
Koh Keng Hiong	Executive Director and Deputy CEO (Real Estate and Leisure & Hospitality Divisions)	7 Feb 2007	25 Jun 2020	–	–	Executive Director and Deputy CEO (Real Estate and Leisure & Hospitality Divisions)

CORPORATE GOVERNANCE REPORT

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
Lee Sok Khian John	Executive Director	9 May 2016	17 Apr 2019	Koh Brothers Eco Engineering Limited	Hatten Land Ltd	Executive Director
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	26 Apr 2018	Amcorp Global Ltd	–	Group Director Meinhardt (Singapore) Pte Ltd Non-Executive Chairman, Amcorp Global Ltd
Lai Mun Onn	Non-Executive and Independent Director	30 Jul 1994	17 Apr 2019	Fuji Offset Plates Manufacturing Ltd	Super Group Ltd	Managing Partner of Lai Mun Onn & Co Independent Director, Fuji Offset Plates Manufacturing Ltd.
Gn Hiang Meng	Non-Executive and Independent Director	16 Aug 2007	25 Jun 2020	Centurion Corporation Ltd, Haw Par Corporation Ltd, Singhaiyi Group Ltd.	Tee International Ltd	Independent Director, Centurion Corporation Ltd, Haw Par Corporation Ltd, Singhaiyi Group 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
Low Yee Khim	Non-Executive and Independent Director	1 Jan 2019	17 Apr 2019	–	Heeton Holdings Ltd	N.A.

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)

CORPORATE GOVERNANCE REPORT

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

Koh Teak Huat
Er Dr Lee Bee Wah
Lai Mun Oon
Low Yee Khim

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 2020 (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. (Provision 5.1 and Provision 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.

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)
Gn Hiang Meng
Ow Yong Thian Soo

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

CORPORATE GOVERNANCE REPORT

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 Management personnel, and the remuneration package for each Executive Director and each key Management personnel, covering all aspects of remuneration including but not limited to Directors' fees, salaries, allowances, bonuses, options 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 Management personnel; and
- (c) ensure that there is an adequate disclosure on the remuneration of Directors and key Management personnel. (Provision 6.1 and Provision 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 FY2020, 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 personnel's 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 Management personnel that promotes the long-term success of the Company. The RC ensures that the Executive Directors' and key Management personnel's 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 key Management personnel. The remuneration package of each Executive Director/key Management personnel 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 personnel's remuneration is linked to their individual performance, as well as the performance of the Group. (Provision 7.1 and Provision 7.3 of the Code)

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

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\$454,500 as Directors' fees for FY2020. 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.

CORPORATE GOVERNANCE REPORT

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 five key Management personnel 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 and the top five executives of the Group in FY2020 was approximately S\$4,906,000.

A breakdown of remuneration of each Director of the Company by percentage for FY2020 is set out below:

Remuneration band	Director	Fees (%)	Salary (%)	Bonuses and other variable performance components (%)	Allowances and other benefits** (%)	Total (%)
S\$750,000 to S\$999,999	Koh Tiat Meng	18.1	80.1	–	1.8	100
	Koh Keng Siang	22.8	75.0	–	2.2	100
S\$500,000 to S\$749,999	Koh Teak Huat	8.7	88.4	–	2.9	100
S\$250,000 to S\$499,999	Koh Keng Hiong	13.9	82.7	–	3.4	100
	Lee Sok Khian John	16.1	80.6	3.3	–	100
Below S\$250,000	Quek Chee Nee	100	–	–	–	100
	Er Dr Lee Bee Wah	100	–	–	–	100
	Lai Mun Onn	100	–	–	–	100
	Gn Hiang Meng	100	–	–	–	100
	Ow Yong Thian Soo	100	–	–	–	100
	Low Yee Khim	100	–	–	–	100

A breakdown of remuneration of each of the top five executives of the Group (who are not Directors of the Company) by percentage for FY2020 is set out below:

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	4.3	83.1	0.1	12.5	100
S\$250,000 to S\$499,999	Second Executive	–	95.9	4.1	–	100
	Third Executive	–	96.1	–	3.9	100
Below S\$250,000	Fourth Executive	–	95.9	4.1	–	100
	Fifth Executive	–	97.9	2.1	–	100

(Provision 8.1 and Provision 8.3 of the Code)

Note:

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

** Other benefits include car, housing and other non-cash benefits.

CORPORATE GOVERNANCE REPORT

Details of the remuneration of employees who are substantial shareholders of the Company or who are immediate family members of a director or the CEO, and whose remuneration exceeds S\$100,000 during FY2020 are disclosed below:

Remuneration band	List of employees who are immediate family members of a Director
S\$100,000 to S\$200,000	Phua Siew Gaik ¹

(Provision 8.2 of the Code)

Note:

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

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 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 engaged the services of the Company's internal auditor ("IA") KPMG Services Pte Ltd ("KPMG"), to assist in the Control Self-Assessment ("CSA") programme which has been implemented. Through the CSA programme, weaknesses in the control environment may be detected and reported to Management. Corrective actions are taken to strengthen the process and prevent future occurrences. The CSA allows the Group to better manage risks and instill ownership among control owners and promote accountability. 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. The Group's financial risk management objectives and policies are set out in the notes to the FY2020 financial statements.

The IA prepares, on an annual basis, the internal audit plan (taking into consideration the risks identified) which is approved by the ARC. The audits are conducted to assess the adequacy and the effectiveness of the Group's risk management and the internal 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.

CORPORATE GOVERNANCE REPORT

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 COMMITTEE

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

The ARC comprises the following Directors:

Er Dr Lee Bee Wah (Chairperson)
Lai Mun Onn
Gn Hiang Meng
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.

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 (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)

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 FY2020.

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)

CORPORATE GOVERNANCE REPORT

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\$394,000
	Member firms of auditors of the Company	-	S\$38,300
Non-audit services:	Auditors of the Company	-	S\$5,000
	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.

The Company has put in place a whistle-blowing policy (under the purview of the ARC) of which employees of the Company may, in confidence, raise or report genuine concerns about possible improprieties in matters of business activities, financial reporting or other matters they may encounter without fear of retaliatory action. The Independent Directors of the Company have been appointed to review and carry out investigations on all such complaints and/or concerns raised. (Provision 10.1 of the Code)

The ARC held 3 meetings in FY2020 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.

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 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 ARC is satisfied that the IA 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 laid down in the International Professional Practices Framework issued by the IIA.

CORPORATE GOVERNANCE REPORT

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. (Provision 11.1 and Provision 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. (Provision 11.1 and Provision 11.4 of the Code)

The Company's 2020 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 2020 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 2020 AGM. The Company endeavoured to address substantial and relevant questions at the 2020 AGM. Voting was conducted by appointing the Chairman of the Meeting as proxy at the 2020 AGM. Pursuant to the Order, only the MD & Group CEO (who took the Chair of the 2020 AGM), Mr Koh Teak Huat, Mr Lee Sok Khian John, Ms Tay Tze Wen (Financial Controller) and Ms Therese Ng Chew Hwee (Company Secretary) were present at the 2020 AGM. Mr Koh Keng Hiong (Joseph) and the non-executive Directors, external legal advisors and external auditors attended the 2020 AGM via electronic means. In line with past years' practice, at the start of the 2020 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 2020 AGM electronically. The results of the proxy voting were published at the meeting and announced via the SGXNet after the conclusion of the 2020 AGM. Minutes of the 2020 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.

The Company's 2021 AGM will also be held by electronic means pursuant to the Order. Attendance at the 2021 AGM will be via electronic means accessed via live audio-visual webcast or live audio-only stream. Questions are to be submitted to the Chairman of the Meeting ahead of the 2021 AGM. The Company will endeavour to address substantial and relevant questions at the 2021 AGM. Voting will be conducted by appointing the Chairman of the Meeting as proxy at the 2021 AGM. The results of the proxy voting will be published at the meeting and announced via the SGXNet after the conclusion of the 2021 AGM. Minutes of the 2021 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 endeavour to address those questions which are related to the resolutions to be tabled for approval at the 2021 AGM, live during the 2021 AGM. Details of the arrangements will be provided in the Notice of 2021 AGM which will be disseminated by electronic means via publication on the websites of the Company and SGX. (Provision 11.3 of the Code).

CORPORATE GOVERNANCE REPORT

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.

Due to the current challenging environment, the Board will not recommend any dividend for the financial year ended 31 December 2020. (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 2020 which is at pages 15 to 20. (Provision 13.1 and Provision 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)

CORPORATE GOVERNANCE REPORT

INTERESTED PERSON TRANSACTIONS (“IPTs”)

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 FY2020 are as follows:

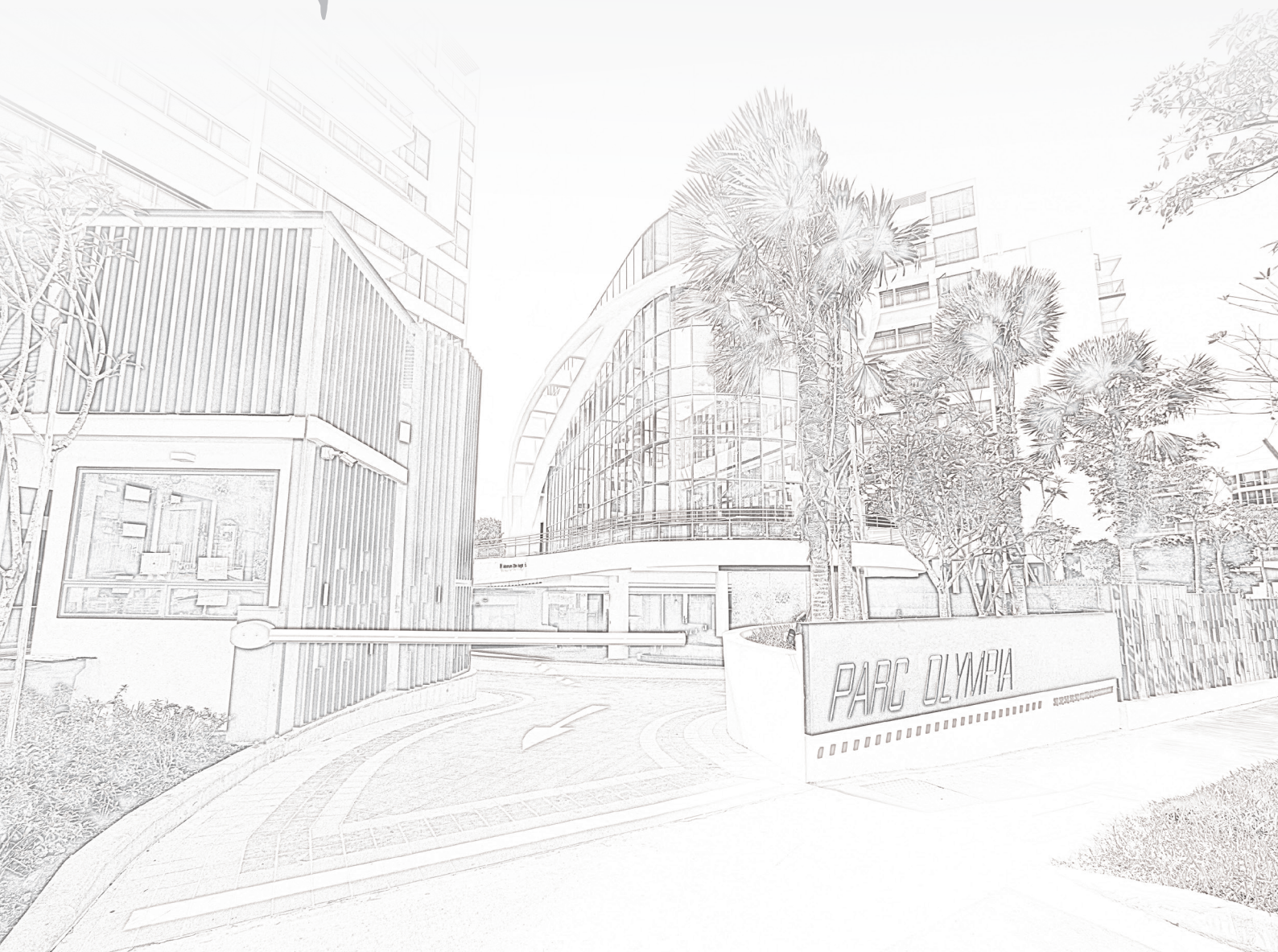
Name of interested person	Aggregate value of all interested person transactions during the financial year under review (excluding transactions less than S\$100,000 and transactions conducted under shareholders’ mandate pursuant to Rule 920) (S\$’000)	Aggregate value of all interested person transactions conducted under shareholders’ mandate pursuant to Rule 920 (excluding transactions less than S\$100,000) (S\$’000)
Ah Boon Civil Engineering & Building Contractor Pte Ltd	677	–
Benjamin Koh Yong Jun	293	–
Rachel Koh Han Ling	404	–

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.

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DIRECTORS' STATEMENT

For the financial year ended 31 December 2020

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

In the opinion of the directors,

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

Directors

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

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

Arrangements to enable directors to acquire shares and debentures

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

DIRECTORS' STATEMENT

For the financial year ended 31 December 2020

Directors' interests in shares or debentures

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

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

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

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

DIRECTORS' STATEMENT

For the financial year ended 31 December 2020

Share options

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

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

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

Audit and Risk Committee

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

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

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

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

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

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

Independent Auditor

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

On behalf of the directors

Koh Keng Siang
Director

Koh Keng Hiong
Director

7 April 2021

INDEPENDENT AUDITOR'S REPORT

To the Members of Koh Brothers Group Limited

Report on the Audit of the Financial Statements

OUR OPINION

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

What we have audited

The financial statements of the Company and the Group comprise:

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

BASIS FOR OPINION

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

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

Independence

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

OUR AUDIT APPROACH

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

Key Audit Matters

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

INDEPENDENT AUDITOR'S REPORT

To the Members of Koh Brothers Group Limited

OUR AUDIT APPROACH (continued)

Key Audit Matters (continued)

Key Audit Matter	How our audit addressed the Key Audit Matter
<p>Accounting for construction contracts <i>Refer to Note 3(a) and Note 4</i></p> <p>During the financial year ended 31 December 2020, revenue from construction contracts amounted to S\$178.6 million and it represented 73.5% of the total revenue of the Group.</p> <p>The COVID-19 pandemic has significantly slowed down the progress of the Group's construction projects due to ongoing measures being adopted to address the outbreak during the financial year. The delay may lead to potential liquidated damage claims by customers and costs overrun, resulting in loss-making contracts. The uncertainty and judgement involved in determining budgeted costs and profit margins have a significant impact on the revenue and profit recognised by the Group.</p> <p>The Group uses the input method (i.e. "cost-to-cost" method) to measure project progress and recognise contract revenue in accordance with SFRS(I) 15 <i>Revenue from Contracts with Customers</i>.</p> <p>We focused on the accuracy of revenue recognition and recoverability of contract assets due to the significant management judgment required in determining the total contract sums and the total contract costs.</p>	<p>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).</p> <p>In relation to total contract sums for projects in progress, our audit procedures include the following on a sampling basis:</p> <ul style="list-style-type: none"> • agreed total contract sums to contract entered into by the Group and its customer; • inspected correspondences with customers and supporting documents by the Group's specialists relating to variation orders included in the total contract; • obtained and reviewed legal opinion from the Group's external legal counsels in relation to their contractual rights to claim for variation orders for certain projects; • agreed variation orders with agreed prices included in total contract sums recognised to surveyor/architect's certification; • inspected progress billings to customers subsequent to year end and compared amounts to contract asset balances at year end; and • assessed the adequacy of the amount of liquidated damages to be net off against contract sums, based on our understanding of the projects. <p>In relation to total contracts costs, our audit procedures include the following on a sampling basis:</p> <ul style="list-style-type: none"> • traced the cost to complete for each project by substantiating costs that have been committed to quotations and contracts entered; • tested the reasonableness of the cost to complete for selected projects, focusing on those with significant activities during the year; and • assessed the reasonableness of cost incurred against our understanding of the projects. <p>Based on the audit procedures performed above, we have assessed management's estimates to be reasonable.</p> <p>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.</p> <p>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.</p>

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
<p>Valuation of investment properties <i>Refer to Note 3(c) and Note 22</i></p> <p>The Group's investment properties carried at fair value amount to S\$95.2 million at 31 December 2020 and accounted for 11.6% of the Group's total assets. The disclosures relating to these investment properties are included in Note 3(c) and Note 22 to the financial statements.</p> <p>Management uses external valuers to support its determination of the individual fair value of its investment properties annually.</p> <p>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.</p>	<p>Our procedures included the following:</p> <ul style="list-style-type: none"> 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. <p>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.</p> <p>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.</p>
<p>Impairment assessment of goodwill <i>Refer to Note 3(b) and Note 26</i></p> <p>The goodwill of S\$5.1 million at 31 December 2020 relates to the "Bio-Refinery and Renewable Energy" cash-generating unit ("CGU").</p> <p>In accordance with SFRS(I), the Group performs an impairment test for the CGU to assess whether the goodwill might be impaired.</p> <p>The test performed by the Group did not result in an impairment of goodwill as the recoverable amount based on the value-in-use calculation exceeded the carrying amount of the CGU.</p> <p>The assumptions, sensitivities and results of the test performed are disclosed in Note 26 to the financial statements. We focused on this area because management had applied significant judgement and assumptions in determining the key inputs used in the impairment test, as well as future market circumstances.</p>	<p>In respect of the inputs which were most sensitive to the estimation of the recoverable amount of the CGU, our procedures included the following:</p> <ul style="list-style-type: none"> involved internal specialists in assessing the appropriateness of the discount rate; validated terminal growth rate used by corroborating against the long-term average growth rate in the country which the CGU operates in; and corroborated gross margin used against historical margin of the CGU. <p>Based on the audit procedures performed above, we have assessed management's inputs to be appropriate.</p> <p>We have also assessed the adequacy of the disclosures relating to key inputs and the sensitivities and found the disclosures in the financial statements to be appropriate.</p>

INDEPENDENT AUDITOR'S REPORT

To the Members of Koh Brothers Group Limited

OTHER INFORMATION

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

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

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

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

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

RESPONSIBILITIES OF MANAGEMENT AND DIRECTORS FOR THE FINANCIAL STATEMENTS

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

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

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

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS

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

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

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

INDEPENDENT AUDITOR'S REPORT

To the Members of Koh Brothers Group Limited

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

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

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

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

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

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

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

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the financial year ended 31 December 2020

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

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

BALANCE SHEETS

As at 31 December 2020

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

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the financial year ended 31 December 2020

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

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

CONSOLIDATED STATEMENT OF CASH FLOWS

For the financial year ended 31 December 2020

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

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

CONSOLIDATED STATEMENT OF CASH FLOWS

For the financial year ended 31 December 2020

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

Reconciliation of liabilities arising from financing activities

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

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

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2020

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

1. General information

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

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

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

2. Significant accounting policies

2.1 Basis of preparation

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

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

Impact of COVID-19

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

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

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

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2020

2. Significant accounting policies (continued)

2.1 Basis of preparation (continued)

Impact of COVID-19 (continued)

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

Interpretations and amendments to published standards effective in 2020

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

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

Early adoption of amendment to SFRS(I) 16 Leases

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

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

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

2.2 Revenue recognition

(a) Contract revenue

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

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

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

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2020

2. Significant accounting policies (continued)

2.2 Revenue recognition (continued)

(a) Contract revenue (continued)

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

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

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

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

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

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

(b) Sale of goods

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

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

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

(c) Rendering of services

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

(d) Revenue from property development sales

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

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2020

2. Significant accounting policies (continued)

2.2 Revenue recognition (continued)

(e) **Rental income**

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

(f) **Dividend income**

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

(g) **Interest income**

Interest income is recognised using the effective interest method.

2.3 Government grants

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

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

2.4 Group accounting

(a) **Subsidiaries**

(i) *Consolidation*

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

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

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

(ii) *Acquisitions*

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

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

Acquisition-related costs are expensed as incurred.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2020

2. Significant accounting policies (continued)

2.4 Group accounting (continued)

(a) Subsidiaries (continued)

(ii) Acquisitions (continued)

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

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

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

(iii) Disposals

When a change in the Group's ownership interest in a subsidiary results in a loss of control over the subsidiary, the assets and liabilities of the subsidiary including any goodwill are derecognised. Amounts previously recognised in other comprehensive income in respect of that entity are also reclassified to profit or loss or transferred directly to retained profits if required by a specific Standard.

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

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

(b) Transactions with non-controlling interests

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

(c) Associated companies and joint ventures

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

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

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

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2020

2. Significant accounting policies (continued)

2.4 Group accounting (continued)

(c) Associated companies and joint ventures (continued)

(i) Acquisitions

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

(ii) Equity method of accounting

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

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

(iii) Disposals

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

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

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2020

2. Significant accounting policies (continued)

2.4 Group accounting (continued)

(d) Joint operations

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

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

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

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

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

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

2.5 Property, plant and equipment

(a) Measurement

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

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

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

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

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2020

2. Significant accounting policies (continued)

2.5 Property, plant and equipment (continued)

(b) Depreciation

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

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

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

(c) Subsequent expenditure

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

(d) Disposal

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

2.6 Goodwill

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

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

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

2.7 Investment properties

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

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

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2020

2. Significant accounting policies (continued)

2.7 Investment properties (continued)

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

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

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

2.8 Development properties

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

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

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

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

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

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

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2020

2. Significant accounting policies (continued)

2.8 Development properties (continued)

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

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

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

2.9 Investments in subsidiaries, joint ventures and associated companies

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

2.10 Impairment of non-financial assets

(a) Goodwill

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

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

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

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

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

(b) Property, plant and equipment

Right-of-use assets

Investments in subsidiaries, joint ventures and associated companies

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

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

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

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2020

2. Significant accounting policies (continued)

2.10 Impairment of non-financial assets (continued)

(b) Property, plant and equipment

Right-of-use assets

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

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

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

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

2.11 Financial assets

(a) Classification and measurement

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

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

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

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

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

At initial recognition

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

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2020

2. Significant accounting policies (continued)

2.11 Financial assets (continued)

(a) Classification and measurement (continued)

At subsequent measurement

(i) Debt instruments

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

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

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

(ii) Equity instruments

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

(b) Impairment

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

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

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2020

2. Significant accounting policies (continued)

2.11 Financial assets (continued)

(c) Recognition and derecognition

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

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

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

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

2.12 Leases

(a) When the Group is the lessee:

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

(i) Right-of-use assets

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

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

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

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

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2020

2. Significant accounting policies (continued)

2.12 Leases (continued)

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

(ii) Lease liabilities

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

Lease payments include the following:

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

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

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

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

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

(iii) Short term and low value leases

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

(iv) Variable lease payments

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

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2020

2. Significant accounting policies (continued)

2.12 Leases (continued)

(b) When the Group is the lessor:

(i) Operating leases

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

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

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

(ii) Subleases

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

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

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

2.13 Financial guarantees

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

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

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

2.14 Borrowings

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

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

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2020

2. Significant accounting policies (continued)

2.15 Trade and other payables

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

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

2.16 Inventories

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

2.17 Income taxes

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

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

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

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

Deferred income tax is measured:

- (a) at the tax rates that are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted by the balance sheet date; and
- (b) based on the tax consequence that will follow from the manner in which the Group expects, at the balance sheet date, to recover or settle the carrying amounts of its assets and liabilities except for investment properties. Investment property measured at fair value is presumed to be recovered entirely through sale.

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

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2020

2. Significant accounting policies (continued)

2.18 Provisions

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

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

2.19 Employee compensation

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

(a) Defined contribution plans

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

(b) Employee leave entitlement

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

(c) Share-based compensation

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

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

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

2.20 Borrowing costs

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

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

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2020

2. Significant accounting policies (continued)

2.21 Currency translation

(a) Functional and presentation currency

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

(b) Transactions and balances

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

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

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

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

(c) Translation of Group entities' financial statements

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

- (i) assets and liabilities are translated at the closing exchange rates at the reporting date;
- (ii) income and expenses are translated at average exchange rates (unless the average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated using the exchange rates at the dates of the transactions); and
- (iii) all resulting currency translation differences are recognised in other comprehensive income and accumulated in the currency translation reserve. These currency translation differences are reclassified to profit or loss on disposal or partial disposal of the entity giving rise to such reserve.

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

2.22 Segment reporting

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

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2020

2. Significant accounting policies (continued)

2.23 Cash and bank balances

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

2.24 Share capital and treasury shares

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

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

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

2.25 Dividends

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

3. Critical accounting estimates and assumptions

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

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

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

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

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

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

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

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2020

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

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

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

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

(b) Assessment on impairment of goodwill

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

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

(c) Valuation of investment properties

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

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

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

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2020

4. Revenue

(a) Disaggregation of revenue

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

(b) Contract assets and liabilities

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

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

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2020

4. Revenue (continued)

(b) Contract assets and liabilities (continued)

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

(i) Revenue recognised in relation to contract liabilities

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

(ii) Unsatisfied performance obligations

Aggregate amount of the transaction price allocated to contracts that are partially or fully unsatisfied as at 31 December		
- Construction contracts	570,401	669,259
- Sale of development properties	36,644	-

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

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

(c) Trade receivables from contracts with customers

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

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2020

5. Other income

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

6. Other gains – net

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

7. Expenses by nature

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

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

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

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2020

8. Employee compensation

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

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

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

9. Finance expenses

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

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2020

10. Income taxes

(a) Income tax expense

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

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

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

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2020

10. Income taxes (continued)

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

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

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

Current assets

Income tax receivables	<u>(730)</u>	<u>(1,282)</u>	<u>–</u>	<u>–</u>
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Current liabilities

Current income tax liabilities	<u>463</u>	<u>461</u>	<u>–</u>	<u>–</u>
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(c) Deferred income tax

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

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

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2020

10. Income taxes (continued)

(d) Movements in deferred income tax

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

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

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

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

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2020

10. Income taxes (continued)

(d) Movements in deferred income tax (continued)

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

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

(e) Unutilised tax losses and capital allowances

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

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

11. (Loss)/earnings per share

(a) Basic (loss)/earnings per share

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

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

(b) Diluted (loss)/earnings per share

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

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2020

12. Cash and bank balances

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

13. Investment securities

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

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

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

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

Current

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

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

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2020

13. Investment securities (continued)

(b) Financial assets, at FVOCI

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

Financial assets, at FVOCI are analysed as follows:

Listed securities

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

	1,281	1,686
	–	1,181
	<u>1,281</u>	<u>2,867</u>

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

(c) Financial assets, at amortised cost

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

Financial assets, at amortised cost comprise the following:

Current

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

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2020

14. Trade and other receivables

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

(i) Allowance for impairment of trade receivables of S\$645,000 (2019: write-back of allowance for impairment of S\$1,100,000) is recognised as an expense (2019: reversal of expense) and included in “distribution and marketing expenses”.

(ii) As at 31 December 2020, the other receivables due from non-related parties are unsecured and bear interest at 3.50% (2019: 5.00%) per annum. During the financial year, the Group agreed to extend the maturity date to 31 December 2022 and revised the interest rate to 3.50% per annum.

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

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2020

15. Amounts due from/(to) joint ventures

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

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

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

16. Inventories

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

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

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2020

17. Development properties

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

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

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

18. Other current assets

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

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

19. Investment in associated companies

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

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

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2020

20. Investment in joint ventures

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

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

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

Summarised financial information of joint ventures

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

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

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

Summarised statement of comprehensive income

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

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2020

20. Investment in joint ventures (continued)

Summarised financial information of joint ventures (continued)

Summarised balance sheet

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

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

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2020

20. Investment in joint ventures (continued)

Reconciliation of the summarised financial information

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

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

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

Information about immaterial joint ventures

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

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

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2020

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

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

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2020

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

Summarised financial information of subsidiaries with material non-controlling interests

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

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

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2020

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

Transactions with non-controlling interests

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

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

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

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

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

22. Investment properties

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

The following amounts are recognised in profit or loss:

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

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2020

22. Investment properties (continued)

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

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

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

Fair value hierarchy – Recurring fair value measurements

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

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2020

22. Investment properties (continued)

Valuation technique and inputs used in Level 3 fair value measurements

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

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

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

Valuation processes of the Group

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

At each financial year, management:

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

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

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2020

23. Property, plant and equipment

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

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2020

23. Property, plant and equipment (continued)

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

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

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

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2020

23. Property, plant and equipment (continued)

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

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

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

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

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For the financial year ended 31 December 2020

24. Leases – The Group as a lessee

Nature of the Group's leasing activities

Leasehold land

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

There are no externally imposed covenants on these lease arrangements.

Plant and machinery, motor vehicles and office equipment

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

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

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

(b) Depreciation charge during the year

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

(c) Interest expense

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

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

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

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

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2020

25. Leases – The Group as a lessor

Nature of the Group's leasing activities

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

Rental income from investment properties are disclosed in Note 22.

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

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

26. Goodwill

Cost

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

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

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

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

Key inputs used for value-in-use calculations

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

⁽¹⁾ Budgeted gross margin

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

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

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

NOTES TO THE FINANCIAL STATEMENTS

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27. Trade and other payables

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

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

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

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

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2020

28. Bank borrowings and lease liabilities

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

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

29. Bank borrowings

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

Details of the term loans are as follows:

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

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2020

29. Bank borrowings

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

30. Notes payables

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

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

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

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2020

31. Share capital, treasury shares and reserves

(a) Share capital and treasury shares

Group and Company	No. of ordinary shares		Amount	
	Issued share capital '000	Treasury shares '000	Share capital S\$'000	Treasury shares S\$'000
2020				
Balance at 1 January and 31 December	438,000	(25,541)	36,981	(7,983)
2019				
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	
	2020 S\$'000	2019 S\$'000
<u>Composition</u>		
Fair value reserve	(3,916)	(2,555)
Capital reserve	1,596	1,577
Share-based payment reserve	9	4
	(2,311)	(974)

Other reserves are non-distributable.

Movements

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

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

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2020

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

(b) Other reserves (continued)

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

Performance Share Plan of a subsidiary

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

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

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

(c) Retained profits

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

(d) Currency translation reserve

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

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2020

32. Dividend

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

33. Commitments

Capital commitments

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

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

The contracts are entered into with non-related parties.

34. Financial risk management

Financial risk factors

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

(a) Market risk

(i) Currency risk

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

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

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2020

34. Financial risk management (continued)

(a) Market risk (continued)

(i) Currency risk (continued)

The Group's currency exposure is as follows:

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

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

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2020

34. Financial risk management (continued)

(a) Market risk (continued)

(i) Currency risk (continued)

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

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

(ii) Interest rate risk

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

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

(iii) Price risk

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

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

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

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

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2020

34. Financial risk management (continued)

(b) Credit risk

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

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

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

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

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

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

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

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2020

34. Financial risk management (continued)

(b) Credit risk (continued)

The movement in credit loss allowance are as follows:

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

⁽¹⁾ Loss allowance measured at lifetime expected credit loss

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

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

(i) Trade receivables and contract assets

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

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

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

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

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2020

34. Financial risk management (continued)

(b) Credit risk (continued)

(i) Trade receivables and contract assets (continued)

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

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

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

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2020

34. Financial risk management (continued)

(b) Credit risk (continued)

(ii) Financial guarantee contracts

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

(c) Liquidity risk

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

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

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

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2020

34. Financial risk management (continued)

(d) Capital risk

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

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

	Group	
	2020 S\$'000	2019 S\$'000
Net debt	258,859	284,368
Shareholders' funds	287,888	301,796
Gearing ratio (times)	0.90	0.94

The Group and the Company are in compliance with all externally imposed capital requirements for the financial years ended 31 December 2020 and 2019.

(e) Fair value measurements

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

- (i) quoted price (unadjusted) in active markets for identical assets or liabilities (Level 1);
- (ii) inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (is as prices) or indirectly (i.e. derived from prices) (Level 2); and
- (iii) inputs for the asset or liability that are not based on observable market data (unobservable inputs) (Level 3).

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

Group	Level 1 S\$'000	Level 2 S\$'000	Level 3 S\$'000	Total S\$'000
31 December 2020				
<i>Assets</i>				
Financial assets, at FVOCI	1,281	–	–	1,281
31 December 2019				
<i>Assets</i>				
Financial assets, at fair value through profit or loss	–	–	3,000	3,000
Financial assets, at FVOCI	2,867	–	–	2,867

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34. Financial risk management (continued)

(e) Fair value measurements (continued)

Company	Level 1 S\$'000	Level 2 S\$'000	Level 3 S\$'000	Total S\$'000
31 December 2020				
<i>Assets</i>				
Financial assets, at fair value through profit or loss	218	–	–	218
31 December 2019				
<i>Assets</i>				
Financial assets, at fair value through profit or loss	2,272	–	–	2,272

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

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

For unquoted convertible notes, the fair value is determined using discounted cash flow analysis which involves the use of significant unobservable inputs. These instruments are classified as Level 3.

Valuation techniques and inputs used in Level 3 fair value measurements

Description	Fair value at 31 December 2020 (S\$'000)	Unobservable inputs	Range of unobservable inputs	Relationship of unobservable inputs to fair value
Unquoted convertible notes	Not applicable (2019: 3,000)	Risk adjusted discount rate	Not applicable (2019: 9%-10%)	The higher the discount rate, the lower the fair value

(f) Financial instrument by category

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

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

	Group		Company	
	2020 S\$'000	2019 S\$'000	2020 S\$'000	2019 S\$'000
Financial assets at amortised cost	215,984	205,510	42,386	55,277
Financial liabilities at amortised cost	501,197	514,906	101,651	102,148

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2020

35. Related party transactions

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

(a) Sales and purchases of goods and services

	Group	
	2020 S\$'000	2019 S\$'000
(i) Progressive billing to build residential properties for a joint venture	–	819
(ii) Progressive billing recognised from sale of residential property to related parties	698	–
(iii) Purchase of goods from an associated company	–	186
(iv) Disposal of club membership to a key management personnel	–	174
(v) Construction works performed by a related party	876	6,025

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

Outstanding balances at 31 December 2020 and 2019, arising from sale/purchase of goods and services, are disclosed in Notes 14, 15, and 27.

(b) Key management personnel compensation

Key management personnel compensation is analysed as follows:

Salaries and other short-term employee benefits	6,234	7,000
Post-employment benefits – contribution to Central Provident Fund	207	312
	6,441	7,312

Included in the above was total directors' fees to directors of the Company amounting to S\$454,500 (2019: S\$505,000).

36. Segment information

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

The Exco considers the business from a business segment perspective. Management manages and monitors the business in three main business segments which are Construction & Building Materials, Real Estate and Leisure & Hospitality. The Exco assesses the performance of these business segments based on sales, segment results, segment assets and segment liabilities.

- (a) Construction & Building Materials – This business segment undertakes construction activities for "Engineering and Construction", "Bio-Refinery and Renewable Energy" segments and sales of building materials. Management has aggregated the above businesses under Construction & Building Materials as they have similar economic growth prospects.
- (b) Real Estate – This business segment involves real estate development and rental of properties.
- (c) Leisure & Hospitality – This business segment involves hotel and leisure operations.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2020

36. Segment information (continued)

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

Group (S\$'000)	Construction & Building Materials	Real Estate	Leisure & Hospitality	Others	Total
2020					
Sales					
- External	225,923	15,133	2,010	–	243,066
- Inter-segment	4,213	548	–	563	5,324
	230,136	15,681	2,010	563	248,390
Elimination					(5,324)
					<u>243,066</u>
Results					
Segment results					
- Company and subsidiaries	(12,717)	(254)	(62)	(112)	(13,145)
- Associated companies	(1,071)	–	–	–	(1,071)
- Joint ventures	–	6,844	–	–	6,844
(Loss)/earnings before interest and tax	(13,788)	6,590	(62)	(112)	(7,372)
Interest income (Note 5)					1,986
Finance expenses (Note 9)					(10,833)
Loss before income tax					<u>(16,219)</u>
Other information					
Capital expenditure	3,796	1,793	291	–	5,880
Depreciation	20,875	379	490	–	21,744
Impairment of property, plant and equipment	–	224	–	–	224
As at 31 December 2020					
Segment assets	320,078	352,056	24,693	1,660	698,487
Associated companies	280	–	–	–	280
Joint ventures	–	99,516	–	–	99,516
<u>Unallocated assets:</u>					
Income tax receivables					730
Short-term bank deposits					16,081
Investment securities					4,281
Consolidated total assets					<u>819,375</u>
Segment liabilities	100,121	45,996	299	1,443	147,859
<u>Unallocated liabilities:</u>					
Current income tax liabilities					463
Deferred income tax liabilities					7,775
Bank borrowings, notes payables, and lease liabilities					360,708
Consolidated total liabilities					<u>516,805</u>

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2020

36. Segment information (continued)

Group (S\$'000)	Construction & Building Materials	Real Estate	Leisure & Hospitality	Others	Total
2019					
Sales					
- External	345,081	5,362	3,269	–	353,712
- Inter-segment	6,072	672	1	2,650	9,395
	351,153	6,034	3,270	2,650	363,107
Elimination					(9,395)
					<u>353,712</u>
Results					
Segment results					
- Company and subsidiaries	574	(1,921)	(295)	671	(971)
- Associated companies	135	–	–	–	135
- Joint ventures	–	17,068	–	–	17,068
Earnings/(loss) before interest and tax	709	15,147	(295)	671	16,232
Interest income (Note 5)					2,717
Finance expenses (Note 9)					(10,271)
Profit before income tax					<u>8,678</u>
Other information					
Capital expenditure	41,500	868	159	–	42,527
Depreciation	18,587	410	494	–	19,491
As at 31 December 2019					
Segment assets	343,926	329,174	25,091	1,810	700,001
Associated companies	1,351	–	–	–	1,351
Joint ventures	–	104,453	–	–	104,453
Unallocated assets:					
Income tax receivables					1,282
Short-term bank deposits					45,824
Investment securities					5,867
Consolidated total assets					<u>858,778</u>
Segment liabilities	128,386	27,606	851	1,077	157,920
Unallocated liabilities:					
Current income tax liabilities					461
Deferred income tax liabilities					8,124
Bank borrowings, notes payables, and lease liabilities					369,563
Consolidated total liabilities					<u>536,068</u>

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2020

36. Segment information (continued)

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

- (a) Inter-segment transactions are determined on an arm's length basis. The sales from external parties reported to the Exco are measured in a manner consistent with that in the statement of comprehensive income.
- (b) The Exco assesses the performance of the business segments based on a measure of earnings before interest and tax for continuing operations. This measurement excludes the income or expenses that are not expected to recur regularly in every period. Interest income and finance expenses are not allocated to segments, as this type of activity is driven by the Group Treasury, which manages the cash performance of the Group.
- (i) The amounts provided to the Exco with respect to total assets are measured in a manner consistent with that of the financial statements. All assets are allocated to reportable segments other than income tax receivables, short-term bank deposits and investment securities.
- (ii) The amounts provided to the Exco with respect to total liabilities are measured in a manner consistent with that of the financial statements. All liabilities are allocated to the reportable segments other than current income tax liabilities, deferred income tax liabilities, bank borrowings, notes payables, and lease liabilities.

Geographical information

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

The following table presents sales and non-current assets information for the main geographical areas for the financial years ended 31 December 2020 and 2019.

	Group	
	2020 S\$'000	2019 S\$'000
Total sales		
Singapore	215,263	326,442
Malaysia	6,822	6,536
Indonesia	3,439	3,407
Others	17,542	17,327
	243,066	353,712
Total non-current assets		
Singapore	341,025	338,157
Malaysia	11,818	12,320
Others	14,713	10,132
	367,556	360,609

Information about major customers

Revenue of approximately 49% (2019: 72%) are derived from two (2019: four) major customers. These revenues are attributable to the Construction & Building Materials segment.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2020

37. Significant Group companies

The Group's significant subsidiaries, joint ventures, joint operations and associated companies at 31 December 2020 and 2019 are as follows:

Name of company	Country of incorporation and business	Principal activities	Effective holding by the Group	
			2020	2019
SUBSIDIARIES				
Held by the Company:				
Construction Consortium Pte. Ltd. ^a	Singapore	Investment holding	100%	100%
Koh Brothers Development Pte Ltd ^a	Singapore	Property development and management services	100%	100%
Koh Brothers Eco Engineering Limited ^a	Singapore	Investment holding and management services	77.27%	74.29%
Koh Brothers Holdings Pte Ltd ^a	Singapore	Investment holding and property investment	100%	100%
Koh Brothers Investment Pte Ltd ^a	Singapore	Hotel investment	100%	100%
Oxford Hotel Pte Ltd ^a	Singapore	Hotel management	100%	100%
Held by Subsidiaries:				
G & W Industrial Corporation Pte Ltd ^a	Singapore	Investment holding	100%	100%
G & W Precast Pte Ltd ^a	Singapore	Manufacture of precast products	100%	100%
G & W Ready-Mix Pte Ltd ^a	Singapore	Manufacture of building materials and rental of construction equipment	100%	100%
KBD Kosdale Pte. Ltd. ^a	Singapore	Property investment	100%	100%
KBD Holland Pte. Ltd. ^a	Singapore	Property Development	100%	100%
Koh Brothers Building & Civil Engineering Contractor (Pte.) Ltd. ^a	Singapore	Building and civil engineering contracting	77.27%	74.29%
Koh Eco Engineering Pte. Ltd. ^a	Singapore	Engineering and construction	77.27%	74.29%
Kosland Pte. Ltd. ^a	Singapore	Property investment	100%	100%
Oiltek Sdn. Bhd. ^b	Malaysia	Specialist engineers and commission agent	61.85%	59.46%
G & W Building Materials Sdn. Bhd. ^j	Malaysia	Manufacture of building materials	100%	100%
PT. Koh Brothers Indonesia ^d	Indonesia	Property investment and development	100%	100%

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2020

37. Significant Group companies (continued)

Name of company	Country of incorporation and business	Principal activities	Effective holding by the Group	
			2020	2019
JOINT VENTURE COMPANIES				
Held by Subsidiaries:				
Canberra Development Pte. Ltd. ^c	Singapore	Property investment	50%	50%
Phileap Pte. Ltd. ^c	Singapore	Property development	25%	25%
Daeryun Koh Brothers PFV Co., Ltd. ^h	South Korea	Property development	45%	45%
Atlantic Star Pte. Ltd. ^c	Singapore	Property management	50%	50%
FEC Skypark Pte. Ltd. ^a	Singapore	Property development	20%	20%
Global KB Venture Sdn. Bhd. ⁱ	Malaysia	Property development	25%	25%
JOINT OPERATIONS				
Held by Subsidiary:				
Samsung – Koh Brothers Joint Venture ^{f, #}	Singapore	Construction	23.18%	22.29%
POKB JV ^{a, #}	Singapore	Construction	27.04%	26.00%
Koh Brothers – China Harbour Joint Venture ^{a, #}	Singapore	Construction	46.36%	44.57%
ASSOCIATED COMPANIES				
Held by Subsidiaries:				
Tricaftan Environmental Technology Pte. Ltd. ^e	Singapore	Construction and project management	30.91%	29.72%
SDK Consortium ^g	Singapore	Construction	15.45%	14.86%

^a Audited by PricewaterhouseCoopers LLP, Singapore.

^b Audited by PricewaterhouseCoopers PLT, Malaysia.

^c Audited by Ernst & Young LLP, Singapore.

^d Audited by Riyanto, SE, Ak, Registered Public Accountants.

^e Audited by Reanda Adept Public Accounting Corporation, Singapore.

^f Audited by RSM Chio Lim LLP, Singapore.

^g Audited by Deloitte & Touche LLP, Singapore.

^h Audited by Seonjin Accounting Corporation.

ⁱ Audited by Chong Yew & Co. Malaysia.

^j Audited by Bakertilly HYT Malaysia.

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

[#] These partnerships are regarded as joint operations in accordance with SFRS(I) 11 Joint Arrangements as the joint venture agreements for these partnerships require unanimous consent from all parties and the partners have direct rights to the assets of the partnership and are jointly and severally liable for the liabilities incurred by the partnership. Therefore these partnerships are classified as joint operations and the Group recognise its direct right to the jointly held assets, liabilities, revenues and expenses as described in Note 2.4(d).

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2020

38. New or revised accounting standards and interpretations

Below are the mandatory standards, amendments and interpretations to existing standards that have been published, and are relevant for the Group's accounting periods beginning on or after 1 January 2021 and which the Group has not early adopted:

Interest Rate Benchmark Reform

The Phase 2 amendments to SFRS(I) 9, SFRS(I) 1-39, SFRS(I) 7 and SFRS(I) 16 are applicable for periods beginning on or after 1 January 2021 ("Phase 2 amendments"). The Phase 2 amendments provide further reliefs for hedge accounting as well as practical expedients for modifications of debts instruments and lease liabilities for lessees with Interbank Offer Rates ("IBOR") based terms. The Group has not early adopted the Phase 2 amendments.

Management is currently assessing the impact of the Phase 2 amendments on the Group which could impact the IBOR-based borrowings amounting to S\$254,670,000.

39. Events occurring after balance sheet date

On 15 March 2021, a subsidiary of the Group, KBE, announced that it had entered into a share subscription agreement (the "Subscription Agreement") with Penta-Ocean Construction Co. Ltd. ("POC"). Pursuant to the Subscription Agreement, POC will subscribe for, and KBE will allot and issue to POC 810,000,000 new ordinary shares in the capital of KBE (the "Subscription Shares") at an issue price of S\$0.047 per subscription share, amounting to an aggregate consideration of S\$38,070,000, which shall be satisfied by POC in cash. The completion of the proposed subscription is conditional upon, amongst others, (i) KBE obtaining the approval of its shareholders in a general meeting, (ii) the Company (as ultimate holding company of KBE) obtaining the approval of its shareholders at a general meeting, and (iii) the issuance of a listing and quotation notice from the SGX-ST for the listing and quotation of the Subscription Shares.

40. Authorisation of financial statements

These financial statements were authorised for issue in accordance with a resolution of the Board of Directors of Koh Brothers Group Limited on 7 April 2021.

STATISTICS OF SHAREHOLDINGS

As at 22 March 2021

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 22 MARCH 2021

Size of Shareholdings	No. of Shareholders	%	No. of Shares	%
1 - 99	4	0.05	124	0.00
100 - 1,000	110	1.26	83,000	0.02
1,001 - 10,000	6,677	76.64	30,449,726	7.38
10,001 - 1,000,000	1,898	21.79	93,235,290	22.61
1,000,001 AND ABOVE	23	0.26	288,690,960	69.99
TOTAL	8,712	100.00	412,459,100	100.00

TWENTY LARGEST SHAREHOLDERS AS AT 22 MARCH 2021

No.	Shareholder's Name	No. of Shares	%
1	HSBC (Singapore) Nominees Pte Ltd	60,419,100	14.65
2	Koh Keng Hiong	55,260,100	13.40
3	Koh Teak Huat	35,713,088	8.66
4	Koh Keng Siang	29,807,035	7.23
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	9,998,800	2.42
9	Koh Tiat Meng	8,908,654	2.16
10	DBS Nominees Pte Ltd	6,071,800	1.47
11	OCBC Securities Private Ltd	4,169,084	1.01
12	United Overseas Bank Nominees Pte Ltd	3,758,400	0.91
13	Tan Thian Hwee	2,651,600	0.64
14	Ong Sze Wang (Wang Siyuan)	2,550,300	0.62
15	Tan Noi Soon	2,400,000	0.58
16	OCBC Nominees Singapore Pte Ltd	2,172,700	0.53
17	Citibank Nominees Singapore Pte Ltd	2,017,000	0.49
18	Chin Kian Fong	1,260,000	0.31
19	Chin Kiam Hsung	1,250,000	0.30
20	Ang Jui Khoon	1,129,000	0.27
	TOTAL	285,415,275	69.19

STATISTICS OF SHAREHOLDINGS

As at 22 March 2021

SUBSTANTIAL SHAREHOLDERS

Name of Substantial Shareholders	Direct Interest		Deemed Interest	
	Number of Shares	%	Number of Shares	%
Koh Teak Huat	35,713,088	8.66	325,000 ⁽¹⁾	0.08
Koh Keng Siang	30,007,035	7.28	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
Phua Siew Gaik	20,000	0.00	60,000,000 ⁽⁴⁾	14.55
Rachel Koh Han Ling	Nil	Nil	60,000,000 ⁽⁴⁾	14.55
Benjamin Koh Yong Jun	Nil	Nil	60,000,000 ⁽⁴⁾	14.55
Nicholas Koh Yong Wei	Nil	Nil	60,000,000 ⁽⁴⁾	14.55
Kohs Investments Limited ⁽⁵⁾	60,000,000	14.55	Nil	Nil
HSBC Trustee (Singapore) Limited	Nil	Nil	60,000,000 ⁽⁵⁾	14.55
HSBC International Trustee Limited	Nil	Nil	60,000,000 ⁽⁵⁾	14.55
HSBC International Trustee (Holdings) Pte. Limited	Nil	Nil	60,000,000 ⁽⁵⁾	14.55
The Hongkong and Shanghai Banking Corporation Limited	Nil	Nil	60,000,000 ⁽⁵⁾	14.55
HSBC Asia Holdings Limited	Nil	Nil	60,000,000 ⁽⁵⁾	14.55
HSBC Holdings plc	Nil	Nil	60,000,000 ⁽⁵⁾	14.55

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 Investments Limited 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⁾ The deemed interest arises from the 60,000,000 shares held by Kohs Investments Limited, which is wholly owned by The Kohs Trust set up pursuant to the Trust Deed dated 11 January 2017 (the "Trust"). The Trust is a discretionary trust of which the present eligible beneficiaries are Mr Koh Keng Siang, his wife (Mdm Phua Siew Gaik), their children (Rachel Koh Han Ling, Benjamin Koh Yong Jun and Nicholas Koh Yong Wei), and their remoter issue. Pursuant to Section 4 of the Securities and Futures Act, Chapter 289, the beneficiaries of the Trust are deemed to have an interest in the 60,000,000 shares held by Kohs Investments Limited.
- ⁽⁵⁾ Kohs Investments Limited is wholly owned by a trust for which HSBC Trustee (Singapore) Limited acts as trustee. HSBC Trustee (Singapore) Limited is wholly owned by HSBC International Trustee Limited, which is, in turn, wholly owned by HSBC International Trustee (Holdings) Pte. Limited, which is, in turn, wholly owned by The Hongkong and Shanghai Banking Corporation Limited, which is, in turn, wholly owned by HSBC Asia Holdings Limited, which is, in turn, wholly owned by HSBC Holdings plc.

SHAREHOLDINGS HELD BY PUBLIC

Based on the information available to the Company as at 22 March 2021, approximately 43.72% 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

NOTICE IS HEREBY GIVEN that the Annual General Meeting of Koh Brothers Group Limited (the “**Company**”) will be held by way of electronic means (see Notes 1 to 6) on Tuesday, 27 April 2021 at 4.00 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 2020. **(Resolution 1)**
2. To re-elect Mr Koh Teak Huat, the Director retiring by rotation pursuant to Regulation 110 of the Constitution of the Company. **(Resolution 2)**
3. To re-elect Er Dr Lee Bee Wah, the Director retiring by rotation pursuant to Regulation 110 of the Constitution of the Company. **(Resolution 3)**
4. To re-elect Mr Lai Mun Onn, the Director retiring by rotation pursuant to Regulation 110 of the Constitution of the Company. **(Resolution 4)**
5. To re-elect Mr Low Yee Khim, the Director retiring by rotation pursuant to Regulation 110 of the Constitution of the Company. **(Resolution 5)**
6. To approve the sum of S\$454,500 as Directors’ fees for the year ended 31 December 2020. (FY2019: S\$505,000) **(Resolution 6)**
7. To re-appoint PricewaterhouseCoopers LLP as the Auditor of the Company and to authorise the Directors to fix its remuneration. **(Resolution 7)**

SPECIAL BUSINESS

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

8. That contingent upon the passing of Resolution 4 and the passing of Resolution 8B and in accordance with Rule 210(5)(d)(iii)(A) of the Listing Manual of the Singapore Exchange Securities Trading Limited (“**SGX-ST**”), which will take effect on 1 January 2022: **(Resolution 8A)**
 - (a) members to approve the continued appointment of Mr Lai Mun Onn as an Independent Director of the Company with effect from 1 January 2022; and
 - (b) such appointment as an Independent Director shall continue in force until the earlier of (i) the retirement or resignation of Mr Lai Mun Onn as a Director, or (ii) the conclusion of the third annual general meeting of the Company following the passing of this Resolution.
9. That contingent upon the passing of Resolution 4 and the passing of Resolution 8A and in accordance with Rule 210(5)(d)(iii)(B) of the Listing Manual of the SGX-ST, which will take effect on 1 January 2022: **(Resolution 8B)**
 - (a) members (excluding the Directors and Chief Executive Officer (“**CEO**”) of the Company, and associates of such Directors and CEO) to approve the continued appointment of Mr Lai Mun Onn as an Independent Director of the Company with effect from 1 January 2022; and
 - (b) such appointment as an Independent Director shall continue in force until the earlier of (i) the retirement or resignation of Mr Lai Mun Onn as a Director, or (ii) the conclusion of the third annual general meeting of the Company following the passing of this Resolution.

NOTICE OF ANNUAL GENERAL MEETING

10. Proposed Renewal of Share Issue Mandate

(Resolution 9)

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

- (a) (i) issue shares in the capital of the Company ("**shares**") whether by way of rights, bonus or otherwise; and/or
- (ii) make or grant offers, agreements or options (collectively, "**Instruments**") that might or would require shares to be issued during the continuance of this authority or thereafter, including but not limited to the creation and issue of (as well as adjustments to) warrants, debentures or other instruments convertible into shares,

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

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

provided that:

- (1) the aggregate number of shares to be issued pursuant to this Resolution (including shares to be issued in pursuance of Instruments made or granted pursuant to this Resolution) does not exceed 50% of the total number of issued shares of the Company excluding treasury shares and subsidiary holdings (as calculated in accordance with paragraph (2) below), of which the aggregate number of shares to be issued other than on a pro rata basis to shareholders of the Company (including shares to be issued in pursuance of Instruments made or granted pursuant to this Resolution) shall not exceed 20% of the total number of issued shares excluding treasury shares and subsidiary holdings (as calculated in accordance with paragraph (2) below);
- (2) (subject to such manner of calculation as may be prescribed by the 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 Annual General Meeting of the Company or the date by which the next Annual General Meeting of the Company is required by law to be held, whichever is the earlier.

NOTICE OF ANNUAL GENERAL MEETING

11. Proposed Renewal of Share Purchase Mandate

(Resolution 10)

That:

- (a) for the purposes of Sections 76C and 76E of the Companies Act (Chapter 50 of Singapore) ("**Companies Act**"), as may be amended or modified from time to time, the exercise by the Directors of the Company of all the powers of the Company to purchase or otherwise acquire issued and fully paid ordinary shares in the capital of the Company (the "**Shares**") not exceeding in aggregate the Prescribed Limit (as hereinafter defined), at such 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
- (ii) off-market purchases (each an "**Off-Market Purchase**") effected otherwise than on the SGX-ST in accordance with any equal access scheme(s) as may be determined or formulated by the Directors of the Company as they consider fit, which scheme(s) shall satisfy all the conditions prescribed by the Companies Act,

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

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

- (i) the date on which the next Annual General Meeting of the Company is held;
- (ii) the date by which the next Annual General Meeting of the Company is required by law to be held; or
- (iii) the date on which purchases or acquisitions of Shares are carried out to the full extent mandated;

- (c) in this Resolution:

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

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

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

- (i) in the case of a Market Purchase, 105% of the Average Closing Price (as hereinafter defined); and
- (ii) in the case of an Off-Market Purchase, 120% of the Average Closing Price (as hereinafter defined),

NOTICE OF ANNUAL GENERAL MEETING

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;

“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

12 April 2021

NOTICE OF ANNUAL GENERAL MEETING

Explanatory Notes:

- Ordinary Resolution 3: Er Dr Lee Bee Wah will, upon re-appointment as a Director of the Company, remain as the Chairperson of the Audit and Risk Committee and Lead Independent Director. She is considered independent for the purposes of Rule 704(8) of the Listing Manual of the SGX-ST.
- Ordinary Resolution 4: Lai Mun Onn will, upon being re-elected as a Director of the Company, remain as an Independent Director of the Company and will be the Chairman of the Remuneration Committee, and a member of the Audit and Risk Committee, Nominating Committee and Share Purchase Committee. He is considered independent for the purposes of Rule 704(8) of the Listing Manual of the SGX-ST.
- Ordinary Resolution 5: Low Yee Khim will, upon re-appointment as a Director of the Company, remain as an Independent Director of the Company. He is considered independent for the purposes of Rule 704(8) of the Listing Manual of the SGX-ST.
- Resolutions 8A and 8B: Rule 210(5)(d)(iii) of the Listing Manual of the SGX-ST provides that with effect from 1 January 2022, a director will not be independent if he has been a director for an aggregate period of more than 9 years and his continued appointment as an independent director has not been sought and approved in separate resolutions by (a) all shareholders; and (b) shareholders, excluding the directors and the chief executive officer of the issuer and their respective associates (who must not accept appointment as proxies unless specific instructions as to voting are given) ("**two-tier voting**").

Mr Lai Mun Onn is an Independent Director who as of 1 January 2022, would have served on the Board for an aggregate period of more than 9 years and will cease to be regarded as independent on such date when Rule 210(5)(d)(iii) of the Listing Manual of the SGX-ST comes into effect on 1 January 2022, unless his continued appointment as an independent director from 1 January 2022 is approved under the two-tier voting process as mentioned above. In anticipation of Rule 210(5)(d)(iii) of the Listing Manual of the SGX-ST coming into effect from 1 January 2022, the Company is proposing to seek the requisite approvals from shareholders for his continued appointment as an independent director with effect from 1 January 2022 by passing Resolutions 8A and 8B.

The two-tier voting is contingent upon each other. If Resolution 4, 8A and 8B are passed, the appointment of Mr Lai Mun Onn as an Independent Director shall continue from 1 January 2022 upon Rule 210(5)(d)(iii) of the Listing Manual of the SGX-ST coming into effect, until the earlier of (i) his retirement or resignation as a Director; or (ii) the conclusion of the third annual general meeting of the Company following the passing of both Resolution 8A and Resolution 8B. If Resolution 4 is passed but either Resolution 8A or 8B is not passed, Mr Lai Mun Onn will step down as a Director on or before 1 January 2022 but before such time, shall continue in office as an independent director.

Upon such resignation, the Board and the Nominating Committee will, guided by the criteria in the Listing Manual of the SGX-ST and the Code of Corporate Governance (the "**Code**"), review the composition of the Board as well as the Audit and Risk Management Committee, Remuneration Committee and Nominating Committee, so as to ensure that the composition of the Board and of such committees complies with the requirements of the Listing Manual of the SGX-ST and the Code. An announcement will be made at the appropriate time.

Please refer to the section entitled "Additional Information on Directors Seeking Re-election" for more information on Mr Lai Mun Onn.

- Ordinary Resolution 9: This Resolution is to empower the Directors from the date of the Annual General Meeting until the date of the next Annual General Meeting to issue further shares and Instruments in the Company, including a bonus or rights issue. The maximum number of shares of which the Directors may issue under this Resolution shall not exceed the quantum set out in the Resolution.
- Ordinary Resolution 10: This Resolution is to renew the Share Purchase Mandate which was approved by shareholders on 25 June 2020. Please refer to the Appendix to this Notice of Annual General Meeting for more details.

Notes:

1. The Annual General Meeting will be held by way of electronic means pursuant to the COVID-19 (Temporary Measures) (Alternative Arrangements for Meetings for Companies, Variable Capital Companies, Business Trusts, Unit Trusts and Debenture Holders) Order 2020. Printed copies of this Notice of Annual General Meeting will not be sent to members. Instead, this Notice of Annual General Meeting 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.

NOTICE OF ANNUAL GENERAL MEETING

2. Alternative arrangements relating to attendance at the Annual General Meeting via electronic means (including arrangements by which the meeting can be electronically accessed via live audio-visual webcast or live audio-only stream), submission of questions to the Chairman of the Annual General Meeting in advance of the Annual General Meeting, addressing of substantial and relevant questions at or prior to the Annual General Meeting and voting by appointing the Chairman of the Annual General Meeting as proxy at the Annual General Meeting, are set out in the accompanying Company's announcement dated 12 April 2021. This announcement may be accessed at the Company's website at the URL <https://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>.
3. **To minimise physical interactions and COVID-19 transmission risks, a member will not be able to attend the Annual General Meeting in person. A member will also not be able to vote online on the resolutions to be tabled for approval at the Annual General Meeting. A member (whether individual or corporate) must appoint the Chairman of the Annual General Meeting ("Chairman") as his/her/its proxy to attend, speak and vote on his/her/its behalf at the Annual General Meeting if such member wishes to exercise his/her/its voting rights at the Annual General Meeting. The Chairman, as proxy, need not be a member of the Company.** The instrument for the appointment of proxy ("proxy form") may be accessed at the Company's website at <https://www.kohbrothers.com/for-investors> or the SGXNet. Where a member (whether individual or corporate) appoints the Chairman 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 as proxy for that resolution will be treated as invalid.
4. The proxy form is not valid for use by investors who hold Shares through relevant intermediaries ("**Investors**") (including 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 his/her voting instructions in order for the relevant intermediary to make the necessary arrangements to pre-register. A CPF/SRS investor who wishes to vote should approach his/her CPF Agent Bank or SRS Operator to submit his/her voting instructions by 5.00 p.m. on 16 April 2021, being 7 working days before the date of the Annual General Meeting.
5. **The proxy form must be submitted to the Company in the following manner:**
 - (a) if submitted by post, be lodged at the registered office of the Company at 11 Lorong Pendek, Koh Brothers Building, Singapore 348639 (Attn: The Company Secretary); or
 - (b) if submitted electronically, be submitted via email to kohbrothersgroup-agm@complete-corp.com,in either case, by 4.00 p.m. on 24 April 2021, being 72 hours before the time appointed for holding the Annual General Meeting.

A member who wishes to submit the proxy form must first download, 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.

In view of the current COVID-19 situation and the related safe distancing measures which may make it difficult for members to submit completed proxy forms by post, members are strongly encouraged to submit completed proxy forms electronically via email.
6. All documents (including the Annual Report, Proxy Form, this Notice of Annual General Meeting and the Appendix to this Notice of Annual General Meeting) or information relating to the business of the Annual General Meeting have been, or will be, published on SGXNet and/or the Company's website at <https://www.kohbrothers.com/for-investors>. **Printed copies of the documents will not be despatched to members.** Members and Investors are advised to check SGXNet and/or the Company's website regularly for updates.

Personal Data Privacy:

By submitting the proxy form appointing the Chairman to attend, speak and vote at the Annual General Meeting and/or any adjournment thereof, a member of the Company 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 the appointment of the Chairman as proxy for the Annual General Meeting (including any adjournment thereof) and the preparation and compilation of the attendance lists, minutes, and other documents relating to the Annual General Meeting (including any adjournment thereof), and in order for the Company (and/or its agents or service providers) to comply with any applicable laws, listing rules, regulations and/or guidelines.

In the case of a member who is a relevant intermediary, by submitting an instrument containing personal data of individuals, such member (i) warrants that it has obtained the prior consent of such individuals for the collection, use and disclosure by the Company (and/or its agents or service providers) of the personal data of such individuals in connection with their participation in the broadcast of the Annual General Meeting (including any adjournment thereof) and the preparation and compilation of the attendance lists, minutes, and other documents relating to the Annual General Meeting (including any adjournment thereof), and in order for the Company (and/or its agents or service providers) to comply with any applicable laws, listing rules, regulations and/or guidelines, and (ii) 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	Er. Dr. Lee Bee Wah	Lai Mun Onn	Low Yee Khim
Date of appointment	2 February 1994	1 July 2015	30 July 1994	1 January 2019
Date of last re-appointment	17 April 2019	26 April 2018	17 April 2019	17 April 2019
Age	72	60	72	68
Country of principal residence	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 45 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 is beneficial to board deliberations	Er Dr Lee is a Licensed Professional Engineer who became the first woman President of the Institution of Engineers Singapore. She is also the first Singaporean to be awarded Honorary Fellow of the Institution of Structural Engineers in the United Kingdom. Her experience will continue to enhance board deliberations	Mr Lai Mun Onn is a lawyer by profession, and brings with him a wealth of expertise on legal matters. His 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 Singapore listed companies for more than 30 years. His extensive work experiences will enhance board deliberations
Where appointment is executive, and if so, the area of responsibility	Executive	Non-Executive	Non-Executive	Non-Executive
Job title (e.g. Lead ID, AC Chairman, AC Member etc.)	<ul style="list-style-type: none"> Executive Deputy Chairman Member of Executive Committee 	<ul style="list-style-type: none"> Non-Executive and Lead Independent Director Chairperson of Audit & Risk Committee 	<ul style="list-style-type: none"> Non-Executive and Independent Director Chairman of Remuneration Committee Member of Audit & Risk Committee Member of Nominating Committee Member of Share Purchase Committee 	<ul style="list-style-type: none"> Non-Executive and Independent Director
Professional qualifications		<ul style="list-style-type: none"> Honorary Doctorate, University of Liverpool Master of Science (Engineering), University of Liverpool Bachelor of Civil Engineering, Nanyang Technological University 	<ul style="list-style-type: none"> Bachelor of Law with Honours, University of London Barrister-at-Law, Lincoln's Inn Called to the Bar on 11 August 1982 	<ul style="list-style-type: none"> Fellow of the Institute of Singapore Chartered Accountants
Working experience and occupation(s) during the past 10 years	<u>1994 to Present</u> Executive Deputy Chairman of KBGL. Main contributor to the growth of KBGL Group's core businesses and has more than 45 years' experience in the construction industry with in-depth expertise in managing drainage, excavation and reclamation projects.	<u>2014 to Present</u> <ul style="list-style-type: none"> Group Director of Meinhardt (Singapore) Pte Ltd Principal Partner of LBW Consultants LLP 	<u>1985 to Present</u> Managing Partner of Lai Mun Onn & Co.	<u>March 2007 to February 2016</u> Chief Operating Officer of Heeton Holdings Ltd. <u>October 2005 to February 2016</u> Executive Director of Heeton Holdings Ltd.

ADDITIONAL INFORMATION ON DIRECTORS SEEKING RE-ELECTION

	Koh Teak Huat	Er. Dr. Lee Bee Wah	Lai Mun Onn	Low Yee Khim
Shareholding interest in the listed issuer and its subsidiaries	<ul style="list-style-type: none"> • 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"). • 1,457,448 direct interest in Warrants W211112 of KBEEL • 2,254,915 direct interest in Warrants W230925 of KBEEL 	<ul style="list-style-type: none"> • 605,000 direct interest in ordinary shares of KBGL 	<ul style="list-style-type: none"> • 100,000 direct interest in ordinary shares of KBGL. • 14,000 direct interest in ordinary shares of KBEEL. • 4,524 direct interest in Warrants W211112 of KBEEL 	Nil
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	<ul style="list-style-type: none"> • Brother of Koh Tiat Meng, the Executive Chairman of KBGL. 	Nil	Nil	Nil
Conflict of interest (including any competing business)	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
Other principal commitments including directorships	<p>Past (for the last 5 years)</p> <ul style="list-style-type: none"> • Koh Brothers Building & Civil Engineering Contractor (Pte.) Ltd. • MS Tech Trading Pte. Ltd. • Tung Xin Investment Pte. Ltd. • Brothers Realty Pte. Ltd. <p>Present</p> <ul style="list-style-type: none"> • Changi Properties Pte. Ltd. • Construction Consortium Pte. Ltd. • G & W Industrial Corporation Pte Ltd • G & W Industries Pte Ltd • G & W Precast Pte Ltd • Canberra Development Pte Ltd 	<p>Past (for the last 5 years)</p> <ul style="list-style-type: none"> • Nanyang Learning House Pte Ltd • Trailblazer Foundation Ltd. • LBW Engineering Pte. Ltd. <p>Present</p> <ul style="list-style-type: none"> • Koh Brothers Group Limited • Mandai Park Holdings Pte. Ltd. • Amcorp Global Ltd • Building and Construction Authority 	<p>Past (for the last 5 years)</p> <ul style="list-style-type: none"> • Super Group Ltd. <p>Present</p> <ul style="list-style-type: none"> • Koh Brothers Group Limited • Fuji Offset Plates Manufacturing Ltd 	<p>Past (for the last 5 years)</p> <p>Nil</p> <p>Present</p> <ul style="list-style-type: none"> • Koh Brothers Group Limited

ADDITIONAL INFORMATION ON DIRECTORS SEEKING RE-ELECTION

	Koh Teak Huat	Er. Dr. Lee Bee Wah	Lai Mun Onn	Low Yee Khim
	Present (continued) <ul style="list-style-type: none"> ● 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. ● Lucieville Pte. Ltd. ● Mallow Pte. Ltd. ● MS Precision Pte. Ltd. ● Nececity Pte. Ltd. ● T. H. Koh Investments Pte. Ltd. ● Value Land Pte. Ltd. ● New City Investment 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
(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
(c) Whether there is any unsatisfied judgment against him?	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
(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

ADDITIONAL INFORMATION ON DIRECTORS SEEKING RE-ELECTION

	Koh Teak Huat	Er. Dr. Lee Bee Wah	Lai Mun Onn	Low Yee Khim
(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
(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
(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
(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
(j) Whether he has ever, to his knowledge, been concerned with the management or conduct, in Singapore or elsewhere, of the affairs of: <ul style="list-style-type: none"> (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
(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

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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 by way of electronic means pursuant to the COVID-19 (Temporary Measures) (Alternative Arrangements for Meetings for Companies, Variable Capital Companies, Business Trusts, Unit Trusts and Debenture Holders) Order 2020. 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. Alternative arrangements relating to attendance at the Meeting via electronic means (including arrangements by which the Meeting can be electronically accessed via "live" audio-and-video webcast or "live" audio-only stream), submission of questions to the Chairman in advance of the Meeting, addressing of substantial and relevant questions at or prior to the Meeting and voting by appointing the Chairman as proxy at the Meeting, are set out in the Notice of the Meeting and the accompanying Company's announcement dated or prior to 12 April 2021. This announcement may be accessed at the Company's website at <https://www.kohbrothers.com/for-investors> and the SGXNet.
3. **To minimise physical interactions and COVID-19 transmission risks, members will not be able to attend the Meeting in person. A member will also not be able to vote online on the resolutions to be tabled for approval at the Meeting. A member (whether individual or corporate) who wishes to exercise his/her/its vote must appoint the Chairman as his/her/its proxy to attend, speak and vote on his/her/its behalf at the Meeting if such member wishes to exercise his/her/its voting rights at the Meeting. In appointing the Chairman as proxy, a member must give specific instructions as to voting, or abstentions from voting, in the proxy form, failing which the appointment will be treated as invalid.**
4. 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 (Chapter 50 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 16 April 2021**, being 7 working days before the date of the Meeting, to submit his/her voting instructions.
5. By submitting this proxy form, the member accepts and agrees to the personal data privacy terms set out in the Notice of the Meeting.
6. **Please read the notes overleaf which contain instructions on, *inter alia*, the appointment of the Chairman as a member's proxy to attend, speak and vote on his/her/its behalf at the Meeting.**

I/We, _____ (Name) _____ (NRIC/Passport/Co Reg No.)

of _____ (Address)

being a member/members of Koh Brothers Group Limited (the "**Company**") hereby appoint the Chairman of the Annual General Meeting (the "**Chairman**") as my/our proxy/proxies to attend, speak and vote for me/us on my/our behalf at the Annual General Meeting (the "**Meeting**") of the Company to be held by way of electronic means on Tuesday, 27 April 2021 at 4.00 p.m. and at any adjournment thereof.

(Voting will be conducted by poll. Please indicate with a "✓" in the spaces whether you wish your vote(s) to be cast for or against, or abstain from voting, in respect of all your Shares for each Resolution as set out in the Notice of the Meeting. 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 in respect of a Resolution, the appointment of the Chairman as your proxy for that Resolution will be treated as invalid.)

NO.	RESOLUTION	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 2020 (Resolution 1)			
2	To re-elect Mr Koh Teak Huat as a Director (Resolution 2)			
3	To re-elect Er Dr Lee Bee Wah as a Director (Resolution 3)			
4	To re-elect Mr Lai Mun Onn as a Director (Resolution 4)			
5	To re-elect Mr Low Yee Khim as a Director (Resolution 5)			
6	To approve Directors' fees (Resolution 6)			
7	To re-appoint PricewaterhouseCoopers LLP as the auditor and to authorise the Directors to fix their remuneration (Resolution 7)			
Special Business				
8	To approve the continued appointment of Mr Lai Mun Onn as an Independent Director with effect from 1 January 2022, by members (Resolution 8A)			
9	To approve the continued appointment of Mr Lai Mun Onn as an Independent Director with effect from 1 January 2022, by members (excluding the Directors and Chief Executive Officer (" CEO ") of the Company, and associates of such Directors and CEO) (Resolution 8B)			
10	To approve the proposed renewal of the Share Issue Mandate (Resolution 9)			
11	To approve the proposed renewal of the Share Purchase Mandate (Resolution 10)			

Dated this _____ day of _____ 2021.

Total number of shares held

Signature(s) or Common Seal of Member(s)*(Please read notes overleaf before completing this Form.)*

Notes:

1. If the member has shares entered against his name in the Depository Register (maintained by The Central Depository (Pte) Limited), he should insert that number of shares. If the member has shares registered in his name in the Register of Members (maintained by or on behalf of the Company), he should insert that number of shares. If the member has shares entered against his name in the Depository Register and registered in his name in the Register of Members, he should insert the aggregate number of shares. If no number is inserted, this form of proxy will be deemed to relate to all shares held by the member.
2. **To minimise physical interactions and COVID-19 transmission risks, members will not be able to attend the Meeting in person. A member will also not be able to vote online on the resolutions to be tabled for approval at the Meeting. A member (whether individual or corporate) must appoint the Chairman as his/her/its proxy to attend, speak and vote on his/her/its behalf at the Meeting if such member wishes to exercise his/her/its voting rights at the Meeting.** This proxy form may be accessed at the Company's website at <https://www.kohbrothers.com/for-investors> and the SGXNet. Where a member (whether individual or corporate) appoints the Chairman 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 as proxy for that resolution will be treated as invalid.
3. This proxy form is not valid for use by 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 his/her 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 16 April 2021, being 7 working days before the date of the Meeting, to submit his/her voting instructions.
4. The proxy form must be submitted to the Company in the following manner:
 - (a) if submitted by post, be lodged at the registered office of the Company at 11 Lorong Pendek, Koh Brothers Building, Singapore 348639 (Attn: The Company Secretary); or
 - (b) if submitted electronically, be submitted via email to kohbrothersgroup-agm@complete-corp.com,

in either case, by 4.00 p.m. on 24 April 2021, being 72 hours before the time appointed for holding the Meeting.

A member who wishes to submit the proxy form must first download, 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.

In view of the current COVID-19 situation and the related safe distancing measures which may make it difficult for members to submit completed proxy forms by post, members are strongly encouraged to submit completed proxy forms electronically via email.

5. The instrument appointing the Chairman of the Meeting as proxy must be under the hand of the appointor or of his attorney duly authorised in writing. Where the instrument appointing the Chairman of the Meeting as 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 an instrument appointing the Chairman of the Meeting as proxy 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, Chapter 50.
7. The Company shall be entitled to reject the instrument appointing a proxy or proxies if it is incomplete, improperly completed or illegible or where the true intentions of the appointor are not ascertainable from the instructions of the appointor specified in the instrument (including any related attachment) appointing the Chairman of the Meeting as proxy. In addition, in the case of shares entered in the Depository Register, the Company may reject any instrument appointing the Chairman of the Meeting as proxy 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.

CORPORATE INFORMATION

REGISTERED OFFICE

11 Lorong Pendek
Koh Brothers Building
Singapore 348639
Tel: (65) 6289 8889
Fax: (65) 6841 5400
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
Lai Mun Onn
Non-Executive and Independent Director
Gn Hiang Meng
Non-Executive and Independent Director
Ow Yong Thian Soo
Non-Executive and Independent Director
Low Yee Khim
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
Gn Hiang Meng
Ow Yong Thian Soo

NOMINATING COMMITTEE

Ow Yong Thian Soo (Chairman)
Lai Mun Onn
Gn Hiang Meng
Koh Keng Siang

REMUNERATION COMMITTEE

Lai Mun Onn (Chairman)
Gn Hiang Meng
Ow Yong Thian Soo

SHARE PURCHASE COMMITTEE

Gn Hiang Meng (Chairman)
Lai Mun Onn
Ow Yong Thian Soo

COMPANY SECRETARY

Therese Ng

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.
105 Cecil Street
#09-01 The Octagon
Singapore 069534
Contact Persons: **Dolores Phua / Melissa Sim**
Tel: (65) 6589 2383 / 6589 2379



Building Cities Building Dreams

KOH BROTHERS GROUP LIMITED

(Unique Entity Number: 1994007750)

(Incorporated in Singapore)

11 Lorong Pendek

Koh Brothers Building

Singapore 348639

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