Annual Reports and Related Documents::

Issuer & Securities

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Announcement Details

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Designation	MANAGING DIRECTOR & GROUP CEO
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Additional Details

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Attachments	KOH Brothers Annual Report 2015.pdf KOH_Brothers_Appendix.pdf Total size =2157K

Soaring In Tandem With The Nation

ANNUAL REPORT **2015**

CONTENTS

CELEBRATING 50 YEARS

of Business Excellence!

We have come a long way together with Singapore, our motherland, in building our nation through 50 years of diligence and sheer commitment. With the same one vision, our team at the helm of the Group has helped shape the skyline of our country and shares the Singapore dream together with all our customers, business associates and staff alike. Today, we celebrate our Golden Jubilee year with this dream and we are forging forward to another 50 years of team and nation building for our country locally and abroad.

許兄弟 KOH BROS

Building Cities Building Dreams

KOHBROS

OUR CORE VALUES

STATEMENT

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

Knowledge

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

The Company provides equal opportunity to all individuals to be innovative so as to bring the Company to the next level of excellence.

Standards

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

OUR PROMISE

At **Koh Brothers,** customer satisfaction is our priority. To achieve this, we are committed to delivering 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 of excelling and growing our organisation to achieve shareholder satisfaction.

OUR CORPORATE PROFILE

Listed on SGX Mainboard in August 1994, Koh Brothers Group Limited ("Koh Brothers" or "the Company", and together with its subsidiaries, "the Group") is a well-established construction, property development and specialist engineering solutions provider, which was started as a sole proprietorship in 1966 by Mr Koh Tiat Meng. Today, the Group has more than 40 subsidiaries, joint venture companies and associated companies spread over Singapore, PRC, Indonesia and Malaysia.

Over the years, the Group has undertaken numerous construction and infrastructure projects with its A1 grading by the Building and Construction Authority ("BCA"). It is currently the highest grade for contractors' registration in this category and allows us to tender for public sector construction projects of unlimited value. In addition, the Group has developed a name for itself as a niche real estate developer, with an established reputation for quality and innovation.

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

- **Construction and Building Materials**
- **Real Estate**
- **Leisure & Hospitality**

Construction

Our Construction division provides a complete and diverse range of infrastructure and building project management, products, services and solutions for the construction industry. Recent projects undertaken include a joint venture with Samsung C & T Corporation for a S$1.12 billion contract for the development of a three-runway system at Changi Airport, the development of an executive condominium project at Westwood Avenue, the erection of a single-storey and single-user workshop at Tuas South Street 6, the HDB building works at Yishun Neighbourhood 6 Contract 19 and Neighbourhood Park, the PUB Bukit Timah First Diversion Canal Contract 2, the Used Water Lift Station at Jurong Water Reclamation Plant, the Design and Build Contract for the Proposed Retention Pond, Drainage and Backfilling Works at Singapore Changi Airport and the improvement to Kallang River between Bishan Road and Braddell Road project.

Some of our recently completed projects include the Bugis MRT Station (Downtown Line 1) and the Punggol Waterway.

Building Materials

Our Building Materials division provides total ready-mix concrete solutions to the construction industry. The supply chain includes cement, ready-mix concrete, equipment rental and various types of products such as pre-cast elements and interlocking concrete blocks.

Real Estate

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

Some of our current development projects include the development of an executive condominium at Westwood Avenue.

Our recent completed development projects include a 486-unit Parc Olympia in Flora Drive, a 175-unit Lincoln Suites located in Khiang Guan Avenue off Newton Road and a 53-unit Lumos in Leonie Hill.

Leisure & Hospitality

Our Leisure & Hospitality division provides 'no-frills' hospitality services through the Oxford Hotel brand name. Oxford Hotel (with more than 130 rooms) is located in the heart of the city, and is close to major tourist attractions and the central business district in Singapore. It is a favourite choice among tourists and business travellers.

OUR GOLDEN MILESTONES

Founded and established by
Mr Koh Tiat Meng

1960s

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

1980s

1970s

1990s

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

- Registered with the CIDB as G8 Building and Civil Engineering Contractor
- Bukit Timah Flood Alleviation Scheme Project
- Refurbished and renovated Asian Hotel in Vietnam and Changi Hotel in Singapore
- New Hall of Residence for NTU
- Set up Automated Batching Plants
- First City Complex Project in Batam, Indonesia
- Development of HDB Flats in Jurong West
- Holland Road/Farrer Road/Queensway Interchange Project
- SASCO Hanger Complex Project
- Substructures and Civil Works for NUH
- Listed on the Mainboard of SGX
- Improvements to Kallang River (from Braddell Road to Jalan Toa Payoh)

- Awarded by CIDB for Construction Excellence of Reconstruction of Geylang River
- Land Reclamation Phase 1 Project at Xinjin River Mouth, Shantou, China
- G & W Ready-Mix Pte Ltd and G & W Concrete Products Pte Ltd awarded ISO 9002 certification
- Opening of Oxford Hotel
- Building works at Choa Chu Kang Neighbourhood 4
- Construction of Civil Defence Academy at Jalan Bahar
- Construction of Container Stacking Yard for Container Terminal at Pasir Panjang Road
- Sun Plaza (Construction and Real Estate Project)
- The Capri (Real Estate Project)
- Koh Brothers Building & Civil Engineering (Pte.) Ltd. awarded ISO 9000

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

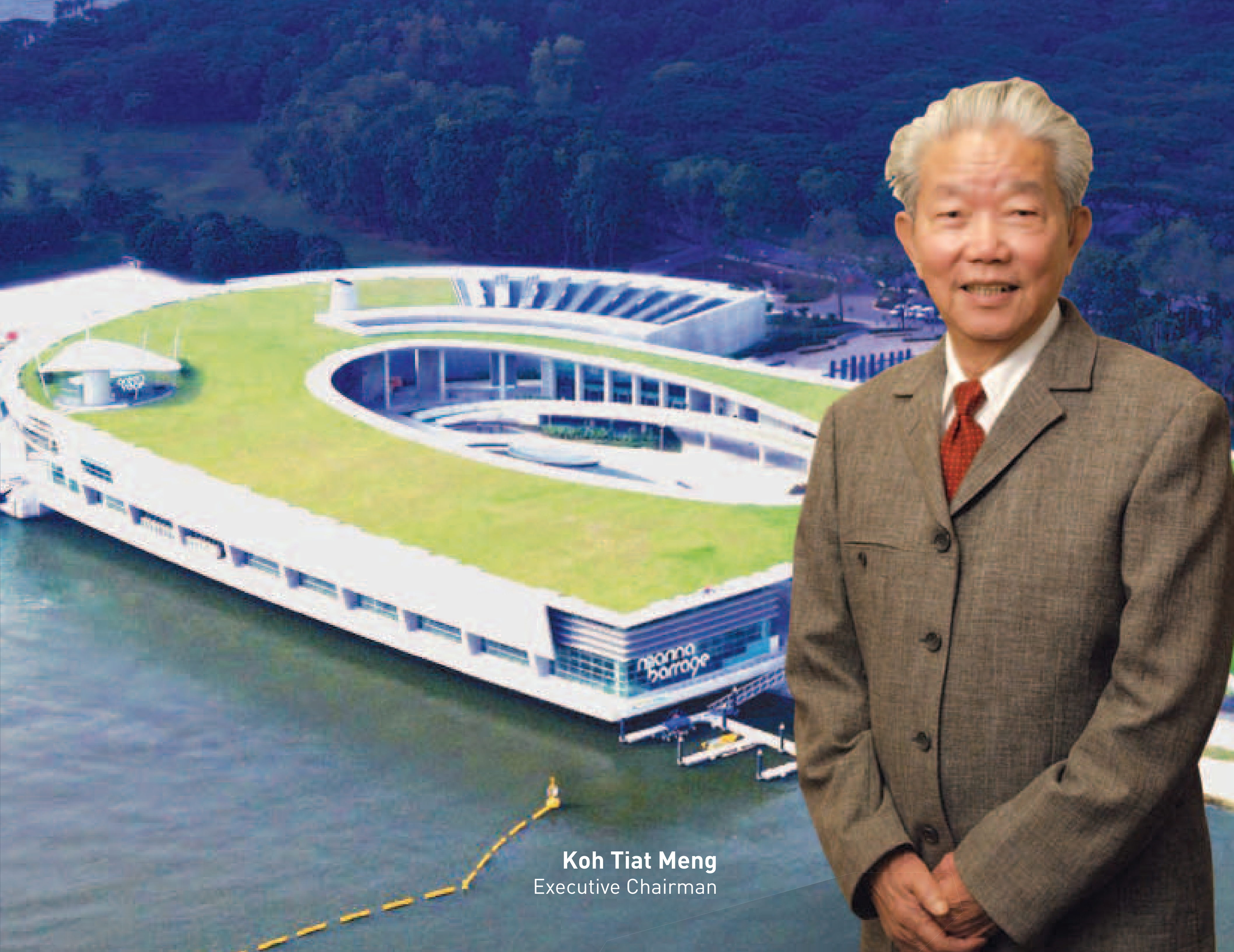
2000s

2010s

- Proposed Development at Changi East to effect 3-Runway operations at Singapore Changi Airport – Package 1
- Improvement to Kallang River between Bishan Road and Braddell Road
- 16th SIAS Investors' Choice Awards – Most Transparent Company Awards 2015 (Runner Up - Construction & Materials Category)
- Green and Gracious Builder Award 2015 (Excellent)
- Singapore 1000 Company – Public Listed Companies 2015
- BCA Construction Productivity Award 2015 – Civil Engineering Projects – Gold – Improvement to Geylang River from Dunman Road to Guillemard Road Project.
- Design & Build Contract for Proposed Retention Pond, associated drainage and backfill works at Singapore Changi Airport
- 15th SIAS Investors' Choice Awards – Most Transparent Company Awards 2014 (Winner - Construction & Materials Category)
- Singapore Quality Brand Award 2014 – (Special Merit)
- Promising SME 500 2014 (Distinguished Business Leader of the Year) Award
- BCA Construction Productivity Awards 2014 – Advocates (Builder Open) - Merit
- Malaysia Landscape Architecture Awards 2014 Excellence Award (International) – My Waterway @ Punggol
- Singapore Prestige Award – Heritage Brands Category 2013
- Green and Gracious Builder Award 2012 (Excellent)
- BCA Construction Productivity Awards 2012 - Platinum (Civil Engineering) Punggol Waterway Part 1
- HDB Construction Awards 2012 – My Waterway @ Punggol (Infrastructure)
- BCA Construction Excellence Award 2011 - Marina Barrage (Civil Engineering Projects Category)
- Green and Gracious Builder Award 2011 (Merit)
- Total Defence Award 2011
- HDB BTO Project at Vine Groove @ Yishun
- Development of executive condominium site at Westwood Avenue
- Acquisition of Koh Brothers Eco Engineering Limited (formerly known as Metax Engineering Corporation Limited)
- Bukit Timah First Diversion Canal
- G & W Ready-Mix Pte Ltd and G & W Building Materials Sdn. Bhd. awarded ISO 9001:2008 certification
- Geylang River Makeover Project
- 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
- Parc Olympia (Construction and Real Estate Project)
- Sewerage Scheme to serve Jurong Eastern Catchment Package C (Contract 1) - Proposed used water lift station at Jurong Water Reclamation Plant
- Lincoln Suites (Construction and Real Estate Project)

STABILITY

50 YEARS OF DELIVERING **TOP-GRADE INNOVATIVE** PRODUCTS AND SERVICES HAVE HELPED THE GROUP ENTRENCH A **CONCRETE FOOTHOLD** IN THE CONSTRUCTION AND BUILDING INDUSTRY WITH **BETTER RESOURCES** AND **CAPABILITIES.**



Koh Tiat Meng
Executive Chairman

EXECUTIVE CHAIRMAN'S MESSAGE

DEAR SHAREHOLDERS

2015 was a significant year as a nation and we are very proud to have soared in tandem with Singapore for the past 50 years. Like Singapore, we had humble beginnings but grew because of a team with an enterprising spirit and sheer diligence. We also take pride that we have contributed to the shaping of Singapore's skyline such as Changi Airport Group (CAG) three-runway system, Kallang Waterway system, the Marina Barrage, Changi Airport Retention Pond and Punggol Waterway. We will continue to do so with the clinching of eminent projects.

TOWARDS NEXT 50 YEARS OF EXCELLENCE

CONSTRUCTION & BUILDING MATERIALS

Our beginnings were tough but our can-do attitude helped us to achieve much despite difficult circumstances as we progressed towards our 50th year. The growth of the construction division has further cemented our stature in the industry through our innovative practices and productivity measures. The division was able to achieve a 10.2% growth in revenue in FY2015.

During the year under review, we secured a S$1.12 billion contract from CAG with our joint venture partner, Samsung C&T Corporation. This forms another corporate milestone as the largest contract secured by the Group to date. With Koh Brothers' share of the project, our construction order book stood at S$590.7 million as at 31 December 2015. We will tap on our strength in civil engineering and specialised capabilities in drainage work for the upcoming construction of the runway's canals and drainage systems. Our track record for Punggol Waterway and Geylang River, amongst others, will stand us in good stead to manage this project well.

In addition, we were awarded the Kallang Waterway project worth S$86.3 million by the PUB. This again is a strong testament of our capabilities and track record in building and civil engineering works. The project will transform Kallang River into a scenic park by the canal.

We recently announced that we intend to inject our flagship construction arm, Koh Brothers Building & Civil Engineering Contractor (Pte.) Ltd. ("KBCE") into our listed subsidiary, Koh Brothers Eco Engineering Limited ("KB Eco"), for S$19.0 million. We plan to expand regionally with an enlarged KB Eco, offering turnkey engineering solutions with greater cost efficiencies.

On the construction outlook through to 2020, demand is expected to remain strong as forecasted by the BCA. With our proven track record, an enhanced business and strengthened capabilities, the Group is confident of capitalising on the expected industry growth to seek out larger projects for our next phase of growth.

REAL ESTATE, LEISURE & HOSPITALITY

The Group recorded a fair value gain on an investment property – Sun Plaza - following the completion of an asset enhancement exercise. With the enhanced tenant mix coupled with the mall's improved direct accessibility from Sembawang MRT station, the refreshing retail concept with expanded lettable space has offered a refreshing retail experience for consumers.

Both Oxford Hotel and Alocassia Serviced Apartments have undergone facelifts to enhance the experience of guests. The Downtown Line Stevens MRT station was also opened recently. This has enhanced the convenience factor of Alocassia due to its close proximity to the MRT station. Our guests will therefore be able to get to the heart of Orchard Road within minutes. We are confident that both properties will contribute even more to the sector by providing exceptional value to discerning guests.

A more subdued property market is to be expected as there are no changes to the property cooling measures. We are cognizant of the outlook and will continue to innovate in order to differentiate our residential properties from others. We have achieved a more balanced asset portfolio over the years and are pleased that our property investments, which include commercial and leisure properties, will increase our stream of recurring income especially after the recent asset enhancement exercises.

CORPORATE SOCIAL RESPONSIBILITY

We remain committed to giving back to the society and have continued to be active in supporting various organisations such as the Singapore Children's Society (Participating Enterprise - the 1000 Enterprises for Children-In-Need Programme), SPD Charity HongBao Donation Drive 2016, National Crime Prevention Council, Students' Care Service and other charitable organisations.

SOARING ONWARD

Fifty years of commitment to innovative construction and building material solutions have led us to soar higher. We will continue our efforts in transforming our nation's landscape through quality work and inventive ways. Our core competencies in building and civil engineering works have won us many projects and will continue to do so.

Given the escalating costs, we remain cautiously optimistic on the construction industry. Riding on our capabilities and proven track record, we are well-positioned to capitalise on the expected growth in construction demand. The Group will continue to invest in innovative construction technology and increase productivity to remain competitive.

PROPOSED DIVIDENDS

It has been another successful year for us. I am therefore pleased to advise that we are proposing a tax-exempt, one-tier special dividend of 0.30 cent, in addition to a final dividend of 0.50 cent, payable on 16 June 2016 after approval by shareholders at the forthcoming Annual General Meeting.

REMEMBERING MR LEE KHOON CHOY

We want to remember Mr Lee Khoon Choy, the Lead Independent Director of the Company, who passed away on 27 February 2016. The Board and Management is deeply grateful to Mr Lee's leadership, invaluable contribution and commitment over the years. Mr Lee had been appointed to the Board as an Independent Director on 30 July 1994 and was an inspiring pioneer who was well-loved by many.

OUR GRATITUDE

We have come this far because of your belief in us. Our success is indicative of the support and trust of our shareholders, business associates, customers, management and staff. We thank you for your commitment and we look forward to soaring even greater heights with your support and guidance.

Koh Tiat Meng
Executive Chairman
23 March 2016

GROUP STRUCTURE

KOH BROS

Building Cities Building Dreams

KOH BROTHERS GROUP LIMITED

CONSTRUCTION & BUILDING MATERIALS

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

LEISURE & HOSPITALITY

- Koh Brothers Investment Pte Ltd
- Oxford Hotel Pte Ltd

REAL ESTATE

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

Koh Keng Siang
Managing Director & Group CEO

OPERATIONS REVIEW BY MANAGING DIRECTOR & GROUP CEO

2015 heralded a special jubilee celebration for us as a nation. It is a year of significance and I am proud of our achievements for FY2015 despite its challenges. We are pleased to announce an 8% growth in turnover to S$427.3 million for FY2015. The Group's profit before tax increased by 8% to S$36.6 million. Profit attributable to equity holders of the Company amounted to S$27.9 million.

Amidst a challenging operating environment, we are pleased to have sustained our revenue growth. All business divisions have shown a healthy growth with the construction division taking the lead. We will continue to fine-tune our corporate strategy, sharpen our competitive niche and improve productivity through greater adoption of technology and innovation to increase margin efficiency.

CONSTRUCTION AND BUILDING MATERIALS DIVISIONS

The sector continues to see the tightening of manpower policy thus fostering the need to improve productivity. Our Construction and Building Materials Division has continued its strong performance with revenue of S$283.2 million, contributing to 66% of the total revenue.

To further enhance business efficiencies, the Group is proposing to combine the resources of KB Eco with KBCE to reap synergies and sharpen its competitive edge to tap opportunities in the water, wastewater treatment and hydro-engineering sectors and beyond. With the restructuring, the enlarged KB Eco will also offer turnkey engineering solutions with greater cost efficiencies from shared overheads with KBCE.

Having won the contracts for the CAG runway project and Kallang Waterway, our core competencies in drainage works and soil improvement are well recognised. With the CAG runway project worth S$1.12 billion, through a joint venture with Samsung C&T Corporation, our construction order book as at 31 Decmber 2015 stood at S$590.7 million.

The Kallang Waterway project will be the Group's fifth Active, Beautiful, Clean (ABC) Waters project and is targeted for completion in 2018. Works will include the construction of a new park connector, design and construction of a park parallel to the proposed park connector, complete with supporting amenities such as cantilevered decks and seating to allow people to get closer to the water and enjoy the waterfront views. The S$86.3 million contract from the PUB will transform a 1.8km section of the Kallang River.

Our ongoing projects such as the Bukit Timah Diversion Canal, Westwood Executive Condominium and Vine Grove @ Yishun are progressing well. During the year, we also saw the completion of Changi Airport Retention Pond project, Jurong Water Reclamation Plant and Parc Olympia Condominium.

The Group will continue to leverage on its capabilities and construction expertise to tender for suitable projects and further our milestones. BCA expects construction demand to be between S$27 billion and S$34 billion in 2016, and between S$25 billion and S$37 billion each year from 2017 to 2020, with an increased demand for civil engineering projects.

REAL ESTATE AND LEISURE & HOSPITALITY DIVISIONS

The Real Estate Division continued to grow with a revenue of S$140.6 million, accounting for 33% of the Group's total revenue. This growth signifies the right strategies in offering quality establishments against a muted economic climate with depressed property prices.

During the year, Parc Olympia Condominium attained its TOP status whilst sales of Westwood Executive Condominium continues to progress steadily. As a seasoned themed-lifestyle developer, our track record in residential developments will see more exciting offerings.

We saw a slight increase in our revenue from the Leisure & Hospitality Division to S$3.6 million, boosted by a 0.9% year on year increase in visitor arrivals.

Both property investments – Oxford Hotel and Alocassia Serviced Apartments have completed the respective facelifts. The recent opening of the Downtown Line Stevens MRT station has placed Alocassia in an even more strategic position to bring greater convenience to all guests.

IN CONCLUSION

The Group's performance in FY2015 has been encouraging. This was attributed to synergies with our partners, between business units and innovative practices which increased productivity.

The start of 2016 has been discouraging to the economy in general. While 2016 will bring on more challenges, we believe our core competencies and perseverance will continue to be a differentiating factor.

Without a doubt, the contribution by our employees, business associates and partners have steered us forward and we are grateful for their trust and hard work. We would also like to extend our gratitude to our shareholders and investors whose support has spurred us to achieve higher gains.

Koh Keng Siang
Managing Director & Group CEO
23 March 2016

CORPORATE SOCIAL RESPONSIBILITY

Responsibility is one of Koh Brothers' core values and this permeates everything, including our philosophy towards the society in which we operate. As a home-grown organisation, we believe our achievement today will not have been possible without the help of the people who collectively made up Singapore. As such, we believe in giving back to the society and are deeply committed to our Corporate Social Responsibility. Our efforts include but are not limited to a few key areas, which include corporate philanthropy, volunteerism, the environment and corporate sponsorship.

We remain committed to giving back to the society and have continued to be active in supporting various organisations such as the Singapore Children's Society (Participating Enterprise – the 1000 Enterprises for Children-In-Need Programme), SPD Charity HongBao Donation Drive 2016, National Crime Prevention Council, Students' Care Service, Singapore Red Cross Society and other charitable organisations.

We have also sponsored the movie "Long Long Time Ago" which was a hit and showcased Singapore in the earlier days.

Preparing Our Youths for the Future

Koh Brothers is also a firm believer of education when it comes to preparing the nation for the future. We are extremely proud to declare we have been participating for many years in the BCA Industry Built Environment Scholarship programme. This programme is a joint effort between BCA and leading players in the building and construction industry to help train, shape and mould future industry leaders by providing aspiring and capable young people an opportunity to embark on a challenging and rewarding career in the building and construction industry.



QUALITY

50 YEARS

OF DELIVERING OUR **PROMISES ON TIME** EVERY TIME THROUGH OUR CULTURE OF UNFLINCHING **HERITAGE** HAVE EARNED THE GROUP ITS **VALUE** AND **BRAND** TO A GROWING LAND OF **SATISFIED CUSTOMERS** AND BUSINESS PARTNERS.

BOARD OF DIRECTORS

KOH TIAT MENG
Executive Chairman

KOH TEAK HUAT
Executive Deputy Chairman

KOH KENG SIANG (FRANCIS)
Managing Director & Group CEO

Mr Koh Tiat Meng is the Executive Chairman of Koh Brothers Group Limited. He was appointed as a Director on 2 February 1994 and was last re-elected on 29 April 2015. He is also the Chairman of the Executive Committee.

Mr Koh founded the Group in 1966 and has more than 45 years of experience in the construction industry. He was the driving force in charting the strategic expansion of the Group's businesses in Construction and 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.

Mr Koh Teak Huat is the Executive Deputy Chairman of Koh Brothers Group Limited. He was appointed as a Director on 2 February 1994 and was last re-elected on 29 April 2015. 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 40 years of experience in the construction industry, with in-depth expertise in managing drainage, excavation and reclamation projects. He was conferred the title of Dato' Paduka Mahkota Terengganu Yang Kehormet, D.P.M.T. by the Sultan of Terengganu, Malaysia on 29 April 1994.

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

Mr Koh has been with the Group since 1987 and 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.

He is also the Non-Executive Chairman of Koh Brothers Eco Engineering Limited.

BOARD OF DIRECTORS

KOH KENG HIONG (JOSEPH)
Executive Director and Deputy CEO
(Real Estate and Leisure & Hospitality divisions)

Mr Koh Keng Hiong is an Executive Director of Koh Brothers Group Limited. He was appointed as a Director on 7 February 2007 and was last re-elected on 26 April 2012. He is also a member of the Executive Committee.

Mr Koh began his career with the Group in 1991 and has been involved in many key business development projects in the Group's core businesses in Vietnam and Singapore. With over 20 years of experience, he has amassed an extensive portfolio of skills and capabilities spanning across a broad spectrum of businesses in hospitality and property. His vast array of expertise has seen him engaged in key corporate and operations functions such as strategic business management, corporate planning, sales and marketing, finance and 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.

QUEK CHEE NEE
Non-Executive Director

Mdm Quek Chee Nee is a Non-Executive Director of Koh Brothers Group Limited. She was appointed as a Director on 2 February 1994 and was last re-elected on 29 April 2015.

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. She has more than 40 years of experience in the construction industry and contributed significantly to the Group's growth.

LING TECK LUKE
Independent Director

Mr Ling Teck Luke is an Independent Director of Koh Brothers Group Limited. He was appointed as a Director on 28 May 2003 and was last re-elected on 29 April 2015. He is also the Chairman of the Nominating Committee, and a member of the Audit and Risk Committee, the Remuneration Committee and the Share Purchase Committee.

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

LAI MUN ONN
Independent Director

GN HIANG MENG
Independent Director

Er Dr Lee Bee Wah
Independent Director

Mr Lai Mun Onn is an Independent Director of Koh Brothers Group Limited. He was appointed as a Director on 30 July 1994 and was last re-elected on 30 April 2014. He is also the Chairman of the Remuneration Committee and a member of the Audit and Risk Committee, the Nominating Committee and the Share Purchase Committee.

Mr Lai graduated from the University of London with a Bachelor of Law with Honours and obtained his Barrister-at-Law from Lincoln's Inn. In 1982, he was admitted as an Advocate and Solicitor of the Supreme Court of Singapore. He is presently a Notary Public and Commissioner for Oaths, and a member of the Singapore Institute of Arbitrators. He is a member of the Governing Council of the Singapore Golf Association, the Honorary Legal Advisor to the Basketball Association of Singapore and the President of the Keppel Club.

Mr Lai is the Managing Partner of Lai Mun Onn & Co., a law firm in Singapore. He is also an Independent Director of Super Group Ltd.

Mr Gn Hiang Meng is an Independent Director of Koh Brothers Group Limited. He was appointed as a Director on 16 August 2007 and was last re-elected on 25 April 2013. He is also the Chairman of the Share Purchase Committee and a member of the Audit and Risk Committee, the Remuneration Committee and the Nominating Committee.

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

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

Er Dr Lee Bee Wah is an independent Director of Koh Brothers Group Limited. She was appointed as a Director on 1 July 2015.

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

Er Dr Lee is currently the Group Director of Meinhardt (Singapore) Pte Ltd, a leading global engineering, planning and management consultancy firm head quartered in Singapore. Prior to this, she was the Principal Partner of LBW Consultants LLP (before the acquisition by Meinhardt Group). She has been elected a Member of Parliament ("MP") of Singapore since 2006 and is currently a MP for Nee Soon GRC. She is presently the Adviser to the Singapore Table Tennis Association and Singapore Swimming Association.

KEY MANAGEMENT

John Lee
Chief Financial Officer/Company Secretary

Mr Lee joined Koh Brothers Group Limited (the "Group") in 2008 as the Chief Financial Officer. He is also the Company Secretary of the Group. Mr Lee is responsible for the Group's financial affairs including corporate finance, treasury, taxation as well as risk management. He has an extensive experience in management, corporate, accounting and finance functions in various industries. Mr Lee is a Fellow of the Institute of Singapore Chartered Accountants and the Association of Chartered Certified Accountants. He is also an Associate of the Chartered Institute of Management Accountants and the Chartered Secretaries Institute of Singapore.

Tan Soon Pow (Alan)
Chief Executive Officer, Building Materials Division

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

Koh Siew Kiang
Chief Executive Officer, (Ready-Mix/G&W Industries)

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

Goh Poh Khim
Executive Director, Construction Division

Mr Goh joined the Group's Construction unit in 2002 as an Assistant General Manager (Projects). He managed some of the Group's prestigious projects (such as Marina Barrage). He was promoted to his current position in 2008 overseeing all its building related projects. He is responsible for the performance and growth of the building section under the Construction division. Mr Goh has more than 30 years of project management experience in the construction industry and held senior positions in various construction companies. He holds a Bachelor in Business from the Royal Melbourne Institute of Technology, Australia and an Executive MBA from the National University of Singapore.

Koh Keng Seng
Executive Director, Construction Division

Mr Koh joined the Group in 1992 and has grown with the Construction division. He now heads the Machinery/Equipment/Logistics department of the Construction division. He is responsible for and oversees the logistics, workshop, machinery and equipment functions. Mr Koh has more than 24 years of experience in the construction industry and is involved in various projects under the division.

Tan Liang Seng
Executive Director, Construction Division

Mr Tan joined the Group in 2013, overseeing infrastructure projects such as Bugis MRT Station (Downtown Line 1), Jurong Water Reclamation Plant and Development of Changi Airport 3-Runway System. Mr Tan has more than 29 years of professional experience in construction industry. Prior to joining the Group, he has held senior positions in various construction companies and developers managing various projects in Singapore, China, Malaysia and Indonesia. Mr Tan holds a Bachelor in Civil Engineering (First Class Honours) from the University of Malaya. He is also a Non-Executive Director of Koh Brothers Eco Engineering Limited, a subsidiary of the Group.

Bernard Wong Ee Yu
Executive Director, Real Estate Division

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

Chan Ping Meng
Executive Director, Building Materials Division

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

Yue Wee Keng
Project Director, Construction Division

Mr Yue started his career with the Group in 1988 and was promoted to Project Director of the Group's Construction division in 2010. He has more than 35 years of experience in managing construction projects which include infrastructure and building works. Mr Yue obtained his GCE "A" levels at Dunman Government Chinese Middle School and completed a project management course conducted by the Nanyang Technological University.

Teo Tian Kim (Jeffrey)
Project Director, Construction Division

Mr Teo joined the Group in 1982 and was promoted to Project Director of the Group's Construction division in 2010. He has more than 40 years of experience in the construction industry and has managed numerous projects spanning from infrastructure works, drainage works to public and private housing works. Mr Teo graduated with a Diploma in Structural Engineering from the Singapore Polytechnic and completed a project management course conducted by the Nanyang Technological University.

Koh Lye Hock
Project Director, Construction Division

Mr Koh joined the Group in 1989 and was promoted to Project Director of the Group's Construction division in 2014. He has more than 39 years of professional experience in the construction industry managing infrastructure and building projects. Mr Koh obtained a Bachelor of Engineering in Civil Engineering from the University of Singapore in 1977 and a Professional Engineer Certificate in 1982.

Chan Yee Yan
Project Director (Engineering), Construction Division

Mr Chan joined the Group in 2010 as Project Director (Engineering). He is responsible for technical matters as well as the execution and operation of infrastructure projects. He has more than 27 years of professional experience in both building consultancy and construction industries. He has held senior positions in various consultant and construction companies. His portfolio includes the construction of Bugis MRT Station (Downtown Line 1), and Jurong Water Reclamation Plant. Mr Chan graduated with a Bachelor in Civil Engineering from the University of Canterbury, a Master of Science in Management of Technology from the National University of Singapore, a Master of Fire Safety Engineer from the University of Western Sydney and a Master of Finance from RMIT University. He is also a Registered Professional Engineer both in Singapore and Malaysia.

Ong Kien Soo
Contracts Director, Construction Division

Mr Ong joined the Construction division as Contracts Manager in 2010. He is responsible for overseeing the overall operations of the Contract Department. His portfolio includes post contract administration and tendering of building and infrastructure projects. Mr Ong has more than 35 years of experience in the construction industry and has held senior positions in various construction companies. He was promoted to his current position of Contracts Director in 2014. He holds a Bachelor of Applied Science in Construction Management and Economics from Curtin University.

Tan Chee Kiong
Director, System Development and Audit/ Workplace Safety and Health (SDA/WSH)

Mr Tan joined the Company as an Assistant Safety Manager in 2009. He is responsible for overseeing the Group's overall system development, audit, quality, environment, safety and health. He was promoted to SDA/WSH Director in 2014. Mr Tan has more than 17 years of relevant experience in the construction and manufacturing industries, managing projects which include tunneling, infrastructure, mixed development and building works. He holds a Bachelor of Science in Health and Safety from Curtin University of Technology.

Adrian Ruzsicska
Group IT Director

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

Michael Neil Buscumb
Planning Director, Construction Division

Mr Buscumb joined the Group in 2016 focusing on planning and programming for infrastructure and building works (on both tenders and projects). He has more than 20 years of construction and engineering consultancy experience in Singapore and Australia. His previous portfolio included Contract C704 for the Land Transport Authority of Singapore, project engineering for Republic Plaza Tower 2 and other project controls work predominently on mining projects and studies (including the Olympic Dam copper/uranium mine in South Australia). He holds a Bachelor in Civil Engineering from the University of Adelaide.

Jonathan Lim
Project Director, Construction Division

Mr Lim joined the group in 2015 as a Project Director and is responsible for the overseeing and managing of the Westwood Ave executive condominium project. He has more than 19 years of experience in the construction industry managing building projects. Mr Lim obtained a Bachelor (Honours) in Civil and Structural Engineering, a Master of Science in Environmental Engneering from Nanyang Technological University and also an Executive Master of Business Administration from the National University of Singapore.

Kim Hwasoo
Senior Project Director, Construction Division

Mr Kim joined the Group in 2016 as the Senior Project Director and is responsible for the overseeing and managing the Group's recent Changi Airport Runway 3 Package 1 project. Mr Kim has 32 years of professional experience in both project management and construction industries. Prior to joining the Group, he has held senior positions in construction companies. His overseas portfolio includes Construction of Incheon Grand Bridge, JeongGoan Industrial Park Access Road, Pusan subway line 3, Ulsan Tunnel, North Pusan Cable Tunnel, Pusan Sewage Water Treatment Semi-Shield Tunnel, Philippine Laguna International Industrial Park, Gupo Grand Bridge, Pusan Water Treatment, Geum River Water Supply. Mr Kim graduated with a Bachelor and Master of Science in Civil Engineering from Pusan National University.

SUCCESS

50 YEARS

OF DELIVERING **OUR DREAMS** TO MANIFEST **THE FUTURE** OF OUR PEOPLE AND COUNTRY WITH **ONE VISION** TO PROVIDE THE GROUP WITH THE **DRIVE** AND **DETERMINATION** TO ACHIEVE MORE TOWARDS EVEN **BIGGER ASPIRATIONS.**

FINANCIAL HIGHLIGHTS

	Results of operations for the year ended 31 December			
	2015 S$'000	2014 S$'000	2013 S$'000 Restated	2012 S$'000 Restated
Sales	427,320	395,145	359,110	290,362
Profit before income tax	36,643	33,806	25,116	21,732
Income tax expense	(7,230)	(5,145)	(2,691)	(2,002)
Profit after income tax	29,413	28,661	22,425	19,730
Attributable to:				
Equity holders of the Company	27,878	29,529	21,330	19,650
Non-controlling interests	1,535	(868)	1,095	80
	29,413	28,661	22,425	19,730

	Financial position as at 31 December			
	2015 S$'000	2014 S$'000	2013 S$'000 Restated	2012 S$'000 Restated
Property, plant and equipment	102,173	85,978	87,063	60,015
Associated companies	1,452	1,522	1,510	800
Joint ventures	63,950	50,884	55,641	54,370
Other long-term assets	99,476	104,405	87,567	79,906
Net current assets	123,500	209,738	147,731	167,548
Long-term finance leases	(1,531)	(2,697)	(3,201)	(497)
Bank term loans	(60,569)	(138,081)	(136,107)	(144,993)
Other long-term liabilities	(61,868)	(66,814)	(11,302)	(11,373)
	266,583	244,935	228,902	205,776
Share capital	42,653	45,320	45,320	45,320
Retained profits	235,916	211,365	184,918	165,196
Treasury shares	(12,919)	(13,061)	(5,795)	(854)
Other reserves	(8,445)	(7,935)	(5,945)	(4,641)
Share capital and reserves	257,205	235,689	218,498	205,021
Non-controlling interests	9,378	9,246	10,404	755
Total equity	266,583	244,935	228,902	205,776

	Key ratios			
Return on equity (%)	10.84	12.50	9.80	9.60
Earnings per share (in cents)	6.69	6.76	4.67	4.23
Net tangible assets per share (in cents)	60.76[1]	54.53[2]	47.83[3]	44.35[4]
Dividend per share (in cents)	0.80	0.80	0.70	0.35

[1] based on the issued share capital excluding treasury shares of 414,980,000 shares
[2] based on the issued share capital excluding treasury shares of 422,887,400 shares
[3] based on the issued share capital excluding treasury shares of 446,177,400 shares
[4] based on the issued share capital excluding treasury shares of 462,320,400 shares

REPORT ON CORPORATE GOVERNANCE

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

1 BOARD MATTERS

Guideline ("GL")

The Board's Conduct of Affairs

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

The Board comprises the following 9 directors, 4 of whom are executive, 1 of whom is non-executive and non-independent, and the rest are independent: GL 1.1

Mr Koh Tiat Meng (Executive Chairman)
Mr Koh Teak Huat (Executive Deputy Chairman)
Mr Koh Keng Siang (Managing Director & Group CEO)
Mr Koh Keng Hiong (Executive Director and Deputy CEO (Real Estate and Leisure & Hospitality divisions))
Mdm Quek Chee Nee (Non-Executive Director and Non-Independent Director)
Mr Ling Teck Luke (Independent Director)
Mr Lai Mun Onn (Independent Director)
Mr Gn Hiang Meng (Independent Director)
Er Dr Lee Bee Wah (Independent Director)

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

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

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

The Board has established the following committees which assist the Board in executing its duties (but without abdicating its responsibility) according to clearly defined terms of references: GL 1.3

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

The Board delegates the formulation of business policies and day-to-day management to the Managing Director & Group CEO and the executive directors.

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

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

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

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

A record of the directors' attendance at Board and its committee meetings during the financial year ended 31 December 2015 ("FY2015") is disclosed below.

	BOARD	EC	ARC	NC	RC	SPC
No. of meetings held in 2015	4	4	4	1	1	4
Director	No. of meetings attended					
Koh Tiat Meng	4/4	3/4	-	-	-	-
Koh Teak Huat	3/4	4/4	-	-	-	-
Koh Keng Siang	4/4	4/4	-	1/1	-	-
Koh Keng Hiong	3/4	4/4	-	-	-	-
Quek Chee Nee	3/4	-	-	-	-	-
Lee Khoon Choy[1]	1/4	-	1/4	-	0/1	1/4
Ling Teck Luke	4/4	-	3/4	1/1	1/1	3/4
Lai Mun Onn	4/4	-	4/4	1/1	1/1	4/4
Gn Hiang Meng	4/4	-	4/4	1/1	1/1	4/4
Er Dr Lee Bee Wah[2]	2/2	-	-	-	-	-

[1] Lee Khoon Choy passed away on 27 February 2016.
[2] Er Dr Lee Bee Wah was appointed to the Board on 1 July 2015.

The Board is of the view that the contributions of each director should not be based only on his attendance at Board and Board committee meetings. A director's contributions may also extend beyond the formal environment of Board meetings, through sharing of views, advice, experience and strategic networking relationships which would further the interests of the Group. Any director who is unable to attend a Board or Board committee meeting will still receive meeting papers for discussion. He will also have the opportunity to convey any views to the Executive Chairman and other directors for consideration and decision making.

The Company's constitution allows directors to consider and approve resolutions by written means. It does not allow for telephonic and video-conference meetings. The Board will seek shareholders' approval for amending the Company's constitution to allow for telephonic attendance and video-conferencing, if warranted in the future.

The Company has adopted internal controls and guidelines setting forth matters that are reserved for the Board's decision. These matters relate, *inter alia*, to: GL 1.5

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

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

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

(a) material acquisition and disposal of assets/investments

(b) corporate/financial restructuring/corporate exercises

(c) budgets/forecasts

(d) material financial/funding arrangements and expenditures

The Company has in place an orientation programme for all newly appointed directors. This is to ensure that they are familiar with the Group's structure, business and operations, corporate governance practices, and their duties as directors. GL 1.6

The Board is updated on relevant new laws, regulations and changing commercial risks from time to time. Directors are encouraged to attend training sessions, courses and seminars conducted by external consultants and institutions at the Company's expense. The Managing Director & Group CEO will update the Board on the Group's business and strategic developments at each meeting.

In 2015, members of the ARC attended a briefing session conducted by PricewaterhouseCoopers LLP (the Company's external auditor) on the developments in financial reporting and governance standards.

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

Board Composition and Guidance

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

Following the demise of Mr Lee Khoon Choy (the Company's lead independent director) who sadly passed away on 27 February 2016, the current Board comprises 9 members. Out of whom, 4 are independent directors. The Board is currently identifying a suitable candidate to fill the vacancy left by Mr Lee. This will ensure that there is a strong and independent element on the Board, with independent directors making up at least half of the Board. GLs 2.1 and 2.2

The independence of each director is assessed and reviewed annually by the NC. In its deliberation as to the independence of a director, the NC takes into account examples of relationships as set out in the Code, considers whether the independent director has business relationships with the Group, and if so, whether such relationships could interfere, or be reasonably perceived to interfere, with the exercise of the director's independent judgment. GL 2.3

Each independent director is required to complete a director's independence checklist annually. This checklist is drawn up based on the guidelines provided in the Code. All independent directors must also confirm whether they consider themselves independent despite not having any relationship as identified in the Code. The NC assesses and reviews the independence of each director based on these guidelines before presenting its recommendations to the Board for consideration and endorsement.

During the financial year under review, the Group had received notarial public and commissioner for oaths services rendered from M/s Lai Mun Onn & Co ("LMOC"), of which Mr Lai Mun Onn has an interest. The Board is of view that Mr Lai's independence has not been compromised as the aggregate value of the transactions during FY2015 was not significant in the context of both the Company's and LMOC's revenues. The Board believes that Mr Lai is able to exercise strong independent judgement in his deliberations and act in the interests of the Company.

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

Mr Ling Teck Luke
Mr Lai Mun Onn
Mr Gn Hiang Meng
Er Dr Lee Bee Wah

Both Mr Ling Teck Luke and Mr Lai Mun Onn have served on the Board for more than 9 years. The Board had conducted a rigorous review on their status and considered both of them to be independent GL 2.4

directors of the Company. Both Mr Ling and Mr Lai have consistently exercised strong independent judgement in their deliberations. The Board believes that they have acted and continue to act in the best interests of the Company. In addition, their knowledge, experience and contributions have been valuable to the Company.

The Board, having examining the scope and nature of the Group's business and operations, is of the view that the current Board size (with a vacancy left by the late Mr Lee Khoon Choy) is appropriate for facilitating effective decision making. The Board will restructure the Board's and its committees' compositions, if warranted, to meet the changing needs and demands of the Group's business and operations. GL 2.5

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

The Board currently comprises 5 non-executive directors (of whom 4 are independent directors) who constructively challenge and help develop strategies for the Group. The non-executive directors also review the performance of the Management in meeting agreed goals and objectives, and monitor the reporting of performance. GL 2.7

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

Chairman and Chief Executive Officer

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

Mr Koh Tiat Meng is the Executive Chairman of the Board of the Company. The Board has appointed Mr Koh Keng Siang, who is the eldest son of the Executive Chairman, as the Managing Director & Group CEO. GL 3.1

As the Managing Director & Group CEO assists the Executive Chairman in his work from time to time, the Board is of the view that it may not be in the best interests of the Company for the division of responsibilities between the Executive Chairman and the Managing Director & Group CEO to be clearly established and set out in writing. This is to ensure that the decision-making process of the Group would not be hindered unnecessarily.

Nonetheless, both the Executive Chairman and the Managing Director & 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 Managing Director & Group CEO are discussed and reviewed by the Board.

The Executive Chairman (assisted by the Managing Director & Group CEO) is responsible for the Board's proceedings. He leads the Board to ensure its effectiveness on all aspects of its roles; promotes a culture of openness and debates at the Board meetings; facilitates effective communication with shareholders; encourages constructive relations within the Board and between the Board and Management; and facilities effective contribution of directors. With the assistance of the Company Secretary, he sets the agenda and ensures that the Board members are provided with complete, adequate and timely information of all agenda items, in particular strategic issues. GL 3.2

With the support of the entire Board, the Management and the Company Secretary, the Executive Chairman (assisted by the Managing Director & Group CEO) takes a lead role in the Company's desire to achieve and maintain high standards of corporate governance.

As the Executive Chairman and Managing Director & Group CEO are immediate family members, the Board had in 2014 appointed the late Mr Lee Khoon Choy as the lead independent director whom shareholders could approach when they had concerns and for which contact through the normal channels of the Executive Chairman, the Managing Director & Group CEO, or the Chief Financial Officer had failed to resolve or was inappropriate. The Board will be appointing a new lead independent director once it has identified a suitable candidate. GL 3.3

The independent directors, led by the lead independent director, will confer among themselves (when necessary), and the lead independent director will provide feedback to the Executive Chairman after such meetings, as appropriate. GL 3.4

Board Membership

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

The NC comprises the following members, the majority of whom, including the Chairman, are non-executive and independent: GL 4.1

Mr Ling Teck Luke (Chairman)

Mr Lai Mun Onn

Mr Gn Hiang Meng

Mr Koh Keng Siang

The late Mr Lee Khoon Choy, the former lead independent director, was not appointed a member of the NC during the year under review. The Board was of the view that the then composition of the NC was sufficient and was able to carry out its duties and responsibilities delegated by the Board. The Board will consider doing so when the new lead independent director has been duly identified and appointed.

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

- review board succession plans for the directors, in particular, the Executive Chairman and the Managing Director & Group CEO
- ensure that a process for evaluating the performance of the Board, its Board committees and directors is in place
- review training and professional development programs for the Board
- make recommendations on the appointment and re-appointment of directors

The NC ensures that the Board has the right balance of skills, knowledge and experience critical to the Group's business and evolving needs. Important issues that are also considered by the NC for the appointment and re-appointment of directors include the current Board's composition and each director's contributions. GL 4.2

Pursuant to Article 109 of the Company's constitution, one-third of the directors (other than the Managing Director) shall retire from office at every annual general meeting ("AGM") provided always that each director (except the Managing Director) is required to retire from office at least once in every three years. A retiring director is eligible to offer himself for re-election.

Article 119 of the Company's constitution provides that a newly appointed director is required to retire and submit himself for re-election at the AGM following his appointment. Thereafter, he is subject to re-election at least once every three years.

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

The Board is of the view that directors who have multiple board representations have devoted sufficient time and attention to the affairs of the Group. Their multiple board representations 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. In view of this, the Board has not determined the maximum number of listed company board representations which any director may hold. GL 4.4

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

The Board has adopted a process for the selection, appointment and re-appointment of directors. The NC reviews the composition of the Board and Board committees periodically. It assess and shortlists candidates (sourced through contacts, recommendations or recruitment consultants) for a new position on the Board when a need arises. It is also the Company's policy for the purpose of self-renewal, to promote suitable key management staff to the Board in recognition of their achievements and past contributions to the Company. Upon identifying such candidates, Board members are welcome to make a proposal to the NC for its members' consideration. GL 4.6

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

- the geographical spread and diversity of the Group's business
- the strategic direction and progress of the Group
- the current composition of the Board
- the need for independence

Final approval of a candidate for either an appointment or re-appointment is determined by the Board. The successful candidate is then appointed as a director of the Company in accordance with the Company's constitution.

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

Mr Koh Tiat Meng

Mdm Quek Chee Nee

Mr Ling Teck Luke

Mr Koh Keng Hiong

Mr Gn Hiang Meng

Er Dr Lee Bee Wah

Key information on the directors is set out under the "Board of Directors" section of the Annual Report.

Board Performance

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

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

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

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 Board holds the belief that the Group's performance and that of the Board are directly related. GL 5.2

The NC reviews the Board's performance annually, based on the following performance criteria which have been approved by the Board:

- delivery on executive duties (for executive directors)
- attendance at Board meetings and committee meetings;
- maintenance of independence
- disclosure of related party transactions
- areas of value added to the Group

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

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

The Executive Chairman, with the assistance of the Managing Director & Group CEO, where appropriate, will act on the results of the performance evaluation and propose, where appropriate, new members to the Board or seek the resignation of directors.

Access to Information

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

The members of the Board have access to complete information in a timely manner and on an on-going basis in the form and quality necessary for the discharge of their duties and responsibilities. If the Board should require additional information, the Management will also provide the same (when necessary) in a timely manner to enable the Board to make informed decisions. GLs 6.1 and 6.2

All members of the Board have separate and independent access to the Management.

Meeting papers and related materials setting out the relevant backgrounds and explanatory information are sent to the directors prior to the meetings in order for them to have a comprehensive understanding of the issues to be deliberated upon so as to facilitate informed decision-making.

Directors have separate and independent access to the Company Secretary. The Company Secretary attends all Board and Board committee meetings, and is responsible for ensuring that the meeting 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 Board committees and between the 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. GL 6.3

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

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

2 REMUNERATION MATTERS

Procedures for Developing Remuneration Policies

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

The RC currently comprises the following directors, all of whom are non-executive and independent: GL 7.1

Mr Lai Mun Onn (Chairman)

Mr Ling Teck Luke

Mr Gn Hiang Meng

The key responsibilities of the RC are to: GL 7.2

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

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

The RC has access to expert professional advice in furtherance of its duties whenever there is a need for such external consultation. In discharging its duties, the RC has the assistance of the Senior Group Human Resources Manager. No individual director is involved in deciding his own remuneration. GL 7.3

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

Level and Mix of Remuneration

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

The Company has adopted a remuneration structure for executive directors and key members of the Management that is aligned with the long term interest and risk policies of the Company. GLs 8.1 and 9.6

The Company also recognises that a competitive remuneration and reward system based on individual performance is important to attract, retain and incentivise the best talent.

The RC ensures that the executive directors' and key management members' remuneration commensurate with their performance and that of the Group's, taking into consideration the prevailing financial and commercial health and business needs of the Group.

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

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

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

The Company will be seeking shareholders' approval at the forthcoming AGM for the payment of S$416,000 as directors' fees for FY2015. In determining the proposed fees, the Board took into account factors such as effort and time spent, and the increasingly onerous responsibilities of directors. GL 8.3

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

Disclosure on Remuneration

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

Due to the competitive pressures in the market, the Board has, on review, decided not to disclose the remuneration of directors and top 5 key management members in the manner as required in the Code. GLs 9.1, 9.2 and 9.3

The total remuneration paid to the directors of the Company and the top 5 executives of the Group in FY2015 was approximately S$5,731,000.

A breakdown of remuneration of each director of the Company by percentage for FY2015 is set out below:

Remuneration band	Director	Fees (%)	Salary (%)	Bonuses and other variable performance components (%)	Allowances and other benefits (%)	Total (%)
S$1,250,000 to S$1,499,999	Koh Keng Siang	10.6	47.4	41.1	0.9	100
	Koh Tiat Meng	12.9	57.8	27.6	1.7	100
S$750,000 to S$999,999	Koh Teak Huat	6.3	70.0	21.3	2.4	100
S$500,000 to S$749,999	Koh Keng Hiong	9.3	60.3	28.3	2.1	100
Below S$250,000	Quek Chee Nee	100	-	-	-	100
	Lee Khoon Choy	100	-	-	-	100
	Ling Teck Luke	100	-	-	-	100
	Lai Mun Onn	100	-	-	-	100
	Gn Hiang Meng	100	-	-	-	100
	Lee Bee Wah	100	-	-	-	100

A breakdown of remuneration of each of the top 5 executives of the Group (who are not directors of the Company) by percentage for FY2015 is set out below:

Remuneration band	Top 5 executives*	Fees (%)	Salary (%)	Bonuses and other variable performance components (%)	Allowances and other benefits (%)	Total (%)
S$250,000 to S$499,999	First Executive	-	76.2	20.2	3.6	100
	Second Executive	-	80.0	18.6	1.4	100
	Third Executive	-	78.3	21.7	-	100
	Fourth Executive	5.2	82.7	12.1	-	100
	Fifth Executive	-	82.4	13.8	3.8	100

Note:

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

Details of the remuneration of employees who are immediate family members of a director or the CEO, and whose remuneration exceeds S$50,000 during the year are disclosed below: GL 9.4

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

Notes:

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

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

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

3 ACCOUNTABILITY AND AUDIT

Accountability

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

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

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

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

Risk Management and Internal Controls

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

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

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

The Board has engaged the services of PricewaterhouseCoopers LLP (the Company's external auditor) to assist in the Control Self-Assessment ("CSA") programme which has been implemented. Through this CSA programme, the Board has reviewed the adequacy and effectiveness of the Group's risk management and internal control systems (including financial, operational, compliance and information technology controls). GL 11.2

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

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

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

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

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

AUDIT COMMITTEE

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

The ARC currently comprises the following directors, all of whom are non-executive and independent: GL 12.1

Mr Ling Teck Luke

Mr Lai Mun Onn

Mr Gn Hiang Meng

The Board will appoint a new lead independent director to fill the ARC chairman vacancy left by the late Mr Lee Khoon Choy once it has identified a suitable candidate. The current ARC members have the requisite accounting and related financial management expertise and experience to discharge their duties. GL 12.2

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

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

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

The ARC also makes recommendations on the appointment/re-appointment/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. GL 12.5

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

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

Audit services:	Auditors of the Company	-	S$ 580,775
	Other auditors	-	S$ 8,283
Non-audit services:	Auditors of the Company	-	S$ 1,900
	Other auditors	-	S$ 45,500

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

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

The ARC held 4 meetings during FY2015 and performed its functions and responsibilities as set out in its terms of reference. GL 12.8

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

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

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

Internal Audit

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

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

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

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

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

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

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

4 SHAREHOLDER RIGHTS AND RESPONSIBILITIES

SHAREHOLDER RIGHTS

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

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

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

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

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

COMMUNICATION WITH SHAREHOLDERS

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

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

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

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

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

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

The Board has recommended a first and final dividend of 0.50 cent per share and a special dividend of 0.30 cent per share for FY2015. These proposed dividends are subject to shareholders' approval at the upcoming AGM.

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

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

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

The Executive Chairman of the Board, directors and company secretary attend general meetings. The external auditors are also present at the meetings to address shareholders' queries concerning audits and auditor's reports. GL 16.3

The Company ensures that minutes of each meeting will include substantial and relevant comments or queries from shareholders relating to the agenda of the meeting, and the responses from Board and Management. All minutes of shareholders' meetings are available on request by registered shareholders. GL 16.4

The Company will at the upcoming AGM conduct electronic poll voting for all proposed resolutions, and will announce the voting results in accordance with the requirements set out in the SGX-ST rules and the Code. GL 16.5

5 INTERESTED PERSON TRANSACTIONS

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

The interested person transactions entered during FY2015 are disclosed as follows:

Name of interested person	Aggregate value of all interested person transactions during the financial year under review (excluding transactions less than S$100,00 and transactions conducted under shareholders' mandate pursuant to Rule 920) (S$'000)	Aggregate value of all interested person transactions conducted under shareholders' mandate pursuant to Rule 920 (excluding transactions less than S$100,000) (S$'000)
Koh Keng Siang	791	-
Koh Keng Hiong	219	-
Koh Tiak Boon	254	-

6 RISK MANAGEMENT

The Management regularly reviews the Group's businesses and operational activities to assess and manage potential risk exposure.

The Group's financial risk management objectives and policies are set out in the Notes to the Financial Statements for FY2015.

The Group has implemented a CSA programme facilitated by the Company's external auditors, PricewaterhouseCoopers LLP, since the last financial year. The Company expects the CSA programme to be running for at least the next few financial years.

7 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 two weeks before the announcement of the Company's financial statements for each of the first three quarters of the Company's financial year, and one month before the announcement of the Company's full year financial statements, and ending on the date of the announcement of the relevant results.

In addition, they are prohibited from dealing in the Company's securities while in possession of price sensitive information and on short term considerations.

FINANCIAL CONTENTS

DIRECTORS' STATEMENT
For the financial year ended 31 December 2015

The directors present their statement to the members together with the audited financial statements of the Group for the financial year ended 31 December 2015 and the balance sheet of the Company as at 31 December 2015.

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 40 to 92 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 2015 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:
Mr Koh Tiat Meng
Mr Koh Teak Huat
Mr Koh Keng Siang
Mr Koh Keng Hiong
Mdm Quek Chee Nee
Mr Lai Mun Onn
Mr Ling Teck Luke
Mr Gn Hiang Meng
Er Dr Lee Bee Wah (appointed on 1 July 2015)

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, other than as disclosed under "Share options" in this statement.

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 and as at 21 January 2016 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		
Company (Ordinary shares)	**At 21.1.2016**	**At 31.12.2015**	At 1.1.2015 or date of appointment if later
Mr Koh Tiat Meng	**61,308,654**	**61,308,654**	61,308,654
Mr Koh Teak Huat	**32,213,088**	**32,213,088**	32,213,088
Mr Koh Keng Siang	**62,422,535**	**62,422,535**	62,422,535
Mr Koh Keng Hiong	**30,260,100**	**30,260,100**	30,260,100
Mdm Quek Chee Nee	**25,896,814**	**25,896,814**	25,896,814
Mr Ling Teck Luke	**200,000**	**200,000**	200,000
Mr Lai Mun Onn	**100,000**	**100,000**	100,000

	Holdings in which director is deemed to have an interest		
Company (Ordinary shares)	**At 21.1.2016**	**At 31.12.2015**	At 1.1.2015 or date of appointment if later
Mr Koh Teak Huat	**325,000**	**325,000**	325,000
Mr Koh Keng Siang	**27,420,000**	**27,420,000**	27,420,000
Mr Koh Keng Hiong	**25,010,000**	**25,010,000**	25,010,000
Mr Gn Hiang Meng	**200,000**	**200,000**	-

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

DIRECTORS' STATEMENT
For the financial year ended 31 December 2015

Share options

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

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

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

Audit and Risk Committee

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

Mr Lai Mun Onn

Mr Ling Teck Luke

Mr Gn Hiang Meng

All members of the Audit and Risk Committee were independent 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 2015 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

23 March 2016

INDEPENDENT AUDITOR'S REPORT

To the members of Koh Brothers Group Limited

Report on the Financial Statements

We have audited the accompanying financial statements of Koh Brothers Group Limited (the "Company") and its subsidiaries (the "Group") set out on pages 40 to 92 which comprise the consolidated balance sheet of the Group and balance sheet of the Company as at 31 December 2015, and the consolidated statement of comprehensive income, statement of changes in equity and statement of cash flows of the Group for the financial year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility 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 Singapore Companies Act (the "Act") and Singapore Financial Reporting Standards, 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.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Singapore Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of financial statements that give a true and fair view 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion, the consolidated financial statements of the Group and the balance sheet of the Company are properly drawn up in accordance with the provisions of the Act and Singapore Financial Reporting Standards so as to give a true and fair view of the financial position of the Group and of the Company as at 31 December 2015, and of the financial performance, changes in equity and cash flows of the Group for the financial year ended on that date.

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.

PricewaterhouseCoopers LLP

Public Accountants and Chartered Accountants

Singapore, 23 March 2016

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the financial year ended 31 December 2015

	Note	Group 2015 S$'000	Group 2014 S$'000
Sales	4	**427,320**	395,145
Cost of sales	7	**(372,388)**	(332,852)
Gross profit		**54,932**	62,293
Other income	5	**3,468**	1,985
Other gains - net	6	**1,525**	7,483
Expenses			
- Distribution and marketing	7	**(3,341)**	(4,291)
- Administrative	7	**(22,540)**	(23,408)
- Finance	9	**(5,671)**	(3,025)
- Other	7	**(4,996)**	(1,812)
Share of profit of associated companies	22	**200**	292
Share of profit/(loss) of joint ventures	23	**13,066**	(5,711)
Profit before income tax		**36,643**	33,806
Income tax expense	10(a)	**(7,230)**	(5,145)
Profit after income tax		**29,413**	28,661

	Note	Group 2015 S$'000	Group 2014 S$'000
Other comprehensive loss:			
Items that may be reclassified subsequent to profit or loss:			
Currency translation arising from consolidation	34(d)	**(1,878)**	(612)
Available-for-sale financial assets			
- Fair value losses	21	**(35)**	(310)
Other comprehensive loss, net of tax		**(1,913)**	(922)
Total comprehensive income		**27,500**	27,739
Profit attributable to:			
Equity holders of the Company		**27,878**	29,529
Non-controlling interests		**1,535**	(868)
		29,413	28,661
Total comprehensive income attributable to:			
Equity holders of the Company		**27,368**	28,897
Non-controlling interests		**132**	(1,158)
		27,500	27,739
Earnings per share for profit attributable to equity holders of the Company:			
- Basic earnings per share (in cents)	11(a)	**6.69**	6.76
- Diluted earnings per share (in cents)	11(b)	**6.69**	6.76

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

BALANCE SHEETS

As at 31 December 2015

	Note	GROUP 2015 S$'000	GROUP 2014 S$'000	COMPANY 2015 S$'000	COMPANY 2014 S$'000
ASSETS					
Current assets					
Cash and bank balances	12	**64,465**	77,331	**930**	2,737
Financial assets, at fair value through profit or loss	13	**49**	2,783	**-**	1,149
Trade receivables	14	**215,205**	74,057	**-**	-
Due to customers on construction contracts	15	**15,879**	5,004	**-**	-
Amounts due from joint ventures	17	**76,054**	72,877	**-**	-
Inventories	18	**11,404**	15,842	**-**	-
Development properties	19	**1,198**	137,280	**-**	-
Amounts due from subsidiaries	24	**-**	-	**60,309**	58,642
Available-for-sale financial assets	21	**7,940**	-	**-**	-
Other current assets	20	**14,444**	16,620	**-**	-
		406,638	401,794	**61,239**	62,528
Non-current assets					
Trade receivables	14	**-**	1,260	**-**	-
Amount due from joint ventures	17	**3,421**	641	**-**	-
Available-for-sale financial assets	21	**-**	7,980	**-**	-
Investments in associated companies	22	**1,452**	1,522	**-**	-
Investments in joint ventures	23	**63,950**	50,884	**-**	-
Investments in subsidiaries	24	**-**	-	**87,018**	86,237
Investment properties	25	**90,977**	89,446	**-**	-
Property, plant and equipment	26	**102,173**	85,978	**-**	-
Goodwill	27	**5,078**	5,078	**-**	-
		267,051	242,789	**87,018**	86,237
Total assets		**673,689**	644,583	**148,257**	148,765

	Note	GROUP 2015 S$'000	GROUP 2014 S$'000	COMPANY 2015 S$'000	COMPANY 2014 S$'000
LIABILITIES					
Current liabilities					
Trade payables	28	**80,651**	76,371	**-**	-
Other liabilities	29	**53,660**	39,493	**2,103**	1,854
Due to customers on construction contracts	15	**9,657**	15,242	**-**	-
Amount due to an associated company	16	**1,119**	963	**-**	-
Amounts due to subsidiaries	24	**-**	-	**6,877**	6,872
Amounts due to joint ventures	17	**15,507**	-	**-**	-
Current income tax liabilities	10(b)	**10,837**	3,024	**8**	-
Short-term borrowings	30	**111,707**	56,963	**-**	-
		283,138	192,056	**8,988**	8,726
Non-current liabilities					
Trade payables	28	**3,670**	4,036	**-**	-
Finance leases	31	**1,531**	2,697	**-**	-
Bank borrowings	32	**60,569**	138,081	**-**	-
Notes payables	33	**50,000**	50,000	**50,000**	50,000
Deferred income tax liabilities	10(d)	**8,198**	12,778	**-**	-
		123,968	207,592	**50,000**	50,000
Total liabilities		**407,106**	399,648	**58,988**	58,726
NET ASSETS		**266,583**	244,935	**89,269**	90,039
EQUITY					
Capital and reserves attributable to equity holders of the Company					
Share capital	34	**42,653**	45,320	**42,653**	45,320
Treasury shares	34	**(12,919)**	(13,061)	**(12,919)**	(13,061)
Other reserves	34(b)	**(441)**	(406)	**-**	-
Retained profits	34(c)	**235,916**	211,365	**59,535**	57,780
Currency translation reserve	34(d)	**(8,004)**	(7,529)	**-**	-
		257,205	235,689	**89,269**	90,039
Non-controlling interests		**9,378**	9,246	**-**	-
Total equity		**266,583**	244,935	**89,269**	90,039

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the financial year ended 31 December 2015

Group (S$'000)	Note	Share capital	Treasury shares	Other reserves	Retained profits	Currency translation reserve	Total	Non-controlling interests	Total equity
		← Attributable to equity holders of the Company					→		
Balance at 1 January 2015		45,320	(13,061)	(406)	211,365	(7,529)	235,689	9,246	244,935
Profit for the financial year		-	-	-	27,878	-	27,878	1,535	29,413
Other comprehensive loss for the financial year		-	-	(35)	-	(475)	(510)	(1,403)	(1,913)
Cancellation of shares held in treasury shares	34(a)	(2,667)	2,667	-	-	-	-	-	-
Purchase of treasury shares	34(a)	-	(2,525)	-	-	-	(2,525)	-	(2,525)
Dividend relating to 2014 paid	35	-	-	-	(3,327)	-	(3,327)	-	(3,327)
Balance at 31 December 2015		**42,653**	**(12,919)**	**(441)**	**235,916**	**(8,004)**	**257,205**	**9,378**	**266,583**
Balance at 1 January 2014		45,320	(5,795)	(375)	184,918	(5,570)	218,498	10,404	228,902
Profit/(loss) for the financial year		-	-	-	29,529	-	29,529	(868)	28,661
Other comprehensive loss for the financial year		-	-	(310)	-	(322)	(632)	(290)	(922)
Purchase of treasury shares	34(a)	-	(7,266)	-	-	-	(7,266)	-	(7,266)
Dividend relating to 2013 paid	35	-	-	-	(3,082)	-	(3,082)	-	(3,082)
Gain on disposal of a subsidiary		-	-	279	-	(1,637)	(1,358)	-	(1,358)
Balance at 31 December 2014		45,320	(13,061)	(406)	211,365	(7,529)	235,689	9,246	244,935

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

CONSOLIDATED STATEMENT OF CASH FLOWS
For the financial year ended 31 December 2015

	Group	
	2015	2014
	S$'000	S$'000
Cash flows from operating activities		
Total profit	**29,413**	28,661
Adjustments for:		
- Depreciation of property, plant and equipment	**6,843**	5,609
- Dividend income	**(2)**	(6)
- Fair value gain on investment properties	**(500)**	(5,706)
- Fair value gain on financial assets at fair value through profit or loss	**(604)**	(649)
- Fair value loss/(gain) on long term financial assets and financial liabilities	**219**	(373)
- Finance expense	**5,671**	3,025
- Gain on disposal of property, plant and equipment	**(164)**	(116)
- Gain on disposal of subsidiaries	**(50)**	(1,358)
- Income tax expense	**7,230**	5,145
- Interest income	**(2,740)**	(1,347)
- Property, plant and equipment written off	**52**	444
- Share of (profit)/loss of joint ventures	**(13,066)**	5,711
- Share of profit of associated companies	**(200)**	(292)
- Unrealised translation gain	**(202)**	(311)
	31,900	38,437
Change in working capital:		
- Trade and other receivables	**(137,666)**	3,523
- Inventories	**4,438**	(3,265)
- Due from/to customers on construction contracts	**(13,890)**	(15,204)
- Development properties	**138,004**	(3,499)
- Trade and other payables	**18,300**	5,343
- Amount due from/to associated companies	**156**	29
- Amount due from/to joint ventures	**9,550**	2,452
Cash generated from operations	**50,792**	27,816
Income tax paid	**(3,955)**	(1,555)
Interest paid	**(7,600)**	(3,312)
Net cash provided by operating activities	**39,237**	22,949

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

CONSOLIDATED STATEMENT OF CASH FLOWS
For the financial year ended 31 December 2015

	Group 2015 S$'000	Group 2014 S$'000
Cash flows from investing activities		
Purchase of property, plant and equipment	**(25,252)**	(5,610)
Purchase of available-for-sale financial assets	**-**	(8,290)
Purchase of financial assets at fair value through profit or loss	**(5,090)**	(1,975)
Proceeds from disposal of financial assets at fair value through profit and loss	**8,428**	-
Proceeds from disposal of property, plant and equipment	**266**	334
Additions to investment properties	**(1,036)**	(1,717)
Loan to joint ventures	**-**	(36,763)
Dividend received from other investments	**2**	6
Interest received	**2,740**	1,347
Incorporation of a joint venture	**-**	(800)
Net cash used in investing activities	**(19,942)**	(53,468)

	Group 2015 S$'000	Group 2014 S$'000
Cash flows from financing activities		
Proceeds from bank borrowings	**55,905**	112,266
Repayment of bank borrowings	**(77,913)**	(77,724)
Payment of finance lease instalments	**(4,288)**	(3,596)
Restricted cash released	**1,933**	41
Purchase of treasury shares	**(2,525)**	(7,266)
Dividends paid to equity holders of the Company	**(3,327)**	(3,082)
Net proceeds from issuance of notes	**-**	49,432
Net cash (used in)/provided by financing activities	**(30,215)**	70,071
Net (decrease)/increase in cash and bank balances	**(10,920)**	39,552
Beginning of financial year [Note 12(i)]	**73,699**	34,021
Effects of currency translation on cash and bank balances	**(13)**	126
End of financial year [Note 12(i)]	**62,766**	73,699

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

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

1. General information

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

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

The principal activities of its subsidiaries, joint ventures and associated companies are set out in Note 40 of the financial statements.

2. Significant accounting policies

2.1 Basis of preparation

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

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

Interpretations and amendments to published standards effective in 2015

On 1 January 2015, the Group adopted the new or amended FRS and Interpretations to FRS ("INT FRS") that are mandatory for application for the financial year. Changes to the Group's accounting policies have been made as required, in accordance with the transitional provisions in the respective FRS and INT FRS.

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

FRS 108 Operating segments

The Group has adopted the above amendment to FRS 108 on 1 January 2015. The amendment is applicable for annual periods beginning on or after 1 July 2014. It sets out the required disclosures on the judgements made by management in aggregating operating segments. This includes description of the segments which have been aggregated and the economic indicators which have been assessed in determining that the aggregated segments share similar economic characteristics. The standard is further amended to require a reconciliation of segment assets to entity's assets when segment assets are reported.

The Group has included the additional required disclosures in Note 39 of the financial statements.

2.2 Revenue recognition

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

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

(a) Sale of goods

Revenue is recognised when the Group has delivered the products to the customer, the customer has accepted the products and the collectability of the related receivables is reasonably assured.

(b) Rendering of services

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

2. Significant accounting policies (continued)

2.2 Revenue recognition (continued)

(c) Contracts revenue

Revenue from construction contracts is recognised as disclosed in Note 2.7 "Construction contract".

(d) Revenue from property development

Revenue from property development is recognised as disclosed in Note 2.9 "Development properties".

(e) Rental income

Rental income is recognised as disclosed in Note 2.14(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 over the periods necessary to match them with the related costs which they are intended to compensate, on a systematic basis. Government grants relating to expenses are deducted in reporting the related expense.

Government grants relating to assets are deducted against the carrying amount of the assets.

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, transactions, balances and unrealised gains on transactions between group entities are eliminated. Unrealised losses are also eliminated but are considered an impairment indicator of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

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

(ii) Acquisitions

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

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

Acquisition-related costs are expensed as incurred.

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.

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

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

(iii) Disposals

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

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 2.10 "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 but not exceeding 50%.

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

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

(i) Acquisitions

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

(ii) Equity method of accounting

In applying the equity method of accounting, the Group's share of its associated companies' or joint ventures' post-acquisition profits or losses are recognised in profit or loss and its share of post-acquisition other comprehensive income is recognised in other comprehensive income. These post-acquisition movements and distributions received from the associated companies or joint ventures are adjusted against 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.

2. Significant accounting policies (continued)

2.4 Group accounting (continued)

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

(ii) Equity method of accounting (continued)

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

(iii) Disposals

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

Please refer to Note 2.10 "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.

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 2.23 on borrowing costs).

Increases in carrying amounts arising from revaluation, including currency translation differences, are recognised in other comprehensive income, unless they offset previous decreases in the carrying amounts of the same asset, in which case, they are recognised in profit or loss. Decreases in carrying amounts that offset previous increases of the same asset are recognised in other comprehensive income. All other decreases in carrying amounts are recognised in profit or loss.

The revaluation on certain freehold and leasehold properties was done in connection with the listing of the Company in 1993. The increase in carrying amount arising from the revaluation was taken to capital reserve. The Group does not have a policy of revaluing its property, plant and equipment periodically.

(b) Depreciation

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

	Useful lives
Buildings on freehold land	20 – 50 years
Leasehold land and buildings	20 – 92 years
Plant and machinery	2 – 20 years
Motor vehicles	3.5 – 10 years
Furniture, fittings, office and hotel equipment	1 – 10 years

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

2. Significant accounting policies (continued)

2.5 Property, plant and equipment (continued)

(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 "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 on or after 1 January 2010 represents the excess of (a) the sum of the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over (b) the fair value of the identifiable net assets acquired.

Goodwill on acquisition of subsidiaries and businesses prior to 1 January 2010 and on acquisition of joint ventures and associated companies represents the excess of the cost of the acquisition over the fair value of the Group's share of the identifiable net assets acquired.

Goodwill on subsidiaries is recognised separately as intangible assets and carried at cost less accumulated impairment losses.

Goodwill on associated companies and joint ventures is included in the carrying amount of the investments.

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

2.7 Construction contract

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

Contract revenue comprises the initial amount of revenue agreed in the contract and variations in the contract work and claims that can be measured reliably. A variation or a claim is recognised as contract revenue when it is probable that the customer will approve the variation or negotiations have reached an advanced stage such that it is probable that the customer will accept the claim.

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

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

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

2. Significant accounting policies (continued)

2.7 Construction contract (continued)

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

2.8 Investment properties

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

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

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

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

2.9 Development properties

Development properties are properties being constructed or developed for future sale.

Development properties that are unsold are carried at the lower of cost and net realisable value. Cost capitalised include cost of land and other directly related development expenditure, including borrowing costs incurred in developing the properties up to issuance of the temporary occupation permit. Net realisable value is the estimated selling price in the ordinary course of business less cost to complete the development and selling expenses.

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

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

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

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

The aggregated costs incurred and the profit/loss recognised in each development property that has been sold is compared against progress billings up to the financial year-end. Where costs incurred and recognised profits (less recognised losses) exceed progress billings, the balance is shown as development properties, under "current assets". Where progress billings exceed costs incurred plus recognised profits (less recognised losses), the balance is shown as development properties, under "current liabilities".

2.10 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.

2.11 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.

2. Significant accounting policies (continued)

2.11 Impairment of non-financial assets (continued)

***(a) Goodwill** (continued)*

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

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

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

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

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

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

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

2.12 Financial assets

(a) Classification

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

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

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

(ii) Loans and receivables

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

(iii) Available-for-sale financial assets

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

2. Significant accounting policies (continued)

2.12 Financial assets (continued)

(b) Recognition and derecognition

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

Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Group has transferred substantially all risks and rewards of ownership. On disposal of a financial asset, the difference between the carrying amount and the sale proceeds is recognised in profit or loss. Any amount previously recognised in other comprehensive income relating to that asset is reclassified to profit or loss.

Trade receivables that are factored out to banks and other financial institutions with recourse to the Group are not derecognised until the recourse period has expired and the risks and rewards of the receivables have been fully transferred. The corresponding cash received from the financial institutions is recorded as borrowings.

(c) Initial measurement

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

(d) Subsequent measurement

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

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

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

(e) Impairment

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

(i) Loans and receivables

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

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

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

(ii) Available-for-sale financial assets

In addition to the objective evidence of impairment described in Note 2.12(e)(i), a significant or prolonged decline in the fair value of an equity security below its cost is considered as an indicator that the available-for-sale financial assets is impaired.

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

2. Significant accounting policies (continued)

2.13 Offsetting of financial instruments

Financial assets and liabilities are offset and the net amount reported in the balance sheet when there is a legally enforceable right to offset and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously.

2.14 Leases

(a) When the Group is the lessee:

(i) Lessee - Finance leases

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

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

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

(ii) Lessee - Operating leases

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

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

(b) When the Group is the lessor:

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

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

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

2.15 Financial guarantees

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

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

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

Intra-group transactions are eliminated on consolidation.

2.16 Borrowings

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

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

2.17 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. Significant accounting policies (continued)

2.18 Fair value estimation of financial assets and liabilities

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

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

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

2.19 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.

2.20 Income taxes

Current income tax for current and prior periods is recognised at the amount expected to be paid to or recovered from the tax authorities, using the tax rates and tax laws that have been enacted or substantively enacted by the balance sheet date.

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

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

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.

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

2.21 Provisions

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

2.22 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.

2. Significant accounting policies (continued)

2.22 Employee compensation (continued)

(b) Employee leave entitlement

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

2.23 Borrowing costs

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

The actual borrowing costs incurred during the period up to the issuance of the temporary occupation permit less any investment income on temporary investment of these borrowings, are capitalised in the cost of the property under development. Borrowing costs on general borrowings are capitalised by applying a capitalisation rate to construction or development expenditures that are financed by general borrowings.

2.24 Currency translation

(a) Functional and presentation currency

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

(b) Transactions and balances

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

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

Foreign exchange gains and losses impacting profit or loss are presented in the income statement within "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. Significant accounting policies (continued)

2.25 Segment reporting

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

2.26 Cash and bank balances

For the purpose of presentation in the consolidated statement of cash flows, cash and bank balances include cash on hand, deposits with financial institutions which are subject to an insignificant risk of change in value and bank overdrafts. Bank overdrafts are presented as current borrowings on the balance sheet. 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.

2.27 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.

2.28 Dividends to Company's shareholders

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

3. Critical accounting estimates, assumptions and judgements

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

3.1 Critical accounting estimates and assumptions

(a) Assessment on impairment of goodwill

Goodwill is tested for impairment annually and whenever there is indication that the goodwill may be impaired.

The recoverable amount of the "Bio-Refinery and Bio-Energy" cash-generating unit ("CGU") has been determined based on value-in-use calculations. These calculations require the use of estimates (Note 27). Management is of the view that no impairment of the CGU was required as at 31 December 2015.

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

(b) Construction contracts

The Group uses the percentage-of-completion method to account for its contract revenue. The stage of completion is measured either by reference to the professional or customer's certification of value of work done to date or by reference to the proportion of contract costs incurred to date compared to the estimated total costs for the contract. Please refer to Note 2.7 "Construction contract" for the Group's accounting policy on construction contract work-in-progress.

Significant assumptions are used to estimate the total contract costs which affect the accuracy of revenue recognition based on the percentage-of-completion and completeness of foreseeable losses recognised. Total contract revenue also includes estimation of the variation works that are recoverable from customers. In making these estimates, management has relied on past experience and the work of specialists. If the remaining estimated contract costs increase/decrease by 5% from management estimates, the Group's profit before income tax will decrease/increase by approximately S$5,311,000 and S$5,303,000.

(c) Valuation of investment properties

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

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

3.2 Critical judgement in applying the entities, accounting policies

Impairment of loans and receivables

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

Where there is objective evidence of impairment, management has made judgements as to whether an impairment loss should be recorded as an expense. In determining this, management has used estimates based on historical loss experience for assets with similar credit risk characteristics. The methodology and assumptions used for estimating both the amount and timing of future cash flows are reviewed regularly to reduce any differences between the estimated loss and actual loss experience. Refer to Note 37(b) for analysis of the Group's credit risk profile.

4. Revenue

	Group	
	2015 S$'000	2014 S$'000
Contract revenue	**166,793**	130,254
Revenue from sale of products	**116,360**	126,600
Revenue from services rendered	**6,049**	5,293
Revenue from property development	**135,235**	130,072
Rental income from investment properties (Note 25)	**2,883**	2,926
Total revenue	**427,320**	395,145

5. Other income

	Group	
	2015 S$'000	2014 S$'000
Dividend income	**2**	6
Interest income		
- Available-for-sale financial assets	**417**	253
- Loans to joint ventures	**1,802**	940
- Bank deposits and others	**521**	154
	2,740	1,347
Other income	**726**	632
	3,468	1,985

6. Other gains – net

	2015	2014
Fair value gain on financial assets at fair value through profit or loss (Note 13)	**604**	649
Fair value (losses)/gain on long term financial assets and financial liabilities	**(219)**	373
Fair value gain on investment properties (Note 25)	**500**	5,706
Gain on disposal of property, plant and equipment	**164**	116
Gain on disposal of subsidiaries	**50**	1,358
Net foreign exchange gain/(loss)	**426**	(719)
	1,525	7,483

7. Expenses by nature

	Group	
	2015 S$'000	2014 S$'000
Allowance for impairment of trade receivables included in "distribution and marketing expenses" [Note 14(ii)]	**1,425**	1,826
Allowance for impairment of loan to joint ventures [Note 17(iii)]	**4,700**	1,528
Changes in inventories of raw material, work-in-progress and finished goods	**4,438**	(3,265)
Contractor and material costs net of changes in work-in-progress included in "cost of sales"	**254,443**	210,612
Depreciation of property, plant and equipment [Note 26(i)]	**6,843**	5,609
Employee compensation (Note 8)	**29,497**	31,124
Freight, shipping, transport and travelling expenses	**5,843**	6,596
Purchases of raw material, finished goods and consumables	**71,935**	77,815
Rental expenses	**8,986**	6,373
Repair and maintenance expenses	**4,780**	6,593
Utilities	**2,871**	3,651
Other expenses	**7,504**	13,901
Total cost	**403,265**	362,363

8. Employee compensation

Wages and salaries	**25,753**	26,680
Employer's contribution to defined contribution plans including Central Provident Fund	**1,500**	1,616
Other staff benefits	**2,244**	2,828
	29,497	31,124

Included in the cost of sales is employee compensation amounting to S$12,784,000 (2014: S$13,694,000). Compensation to key management personnel, including directors' remuneration, is separately disclosed in Note 38(b).

9. Finance expenses

	Group	
	2015 S$'000	2014 S$'000
Interest expenses		
- Banking facilities	**3,173**	1,692
- Finance lease	**122**	130
- Notes	**2,400**	1,203
- Joint venture	**244**	-
	5,939	3,025
Less: Interest capitalised in property, plant and equipment	**(268)**	-
	5,671	3,025

10. Income taxes

(a) Income tax expense

Tax expense/(credit) attributable to profit is made up of:		
- Current income tax [Note 10(b)]	**10,840**	2,840
- Deferred income tax [Note 10(c)]	**(3,901)**	3,987
	6,939	6,827
Under/(over) provision in prior financial years		
- Current income tax [Note 10(b)]	**519**	(1,746)
- Deferred income tax [Note 10(c)]	**(228)**	64
	7,230	5,145

10. Income taxes (continued)

(a) Income tax expense (continued)

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

	Group	
	2015	2014
	S$'000	S$'000
Profit before income tax	**36,643**	33,806
Share of profit of associated companies	**(200)**	(292)
Share of (profit)/loss of joint ventures	**(13,066)**	5,711
Profit before tax and share of (profit)/loss of associated companies and joint ventures	**23,377**	39,225
Tax calculated at a tax rate of 17% (2014: 17%)	**3,974**	6,668
Effects of:		
Expenses not deductible for tax purposes	**3,594**	1,653
Income not subject to tax	**(177)**	(793)
Tax benefits not recognised	**300**	524
Tax incentives	**(628)**	(1,105)
Utilisation of previously unrecognised:		
- Tax losses	**(19)**	(34)
- Capital allowances	**(172)**	-
Effect of different tax rates in other countries	**13**	21
Under/(over) provision in prior financial years	**291**	(1,682)
Others	**54**	(107)
Tax charge	**7,230**	5,145

(b) Movement in current income tax liabilities

	Group		Company	
	2015	2014	**2015**	2014
	S$'000	S$'000	**S$'000**	S$'000
Balance at 1 January	**3,024**	3,487	**-**	10
Currency translation differences	**(82)**	(2)	**-**	-
Transfer from deferred income tax	**491**	-	**-**	-
Income tax paid	**(3,955)**	(1,555)	**-**	(15)
Tax expense [Note 10(a)]	**10,840**	2,840	**8**	-
Under/(over) provision in preceding financial years [Note 10(a)]	**519**	(1,746)	**-**	5
Balance at 31 December	**10,837**	3,024	**8**	-

(c) Deferred income tax

The movement in the deferred income tax is as follows:

	Group	
	2015	2014
	S$'000	S$'000
Balance at 1 January	**12,778**	8,727
Currency translation differences	**40**	-
Transfer to current income tax liabilities	**(491)**	-
Tax (credit)/expense [Note 10(a)]	**(3,901)**	3,987
Over/(under) provision in preceding financial years [Note 10(a)]	**(228)**	64
Balance at 31 December	**8,198**	12,778

10. Income taxes (continued)

(d) Movements in deferred income tax

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

Group	Accelerated tax depreciation S$'000	Revaluation reserve S$'000	Fair value adjustment on investment properties S$'000	Income taxed on completion basis and others S$'000	Total S$'000
Deferred income tax liabilities					
Balance at 1 January 2015	2,104	208	6,076	4,390	12,778
Currency translation differences	-	-	-	(26)	(26)
Charged/(credited) to profit or loss	148	-	43	(3,915)	(3,724)
Balance at 31 December 2015	**2,252**	**208**	**6,119**	**449**	**9,028**
Balance at 1 January 2014	1,994	373	4,958	1,417	8,742
Charged/(credited) to profit or loss	110	(165)	1,118	2,973	4,036
Balance at 31 December 2014	2,104	208	6,076	4,390	12,778

Group	Provisions S$'000	Total S$'000
Deferred income tax assets		
Balance at 1 January 2015	-	-
Currency translation differences	66	66
Transfer to current income tax liabilities	(491)	(491)
Credited to profit or loss	(405)	(405)
Balance at 31 December 2015	**(830)**	**(830)**
Balance at 1 January 2014	(15)	(15)
Charged to profit or loss	15	15
Balance at 31 December 2014	**-**	**-**

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

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

	Group 2015 S$'000	Group 2014 S$'000
Deferred income tax liabilities	**8,198**	12,778

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

10. Income taxes (continued)

(e) Unutilised tax losses and capital allowances

As at 31 December 2015, the Group has unutilised tax losses of approximately S$23,609,000 (2014: S$22,378,000) and unabsorbed capital allowances of approximately S$2,007,000 (2014: S$2,592,000) which can, subject to meeting certain statutory requirements by those companies with unrecognised tax losses and capital allowances in their respective countries of incorporation, be carried forward and utilised against future taxable profits. The unutilised tax losses and capital allowance do not have expiry dates. The deferred tax benefits on the unutilised tax losses and capital allowances of subsidiaries have not been recognised in the financial statements because of the uncertainty of future utilisation.

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

11. Earnings per share

(a) Basic earnings per share

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

	Group	
	2015	2014
Net profit attributable to equity holders of the Company (S$'000)	**27,878**	29,529
Weighted average number of ordinary shares in issue for computation of basic earnings per share ('000)	**416,758**	437,071
Basic earnings per share (in cents)	**6.69**	6.76

(b) Diluted earnings per share

There is no dilution of earnings per share for the financial years ended 2015 and 2014.

12. Cash and bank balances

	Group		Company	
	2015	2014	**2015**	2014
	S$'000	S$'000	**S$'000**	S$'000
Fixed deposits	**1,557**	34,039	**-**	-
Cash and bank balances	**62,908**	43,292	**930**	2,737
	64,465	77,331	**930**	2,737

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

	Group	
	2015	2014
	S$'000	S$'000
Cash and bank balances (as above)	**64,465**	77,331
Restricted cash	**(1,699)**	(3,632)
Cash and bank balances per consolidated statement of cash flows	**62,766**	73,699

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

(iii) Included in the fixed deposits and cash and bank balances of the Group are amounts held under the Housing Developers' (Project Account) (Amendment) Rules 1997, totalling S$21,659,000 (2014: S$13,309,000), the use of which is subject to restrictions imposed by the aforementioned rules.

(iv) Included in the fixed deposits and cash and bank balances of the Group is an amount of S$1,699,000 (2014: S$3,632,000) pledged to banks for credit facilities granted.

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

	Group		Company	
	2015	2014	**2015**	2014
	S$'000	S$'000	**S$'000**	S$'000
Balance at 1 January	**2,783**	159	**1,149**	1,149
Additions	**5,090**	1,975	**-**	-
Disposals	**(8,428)**	-	**-**	
Fair value gain/(loss) during the financial year (Note 6)	**604**	649	**(1,149)**	-
Balance at 31 December	**49**	2,783	**-**	1,149

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

	Group		Company	
	2015	2014	**2015**	2014
	S$'000	S$'000	**S$'000**	S$'000
At fair value:				
Quoted equity shares				
- Singapore	**49**	159	**-**	-
- China	**-**	2,624	**-**	-
Unquoted warrants in a subsidiary	**-**	-	**-**	1,149
	49	2,783	**-**	1,149

(i) On 28 February 2013, the Company subscribed for and was issued 165,000,000 free detachable, non-transferable and non-listed warrants from its subsidiary, Koh Brothers Eco Engineering Limited ("KBE"). Each warrant carries the right to subscribe for one new ordinary share in the capital of KBE at an exercise price of S$0.053 for each new share. Each warrant may be exercised at any time during the period of three years commencing on and including the date of issue of the warrants and expiring on the third anniversary of the date of issue of the warrants. No warrants have been exercised as at 31 December 2015.

The warrants were not exercised at the date of expiry of the exercise period. Management has assessed that KBE continues to be a subsidiary of the Group, in consideration of the Group's 41% voting interest, as the remaining votes are held by widely-dispersed shareholders.

(ii) Financial assets, at fair value through profit or loss are denominated in Singapore Dollars and Chinese Renminbi.

	Group		Company	
	2015	2014	**2015**	2014
	S$'000	S$'000	**S$'000**	S$'000
Denominated in:				
Singapore Dollar	**49**	159	**-**	1,149
Chinese Renminbi	**-**	2,624	**-**	-
	49	2,783	**-**	1,149

14. Trade receivables

	Group	
	2015	2014
	S$'000	S$'000
Current		
Due from non-related parties	**111,391**	71,249
Due from a related party	**195**	-
Less: Allowance for impairment of trade receivables	**(8,257)**	(8,381)
Trade receivables – net	**103,329**	62,868
Accrued billings on construction contracts	**3,610**	11,189
Accrued billings on development property	**108,266**	-
	215,205	74,057
Non-current		
Due from non-related parties	**-**	1,260

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

(ii) Allowance for impairment of trade receivables amounted to S$1,425,000 (2014: S$1,826,000) is recognised as an expense and included in "distribution and marketing expenses".

(iii) Included in current and non-current trade receivables are retentions on construction contracts of S$3,766,000 (2014: S$4,695,000) (Note 15).

(iv) The non-current trade receivables due from non-related parties are presented at amortised cost and computed based on cash flows discounted at market borrowing rates. The market borrowing rate used is 4% (2014: 4%) per annum.

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

	Group	
	2015	2014
	S$'000	S$'000
Aggregate costs incurred and profits recognised (less losses recognised) to date on uncompleted construction contracts	**873,426**	1,157,280
Less: Progress billings	**(867,204)**	(1,167,518)
	6,222	(10,238)
Presented as:		
Current assets		
– Due from customers on construction contracts	**15,879**	5,004
Current liabilities		
– Due to customers on construction contracts	**(9,657)**	(15,242)

Construction contract work-in-progress includes the following:

Depreciation of property, plant and equipment:		
Balance at 1 January	**3,091**	3,251
Capitalised during the financial year [Note 26(i)]	**2,646**	4,044
Less: Recognised on projects during the year	**(3,413)**	(4,204)
Balance at 31 December	**2,324**	3,091
Retentions on construction contracts		
- Trade receivables [Note 14(iii)]	**3,766**	4,695
- Amount due from joint ventures [Note 17(ii)]	**5,000**	2,219
- Trade payables [Note 28(i)]	**10,155**	8,852
Advances received on construction contract [Note 28(i)]	**922**	524

16. Amounts due to an associated company

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

17. Amounts due from/(to) joint ventures

	Group	
	2015	2014
	S$'000	S$'000
Current		
Trade receivables from joint ventures	**15,186**	11,292
Loans to joint ventures	**68,353**	64,370
Less: Impairment of loan	**(7,485)**	(2,785)
	60,868	61,585
	76,054	72,877
Non-current		
Trade receivables from a joint venture	**3,421**	641
Current		
Amounts due to a joint venture (non-trade)	**15,507**	-

(i) The loans to the joint ventures are unsecured and repayable on demand. The effective interest rate is 2.3% to 2.5% (2014: 2.3% to 5.8%) per annum.

(ii) Included in current and non-current trade receivables from joint ventures are retentions on construction contracts of S$5,000,000 (2014: S$2,219,000) (Note 15).

(iii) Allowance for impairment of loan to joint ventures amounted to S$4,700,000 (2014: S$1,528,000) is recognised as an expense and included in "distribution and marketing expenses".

(iv) The current non-trade amounts due to a joint venture is unsecured and interest-free and is repayable on demand and the fair value approximate the carrying amount.

18. Inventories

	Group	
	2015	2014
	S$'000	S$'000
Raw materials	**6,791**	8,955
Work-in-progress	**48**	115
Finished goods	**4,565**	6,772
	11,404	15,842

The cost of inventories recognised as an expense and included in "cost of sales" amounted to S$85,612,000 (2014: S$74,550,000).

19. Development properties

Cost of land	**163,000**	163,000
Development cost	**187,880**	123,227
Add: Attributable profits recognised	**52,539**	40,170
Less: Progress billings	**(402,221)**	(189,117)
	1,198	137,280
Interest capitalised during the financial year	**2,914**	2,378

Details of development properties are set out in Note 42.

As at 31 December 2015, development properties with a carrying value of S$1,198,000 (2014: S$137,280,000) are mortgaged to banks for credit facilities granted (Notes 30 and 32).

20. Other current assets

Deposits	**1,373**	2,192
Prepayments	**513**	1,259
Other receivables	**12,757**	13,263
	14,643	16,714
Less: Allowance for impairment of other receivables	**(199)**	(94)
	14,444	16,620

Included in the other receivables of the Group are amounts expected to be received upon liquidation of subsidiaries amounting to S$10,652,000 (2014: S$10,652,000).

21. Available-for-sale financial assets

	Group	
	2015	2014
	S$'000	S$'000
Balance at 1 January	**7,980**	-
Additions	**-**	8,290
Disposals	**(5)**	-
Fair value losses recognised in other comprehensive income [Note 34(b)(i)]	**(35)**	(310)
Balance at 31 December	**7,940**	7,980

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

Listed Securities		
- Singapore Dollar corporate fixed rate notes of 5.25% to 6.25% per annum due between 10 January 2017 to 1 October 2018	**7,940**	7,980

During the financial year ended 31 December 2015, available-for-sale financial assets was reclassified from non-current assets to current assets as management intends to dispose these assets within 12 months after balance sheet date.

22. Investment in associated companies

Balance at 1 January	**1,522**	1,510
Share of profits	**200**	292
Dividends received during the year	**(270)**	(280)
Balance at 31 December	**1,452**	1,522

Details of the associated companies are set out in Note 40. The associated companies have share capital consisting solely of ordinary shares, which are held directly by the Group; the country of incorporation is also their principal place of business.

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

22. Investment in associated companies (continued)

Summarised financial information of associated companies

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

	2015	2014
	S$'000	S$'000
Hi Con (S) Pte. Ltd.		
Summarised statement of comprehensive income		
Revenue	**4,946**	6,575
Expenses	**(4,037)**	(5,591)
Profit before income tax	**909**	984
Profit after tax and total comprehensive income	**755**	922
Summarised balance sheet		
Current assets	**3,288**	3,576
Includes:		
- Cash and bank balances	**704**	823
Current liabilities	**(957)**	(1,258)
Non-current assets	**291**	350
Non-current liabilities	**(26)**	(26)
Net assets	**2,596**	2,642

	2015	2014
	S$'000	S$'000
Hi Con (S) Pte. Ltd.		
Reconciliation of summarised financial information		
Interest in associated companies (35%)	**909**	925
Carrying value	**909**	925
Add:		
Carrying value of an immaterial associated company	**543**	597
Carrying value of Group's interest in associated companies	**1,452**	1,522

23. Investment in joint ventures

Group		
Balance at 1 January	**50,884**	55,641
Incorporation of a joint venture	**-**	800
Share of profit/(loss)	**13,066**	(5,711)
Reversal of elimination of unrealised income	**-**	154
Balance at 31 December	**63,950**	50,884

In the previous financial year, the Group has S$6,055,000 of capital commitments relating to its joint ventures. The Group also has lease commitments relating to its joint ventures. The joint ventures lease office space and carpark under non-cancellable operating lease agreements. The Group's share in the future aggregated minimum lease payments under the non-cancellable operating leases contracted for at the reporting date but non recognised as liabilities, are as follows:

Not later than one year	**186**	188
Between one and five years	**-**	186
	186	374

23. Investment in joint ventures (continued)

Details of the joint ventures are set out in Note 40. 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.

Significant joint ventures	**2015** **S$'000**	2014 S$'000
Summarised statement of comprehensive income		
Revenue	**19,668**	50,875
Expenses		
Includes:		
- Interest expense	**(9,772)**	(7,691)
Profit/(loss) before income tax	**20,032**	(17,784)
Income tax (expense)/credit	**(24)**	502
Profit/(loss) after tax and total comprehensive loss	**20,008**	(17,282)
Summarised balance sheet		
Current assets	**500,724**	292,138
Includes:		
- Cash and bank balances	**12,331**	9,026
Current liabilities	**(146,256)**	(216,278)
Includes:		
- Bank borrowings	**(500)**	(169,473)
- Amount due to shareholders	**(89,460)**	(23,667)

Significant joint ventures	**2015** **S$'000**	2014 S$'000
Non-current assets	**322,031**	270,196
Non-current liabilities	**(559,586)**	(255,407)
Includes:		
- Bank borrowings	**(500,857)**	(137,000)
- Amount due to shareholders	**(54,435)**	(115,359)
Net assets	**116,913**	90,649

Reconciliation of summarised financial information

Interest in joint ventures	**56,900**	47,849
Elimination of unrealised income	**(435)**	(402)
Impairment of loan to joint venture (Note 17)	**7,485**	2,785
Carrying value	**63,950**	50,232
Carrying value of an immaterial joint venture	**-**	652
Carrying value of Group's interest in joint ventures	**63,950**	50,884

Significant joint ventures have been aggregated as these joint ventures which undertake property development and investment business in Singapore have similar risks and returns characteristics.

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

	Company	
	2015	2014
	S$'000	S$'000
Investment in subsidiaries		
Balance at 1 January		
- Quoted equity shares, at cost	**5,200**	5,200
- Unquoted equity shares, at cost	**68,069**	73,439
- Financial guarantee contracts	**12,968**	12,376
	86,237	91,015
Disposal	**-**	(5,370)
Increase in financial guarantee contracts	**781**	592
Balance at 31 December	**87,018**	86,237
Amounts due from subsidiaries (non-trade) [Note 24(i)]		
- Current	**60,309**	58,642
Amounts due to subsidiaries (non-trade) [Note 24(i)]		
- Current	**(6,877)**	(6,872)

(i) The current non-trade amounts due from and to subsidiaries are unsecured and interest-free, except for an amount of S$50,000,000 which bears interest rate at 5% per annum. The current amounts due from and to subsidiaries are repayable on demand and their fair values approximate their carrying amount.

(ii) The Group has certain subsidiaries which are in the process of members' voluntary liquidation. The details of the subsidiaries are set out in Note 40. The fair values of identifiable net assets of these subsidiaries amounted to S$10,652,000 (2014: S$10,652,000). Details of the identifiable net assets of these subsidiaries as at 31 December 2015 are as follows:

	2015	2014
	S$'000	S$'000
Carrying amounts of assets and liabilities		
Cash and bank balances	**4,715**	4,715
Trade and other receivables	**8,214**	8,214
Total assets	**12,929**	12,929
Trade and other payables	**(86)**	(86)
Shareholder's loan	**(1,054)**	(1,054)
Total liabilities	**(1,140)**	(1,140)
Net assets in liquidation	**11,789**	11,789
Less: Non-controlling interests	**(1,137)**	(1,137)
Other receivables (Note 20)	**10,652**	10,652
Carrying value of non-controlling interests		
Koh Brothers Eco Engineering Limited and its subsidiaries	**10,961**	10,125
Other subsidiaries with immaterial non-controlling interests	**(1,583)**	(879)
	9,378	9,246

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

Summarised financial information of subsidiaries with material non-controlling interests

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

There were no transactions with non-controlling interests for the financial years ended 31 December 2015 and 2014.

	Koh Brothers Eco Engineering Limited and its subsidiaries	
	2015	2014
	S$'000	S$'000
Summarised statement of comprehensive income		
Revenue	**44,782**	44,384
Profit before income tax	**4,485**	1,474
Income tax expense	**(1,555)**	(365)
Profit after tax	**2,930**	1,109
Other comprehensive income	**(1,824)**	(215)
Total comprehensive income	**1,106**	894
Total comprehensive income allocated to non-controlling interests	**309**	612
Dividends paid to non-controlling interests	**-**	-
Summarised balance sheet		
Current		
Assets	**33,515**	30,909
Liabilities	**(26,732)**	(26,024)
Total current net assets	**6,783**	4,885
Non-current		
Assets	**11,228**	12,020
Total non-current net assets	**11,228**	12,020
Net assets	**18,011**	16,905

	Koh Brothers Eco Engineering Limited and its subsidiaries	
	2015	2014
	S$'000	S$'000
Summarised cash flows		
Cash generated from/(used in) operations	**8,510**	(1,207)
Income tax paid	**(920)**	(291)
Interest paid	**(68)**	(184)
Net cash from/(used in) operating activities	**7,522**	(1,682)
Net cash used in investing activities	**(2)**	(24)
Net cash from/(used in) financing activities	**1,347**	(2,491)
Net change in cash and bank balances	**8,867**	(4,197)
Cash and bank balances at beginning of year	**6,317**	10,372
Effect of currency translation on cash and bank balances	**(575)**	142
Cash and bank balances at end of year	**14,609**	6,317

25. Investment properties

	Group	
	2015	2014
	S$'000	S$'000
Balance at 1 January	**89,446**	82,023
Additions	**1,031**	1,717
Fair value gain recognised in profit or loss (Note 6)	**500**	5,706
Balance at 31 December	**90,977**	89,446
The following amounts are recognised in profit or loss:		
Rental income (Note 4)	**2,883**	2,926
Direct operating expenses arising from investment properties that generated rental income	**(1,798)**	(2,039)

Fair value hierarchy – Recurring fair value measurements

	Fair value measurements using		
Description	**Quoted prices in active markets for identical assets (Level 1)**	**Significant other observable inputs (Level 2)**	**Significant unobservable inputs (Level 3)**
	S$'000	**S$'000**	**S$'000**
31 December 2015			
- Investment properties	**-**	**-**	**90,977**
31 December 2014			
- Investment properties	-	-	89,446

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 S$'000	Valuation Technique(s)	Unobservable inputs[1]	Range of unobservable inputs	Relationship of unobservable inputs to fair value
Investment properties	90,977 (2014:89,446)	Income and cost method	Rental per square metre	S$3 to S$150 (2014: S$3 to S$150) per square metre	The higher the rental value per square metre, the higher the fair value.
		Adjusted market comparison method	Market value per square metre	S$20,000 to S$30,000 (2014: S$20,000 to S$28,000) per square metre	The higher the market value per square metre, the higher the fair value.

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

Valuation processes of the Group

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

At each financial year, management:

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

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

(i) Investment properties are leased to third parties under operating leases [Note 36(b)].

(ii) Investment properties with carrying values totalling S$87,371,000 (2014: S$85,840,000) are mortgaged to banks for credit facilities granted (Notes 30 and 32).

(iii) Details of the investment properties are set out in Note 41.

26. Property, plant and equipment

Group	Freehold land S$'000	Buildings on freehold land S$'000	Leasehold land and buildings S$'000	Plant and machinery S$'000	Motor vehicles S$'000	Furniture, fittings, office and hotel equipment S$'000	Assets under construction S$'000	Total S$'000
Cost or valuation								
At 1 January 2015								
Cost	10,044	18,967	19,936	72,670	24,596	12,584	1,523	160,320
Independent valuation in 1993 [Note 26(iv)]	16,250	6,487	5,489	-	-	-	-	28,226
	26,294	25,454	25,425	72,670	24,596	12,584	1,523	188,546
Currency translation differences	(1,259)	(428)	(165)	27	6	(72)	21	(1,870)
Transfers	-	-	-	603	-	-	(603)	-
Additions	17,398	-	-	2,501	3,658	562	3,615	27,734
Disposals	-	-	-	(802)	(765)	(136)	-	(1,703)
Write off	-	-	(514)	(88)	(738)	(176)	(44)	(1,560)
At 31 December 2015	42,433	25,026	24,746	74,911	26,757	12,762	4,512	211,147
Represented by:								
Cost	26,183	18,539	19,257	74,911	26,757	12,762	4,512	182,921
Independent valuation in 1993 [Note 26(iv)]	16,250	6,487	5,489	-	-	-	-	28,226
	42,433	25,026	24,746	74,911	26,757	12,762	4,512	211,147
Accumulated depreciation and impairment loss								
At 1 January 2015	-	8,763	8,020	60,910	15,765	9,110	-	102,568
Currency translation differences	-	(24)	39	51	2	(42)	-	26
Disposals	-	-	-	(802)	(673)	(126)	-	(1,601)
Write off	-	-	(514)	(88)	(732)	(174)		(1,508)
Depreciation charge [Note 26(i)]	-	773	678	4,760	2,399	879	-	9,489
At 31 December 2015	-	9,512	8,223	64,831	16,761	9,647	-	108,974
Net book value at 31 December 2015	**42,433**	**15,514**	**16,523**	**10,080**	**9,996**	**3,115**	**4,512**	**102,173**

26. Property, plant and equipment (continued)

Group	Freehold land S$'000	Buildings on freehold land S$'000	Leasehold land and buildings S$'000	Plant and machinery S$'000	Motor vehicles S$'000	Furniture, fittings, office and hotel equip-ment S$'000	Assets under construction S$'000	Total S$'000
Cost or valuation								
At 1 January 2014								
Cost	10,289	18,669	19,965	71,721	22,773	11,747	-	155,164
Independent valuation in 1993 [Note 26(iv)]	16,250	6,487	7,375	-	-	-	-	30,112
	26,539	25,156	27,340	71,721	22,773	11,747	-	185,276
Currency translation differences	(245)	(87)	(29)	17	12	(8)	(19)	(359)
Additions	-	601	-	2,067	3,998	1,181	1,777	9,624
Disposals	-	-	(1,886)	(56)	(2,007)	(76)	-	(4,025)
Write off	-	(216)	-	(1,079)	(180)	(260)	(235)	(1,970)
At 31 December 2014	26,294	25,454	25,425	72,670	24,596	12,584	1,523	188,546
Represented by:								
Cost	10,044	18,967	19,936	72,670	24,596	12,584	1,523	160,320
Independent valuation in 1993 [Note 26(iv)]	16,250	6,487	5,489	-	-	-	-	28,226
	26,294	25,454	25,425	72,670	24,596	12,584	1,523	188,546
Accumulated depreciation and impairment loss								
At 1 January 2014	-	8,204	8,876	56,563	16,009	8,561	-	98,213
Currency translation differences	-	(1)	25	(2)	11	2	-	35
Disposals	-	-	(1,886)	(56)	(1,804)	(61)	-	(3,807)
Write off	-	-	-	(1,079)	(180)	(267)	-	(1,526)
Depreciation charge [Note 26(i)]	-	560	1,005	5,484	1,729	875	-	9,653
At 31 December 2014	-	8,763	8,020	60,910	15,765	9,110	-	102,568
Net book value at 31 December 2014	**26,294**	**16,691**	**17,405**	**11,760**	**8,831**	**3,474**	**1,523**	**85,978**

26. Property, plant and equipment (continued)

	Group	
	2015	2014
	S$'000	S$'000
(i) Depreciation capitalised in construction contract work-in-progress (Note 15)	**2,646**	4,044
Depreciation charged to profit or loss (Note 7)	**6,843**	5,609
Total depreciation	**9,489**	9,653

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

Plant and machinery	**3,864**	5,707
Motor vehicles	**6,942**	6,196
	10,806	11,903

(iii) Included within additions in the consolidated financial statements are property, plant and equipment acquired under finance leases amounting to S$2,482,000 (2014: S$3,951,000) and S$nil (2014: S$63,000) on credit terms.

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

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

Freehold land	**15,293**	15,293
Buildings on freehold land	**3,590**	3,715
Leasehold land and buildings	**550**	684

(vi) At 31 December 2015, freehold land, buildings on freehold land and leasehold land and buildings with a carrying value of S$33,678,000 (2014: S$31,613,000) are mortgaged to banks for credit facilities granted (Notes 30 and 32).

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

	Name and location	Description	Land area (Sq ft)	Built-up area (Sq ft)	Tenure
(a)	Koh Brothers Building 11 Lorong Pendek Singapore 348639	Industrial building	12,002	23,835	Freehold
(b)	Oxford Hotel 218 Queen Street Singapore 188549	Hotel	8,049	52,890	Freehold
(c)	65 Sungei Kadut Drive Singapore 729564	Factory-cum-office building	94,399	48,540	30 years lease from 16 December1990
(d)	50 Tuas Crescent Singapore 638730	Factory-cum-office building	234,625	123,107	60 years lease from 16 July 1982
(e)	PTD 103250, Jalan Idaman 3/9, Taman Perindustrian Senai, 81400 Senai, Johor Malaysia	Factory-cum-office building	504,425	304,414	Freehold
(f)	30 Tuas South Street 6, Singapore 638737	Industrial land	92,542	30,550	22 years 6 months from 2 May 2015

26. Property, plant and equipment (continued)

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

	Name and location	Description	Land area (Sq ft)	Built-up area (Sq ft)	Tenure
(g)	15 Genting Lane Singapore 348640	Industrial land	10,820	-	Freehold
(h)	1 Jalan Bioteknologi 3, Kawasan Perindustrian SiLC, 79200 Nusajaya, Johor, Malaysia	Industrial land	581,613	-	Freehold
(i)	28 Third Lok Yang Road Singapore 628016	Factory-cum-office building	27,024	22,025	48 years 8 months from 20 October 1983
(j)	Lot 6 Jalan Pasaran 23/5, Kawasan Miel, Phase 10, 40300 Shah Alam, Selangor Darul Ehsan, Malaysia	Factory-cum-office building	42,637	28,614	99 years from 15 August 1997

27. Goodwill

	Group 2015 S$'000	Group 2014 S$'000
Cost		
Balance at 1 January and 31 December	**5,078**	5,078

Impairment tests for goodwill

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

The Group tests the CGU annually for impairment or more frequently if there are indicators 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 .

Key assumptions used for value-in-use calculations

	2015	2014
Gross margin [1]	**12%**	12%
Terminal growth rate [2]	**2%**	2%
Discount rate [3]	**13%**	13%

[1] Budgeted gross margin

[2] Weighted average growth rate used to extrapolate cash flows beyond the budget period

[3] Pre-tax discount rate applied to the pre-tax cash flow projections

These assumptions were used for the analysis of each CGU within the business segment. Management determined budgeted gross margin based on past performance and its expectations of market developments. The weighted average growth rates used were consistent with forecasts included in industry reports. The discount rates used were pre-tax and reflected specific risks relating to the relevant segments. The sensitivity analysis of the recoverable amount of the CGU is set out in Note 3.1(a).

28. Trade payables

(i) Included in current and non-current trade payables are retentions on construction contracts of S$10,155,000 (2014: S$8,852,000), advances received on construction contract of S$922,000 (2014: S$524,000) (Note 15) and advance billings on construction contracts of S$9,470,000 (2014: S$7,076,000).

(ii) The non-current trade payables due to third parties are presented at amortised cost and computed based on cash flows discounted at market borrowing rates. The market borrowing rates used is 4% (2014: 4%) per annum.

29. Other liabilities

	Group		Company	
	2015	2014	**2015**	2014
	S$'000	S$'000	**S$'000**	S$'000
Current				
Accruals for operating expenses	**39,356**	22,179	**1,724**	1,314
Sundry payables	**9,363**	9,942	**3**	178
Deposits and advances received	**3,069**	3,928	**-**	-
Due to related parties [Note 29(a)]	**1,182**	1,895	**-**	-
Due to directors [Note 29(b)]	**409**	394	**376**	362
Indirect taxes payable	**281**	1,155	**-**	-
	53,660	39,493	**2,103**	1,854

(a) The non-trade amounts due to related parties includes amounts due to non-controlling interests of:

(i) For the financial year ended 31 December 2014, S$908,000 was unsecured, interest-bearing at 2% per annum.

(ii) S$1,182,000 (2014: S$987,000) which are unsecured, interest-free and are repayable on demand.

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

30. Short-term borrowings

	Group	
	2015	2014
	S$'000	S$'000
Bills payable		
- Unsecured	**7,363**	12,382
Short-term bank loans		
- Secured [Note 30(ii)]	**4,898**	28,300
- Unsecured	**7,381**	10,904
	12,279	39,204
Term loans payable within one year (Note 32)		
- Secured	**89,522**	1,894
- Unsecured	**-**	302
	89,522	2,196
Finance lease payables within one year (Note 31)	**2,543**	3,181
	111,707	56,963

(i) Effective interest rates

The bills payable are interest-bearing at a rate of 2.35% (2014: 1.66%) per annum.

Weighted average effective interest rates per annum of short-term bank loans at the balance sheet date is 2.73% (2014: 2.12%) per annum.

(ii) The short-term bank loans are secured as follows:

Freehold land, buildings on freehold land [Note 26(vi)]	**4,898**	28,300

31. Finance leases

	Group	
	2015	2014
	S$'000	S$'000
Minimum lease payments due:		
- Not later than one year	**2,613**	3,275
- Between one and five years	**1,590**	2,782
	4,203	6,057
Less: Future finance charges	**(129)**	(179)
Present value of finance lease liabilities	**4,074**	5,878

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

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

Current liabilities		
- Not later than one year (Note 30)	**2,543**	3,181
Non-current liabilities		
- Between one and five years	**1,531**	2,697
	4,074	5,878

The weighted average effective interest rate of finance leases at the balance sheet date is 2.12% (2014: 2.35%) per annum.

32. Bank borrowings

	Due within one year		Due after one year	
	2015	2014	**2015**	2014
Group	**S$'000**	S$'000	**S$'000**	S$'000
Bank loans (secured)	**89,522**	1,894	**60,569**	137,525
Bank loans (unsecured)	**-**	302	**-**	556
	89,522	2,196	**60,569**	138,081
	(Note 30)			

Details of the term loans are as follows:

(i) A term loan of S$10,147,000 (2014: S$12,032,000) is secured by way of a first legal mortgage on a freehold property [Note 26(vi)]. It is repayable in equal monthly instalment basis up to 31 December 2020.

(ii) Term loans of $21,700,000 are secured by way of a first legal mortgage over the Company's investment property [Note 25(ii)], assignments of all rights, title, benefits and interests in connection with any insurance policies, leases, tenancy agreements and/or sale and purchase agreements with respect to the property. The loan is fully repayable by 24 July 2019.

(iii) Term loans of $24,800,000 are secured by way of a first legal mortgage over the Company's investment property [Note 25(ii)], assignments of all rights, title, benefits and interests in connection with any insurance policies, leases, tenancy agreements and/or sale and purchase agreements with respect to the property. The term loan is fully repayable on 24 July 2019.

(iv) Term loans of S$87,175,000 (2014: S$123,725,000) are secured by way of first legal mortgage on the 99-year leasehold land parcel (Note 19). The term loan is secured by way of an assignment of all Company's rights, title, benefits and interests in connection with any construction contracts, performance bonds, insurance policies, lease, tenancy agreements and/or sale and purchase agreements with respect to the development. The term loans are fully repayable 6 to 12 months from issuance of the Temporary Occupation Permit, whichever is earlier and not later than 31 December 2016.

(v) In the previous financial year, term loans of S$858,000 were unsecured and fully paid during the financial year ended 31 December 2015.

(vi) A term loan of S$4,408,000 (2014: S$3,662,000) is secured by way of first legal mortgage on the freehold investment properties [Note 25(ii)]. It is repayable for the first 24 instalments from the date of first partial disbursement of the loan and a term of 15 years.

(vii) Term loans of S$1,861,000 are secured by way of first legal mortgage on freehold land [Note 26(vi)]. It is repayable in 60 monthly instalments.

(viii) The carrying amounts of the 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.

(ix) The weighted average effective interest rate at the balance sheet date is 2.82% (2014: 1.98%) per annum.

33. Notes payables

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

The Company issued the first series of notes amounting to S$50 million in July 2014. The notes bear a fixed rate of 4.80% per annum payable semi-annually in arrear and have a tenor of 3.5 years. At the balance sheet date, the carrying amounts of the notes approximate its fair value.

34. Share capital and treasury shares

	No. of ordinary shares		Amount	
Group and Company	**Issued share capital**	**Treasury shares**	**Share capital**	**Treasury shares**
	'000	**'000**	**S$'000**	**S$'000**
2015				
Balance at 1 January	**466,475**	**(43,588)**	**45,320**	**(13,061)**
Treasury shares purchased	**-**	**(7,907)**	**-**	**(2,525)**
Cancellation of treasury shares	**(10,000)**	**10,000**	**(2,667)**	**2,667**
Balance at 31 December	**456,475**	**(41,495)**	**42,653**	**(12,919)**
2014				
Balance at 1 January	466,475	(20,298)	45,320	(5,795)
Treasury shares purchased	-	(23,290)	-	(7,266)
Balance at 31 December	466,475	(43,588)	45,320	(13,061)

All issued ordinary shares are fully paid. There is no par value for these ordinary shares.

Fully paid ordinary shares carry one vote per share and carry a right to dividends as and when declared by the Company.

(a) Treasury shares

The Company acquired 7,907,000 (2014: 23,290,000) shares in the Company in the open market during the financial year. The total amount paid to acquire the shares was S$2,525,000 (2014: S$7,266,000) and this was presented as a component within shareholders' equity. The Company cancelled 10,000,000 treasury shares amounting to S$2,667,000 during the financial year.

(b) Other reserves

	Group	
	2015 $'000	2014 $'000
Composition		
Fair value reserve	**(345)**	(310)
Capital reserve	**(96)**	(96)
	(441)	(406)
Movements		
Fair value reserve		
(i) Balance at 1 January	**(310)**	-
Fair value losses on available-for-sale financial assets (Note 21)	**(35)**	(310)
Balance at 31 December	**(345)**	(310)
(ii) Capital reserve		
Balance at 1 January	**(96)**	(375)
Gain on liquidation of a subsidiary	**-**	279
Balance at 31 December	**(96)**	(96)

As at 31 December 2015 and 31 December 2014, capital reserve comprises:

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

(ii) On 28 February 2013, the Company subscribed for warrants in a subsidiary amounting to S$3,015,000 [Note 13(a)]. As a result of the subscription, the value of the warrants attributed to non-controlling interests is S$1,786,000.

Other reserves are not available for dividend distribution.

(c) Retained profits

Retained profits of the Group are distributable except for accumulated retained profits of associated companies amounting to S$611,000 (2014: S$692,000). Retained profits of the Company are fully distributable.

34. Share capital and treasury shares (continued)

(d) Currency translation reserve

	Group	
	2015	2014
	S$'000	S$'000
Balance at 1 January	**(7,529)**	(5,570)
Net currency translation differences of financial statements of foreign operations	**(1,878)**	(612)
Disposal of a subsidiary	**-**	(1,637)
Less: Non-controlling interests	**1,403**	290
Balance at 31 December	**(8,004)**	(7,529)

35. Dividend

Special and final dividend paid in respect of the previous financial year ended of 0.80 cent (2014: 0.70 cent) per share	**3,327**	3,082

At the forthcoming Annual General Meeting, a special and final dividend of 0.30 cent per share and 0.50 cent per share respectively amounting to a total of S$3,320,000 will be recommended. These financial statements do not reflect these dividends, which will be accounted for in shareholders' equity as an appropriation of retained profits in the financial year ending 31 December 2016.

36. Commitments

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

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

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

Not later than one year	**5,640**	7,594
Between one and five years	**5,731**	9,925
Later than five years	**9,804**	8,827
	21,175	26,346

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

The Group leases out commercial space to non-related parties under non-cancellable operating leases. The lessees are required to pay either absolute fixed annual increases to the lease payments or contingent rents computed based on their sales achieved during the lease period.

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

Group (S$'000)	**2015**	2014
Not later than one year	**1,033**	1,109
Between two and five years	**650**	1,265
	1,683	2,374

37. 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 mainly in Singapore, Malaysia and People's Republic of China. Entities in the Group transact predominantly in their respective functional currencies, except for balances between entities in the Group.

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

37. 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	RMB S$'000	MYR S$'000	Others S$'000	Total S$'000
2015						
Financial assets						
Cash and bank balances	48,918	12,745	204	2,481	117	64,465
Available-for-sale financial assets	7,940	-	-	-	-	7,940
Trade and other receivables	210,363	5,509	4,456	8,015	793	229,136
Due from customers on construction contracts	15,879	-	-	-	-	15,879
Amount due from joint ventures	79,475	-	-	-	-	79,475
Development properties	1,198	-	-	-	-	1,198
Inter-company balances	277,842	-	2,008	549	2,586	282,985
	641,615	18,254	6,668	11,045	3,496	681,078
Financial liabilities						
Borrowings	(220,171)	(686)	(1,089)	(1,861)	-	(223,807)
Trade and other payables	(111,551)	(810)	(7,795)	(5,013)	(2,420)	(127,589)
Amount due associated companies	(1,016)	-	-	(103)	-	(1,119)
Amounts due to joint ventures	(15,507)	-	-	-	-	(15,507)
Inter-company balances	(277,842)	-	(2,008)	(549)	(2,586)	(282,985)
	(626,087)	(1,496)	(10,892)	(7,526)	(5,006)	(651,007)
Net financial assets/(liabilities)	15,528	16,758	(4,224)	3,519	(1,510)	30,071
Add: Net financial (assets)/liabilities denominated in the respective entities' functional currency	(41,062)	-	6,386	(5,800)	(1,690)	(42,166)
Net currency exposure	**(25,534)**	**16,758**	**2,162**	**(2,281)**	**(3,200)**	**(12,095)**

37. Financial risk management (continued)

(a) Market risk (continued)

(i) Currency risk (continued)

	SGD S$'000	USD S$'000	RMB S$'000	MYR S$'000	Others S$'000	Total S$'000
Group						
2014						
Financial assets						
Cash and bank balances	69,634	1,877	140	5,464	216	77,331
Available-for-sale financial assets	7,980	-	-	-	-	7,980
Trade and other receivables	64,679	574	7,415	12,023	5,987	90,678
Due from customers on construction contracts	4,873	56	-	-	75	5,004
Amounts due from joint ventures	73,518	-	-	-	-	73,518
Development properties	137,280	-	-	-	-	137,280
Inter-company balances	326,132	607	1,965	3,199	3,533	335,436
	684,096	3,114	9,520	20,686	9,811	727,227
Financial liabilities						
Borrowings	(246,981)	(334)	(426)	-	-	(247,741)
Trade and other payables	(90,134)	(448)	(9,980)	(7,908)	(3,830)	(112,300)
Amount due to an associated company	(963)	-	-	-	-	(963)
Inter-company balances	(326,132)	(607)	(1,965)	(3,199)	(3,533)	(335,436)
	(664,210)	(1,389)	(12,371)	(11,107)	(7,363)	(696,440)
Net financial assets/(liabilities)	19,886	1,725	(2,851)	9,579	2,448	30,787
Add: Net financial (assets)/liabilities denominated in the respective entities' functional currency	(32,829)	-	4,802	(8,608)	75	(36,560)
Net currency exposure	(12,943)	1,725	1,951	971	2,523	(5,773)

For the financial year ended 31 December 2015, the Company's business operations are not exposed to significant foreign currency risks as it has no significant transactions denominated in foreign currencies. All financial assets and financial liabilities are denominated in SGD.

37. Financial risk management (continued)

(a) Market risk (continued)

(i) Currency risk (continued)

If the USD, RMB and MYR changes against the SGD by 6% (2014: 3%) 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:

	2015		2014	
	Increase / (decrease)			
	Profit after tax	**Other comprehensive income**	Profit after tax	Other comprehensive income
Group	**S$'000**	**S$'000**	S$'000	S$'000
USD against SGD				
- Strengthened	**835**	**-**	43	-
- Weakened	**(835)**	**-**	(43)	-
RMB against SGD				
- Strengthened	**108**	**(129)**	49	(11)
- Weakened	**(108)**	**129**	(49)	11
MYR against SGD				
- Strengthened	**(114)**	**476**	24	193
- Weakened	**114**	**(476)**	(24)	(193)

(ii) Interest rate risk

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

The Group's borrowings at variable rates on which effective hedges have not been entered into, are denominated mainly in SGD. If the SGD interest rates increase/decrease by 1% (2014: 1%) with all other variables including tax rate being held constant, the profit after tax will be lower/higher by S$1,409,000 (2014: S$1,592,000) as a result of higher/lower interest expense on these borrowings.

(iii) Price risk

The Group is exposed to equity securities and debt securities price risk arising from the investments held by the Group which are classified on the consolidated balance sheets as financial assets, at fair value through profit or loss (Note 13) and available-for-sale financial assets (Note 21). These securities are listed in Singapore and China. The Group is not exposed to commodity price risk.

If prices for equity securities and debt equities listed in Singapore and People's Republic of China change by 10% (2014: 10%) with all other variables including tax rate being held constant, the profit after tax and other comprehensive income will be:

37. Financial risk management (continued)

(a) Market risk (continued)

(iii) Price risk (continued)

	2015		2014	
	Increase / (decrease)			
	Profit after tax	**Other comprehensive income**	Profit after tax	Other comprehensive income
Group	**S$'000**	**S$'000**	S$'000	S$'000
Listed in Singapore				
- Increased by 10%	**5**	**794**	16	798
- Decreased by 10%	**(5)**	**(794)**	(16)	(798)
Listed in People's Republic of China				
- Increased by 10%	**-**	**-**	218	-
- Decreased by 10%	**-**	**-**	(218)	-

The Company is not exposed to price risk.

(b) Credit risk

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

As the Group and the Company do not hold any collateral, the maximum exposure to credit risk for each class of financial instruments is the carrying amount of that class of financial instruments presented on the balance sheet. In addition, at 31 December 2015, the Company furnished banks and financial institutions guarantees for facilities extended to subsidiaries and joint venture companies amounting to S$889,669,000 (2014: S$893,370,000) of which the amount utilised at 31 December 2015 was S$536,959,000 (2014: S$514,394,000).

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

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

	Group		Company	
	2015	2014	**2015**	2014
	S$'000	S$'000	**S$'000**	S$'000
By geographical areas				
Singapore	**179,118**	125,199	**59,647**	57,392
People's Republic of China	**5,555**	8,020	**-**	-
Malaysia	**7,951**	17,936	**662**	1,250
The rest of Asia and others	**4,111**	1,852	**-**	-
	196,735	153,007	**60,309**	58,642
By types of customers				
Related corporations	**-**	-	**60,309**	58,642
Joint venture companies	**82,896**	73,518	**-**	-
Non-related parties				
- Other corporations	**97,829**	71,980	**-**	-
- Government-related	**16,010**	7,509	**-**	-
	196,735	153,007	**60,309**	58,642

37. Financial risk management (continued)

(b) Credit risk (continued)

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

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

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

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

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

	Group	
	2015	2014
	S$'000	S$'000
Past due 0 to 3 months	**22,046**	24,079
Past due 3 to 6 months	**3,524**	5,270
Past due over 6 months	**17,741**	17,959
	43,311	47,308

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

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

	Group	
	2015	2014
	S$'000	S$'000
Gross amount		
- Past due over 6 months	**8,456**	8,475
Less: Allowance for impairment	**(8,456)**	(8,475)
	-	-
Balance at 1 January	**(8,475)**	(6,857)
Currency translation difference	**(36)**	(268)
Allowance made	**(1,425)**	(1,826)
Allowance written off	**1,480**	474
Allowance written back	**-**	2
Balance at 31 December	**(8,456)**	(8,475)

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

(c) Liquidity risk

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

	Less than 1 year	**Between 1 and 2 years**	**Between 2 and 5 years**	**Over 5 years**
	S$'000	**S$'000**	**S$'000**	**S$'000**
Group				
At 31 December 2015				
Payables	**140,545**	**2,610**	**1,060**	**-**
Borrowings	**115,574**	**4,661**	**59,153**	**2,981**
Notes payables	**2,400**	**2,400**	**51,200**	**-**
At 31 December 2014				
Payables	109,227	2,470	1,566	-
Borrowings	75,883	75,519	49,124	4,435
Notes payables	2,400	2,400	53,600	-

37. Financial risk management (continued)

(C) Liquidity risk (continued)

	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
Company				
At 31 December 2015				
Other payables	**2,103**	**-**	**-**	**-**
Amount due to subsidiaries	**6,877**	**-**	**-**	**-**
Notes payables	**2,400**	**2,400**	**51,200**	**-**
Financial guarantee contracts	**536,959**	**-**	**-**	**-**
At 31 December 2014				
Other payables	1,854	-	-	-
Amount due to subsidiaries	20	6,852	-	-
Notes payables	2,400	2,400	53,600	-
Financial guarantee contracts	514,394	-	-	-

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

(d) Capital risk

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

The gearing ratio is calculated as net debt divided by shareholders funds. Net debt is calculated as borrowings less cash and bank balances.

	Group	
	2015	2014
	S$'000	S$'000
Net debt	**159,342**	170,410
Shareholders' funds	**257,205**	235,689
Gearing ratio (times)	**0.62**	0.72

The Group and the Company are in compliance with all externally imposed capital requirements for the financial years ended 31 December 2015 and 2014.

(e) Fair value measurements

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

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

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

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

37. Financial risk management (continued)

(e) Fair value measurements (continued)

	Level 1 S$'000	Level 2 S$'000	Total S$'000
Group			
2015			
Assets			
Financial assets, at fair value through profit or loss	**49**	**-**	**49**
Available-for-sale financial assets	**7,940**	**-**	**7,940**
2014			
Assets			
Financial assets, at fair value through profit or loss	2,783	-	2,783
Available-for-sale financial assets	7,980	-	7,980
Company			
2015			
Assets			
Financial assets at fair value through profit or loss	**-**	**-**	**-**
2014			
Assets			
Financial assets at fair value through profit or loss	-	1,149	1,149

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 an active market (warrants issued by a subsidiary) is determined by using the Black-Scholes model. The significant input in the valuation is the subsidiary's quoted market price at the balance sheet date.

(f) Financial instrument by category

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

	Group		Company	
	2015 S$'000	2014 S$'000	**2015 S$'000**	2014 S$'000
Loans and receivables	**381,016**	249,507	**61,239**	61,379
Financial liabilities at amortised cost	**368,022**	361,004	**58,980**	58,726

38. 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:

	Group	
	2015	2014
	S$'000	S$'000
(a) Sales and purchases of goods and services		
(i) Progressive billing recognised from sale of residential property to a key management personnel	**328**	146
(ii) Progressive billing recognised from sale of residential property to a related party	**338**	169
(iii) Progressive billing to build a residential property to a key management personnel	**791**	-
(iv) Rental income from a key management personnel	**38**	38
(v) Purchase of goods fromassociated company	**3,055**	3,690
(vi) Progressive billing to build residential properties for joint ventures	**36,579**	11,827

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

Outstanding balances at 31 December 2015, arising from sale/purchase of goods and services, are disclosed in Notes 14, 16, 17 and 29.

(b) Key management personnel compensation

Key management personnel compensation is analysed as follows:

	Group	
	2015	2014
	S$'000	S$'000
Salaries and other short-term employee benefits	**8,390**	8,386
Post-employment benefits – contribution to Central Provident Fund	**325**	239
	8,715	8,625

Included in the above was total compensation to directors of the Company amounting to S$416,000 (2014: S$362,000).

39. 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 the Executive Directors.

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

(a) Construction and Building Materials – This business segment undertakes construction activities for "building and civil engineering", "water and wastewater treatment and hydro-engineering", "bio-refinery and bio-energy" segments and sales of building materials. Management has aggregated the above businesses under Construction and Building Materials as they have similar economic growth prospects.

(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.

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:

39. Segment information (continued)

Group (S$'000)	Real Estate	Leisure & Hospitality	Construction and Building Materials	Others	Total
2015					
Sales					
- External	140,616	3,550	283,154	-	**427,320**
- Inter-segment	1,579	117	56,796	-	**58,492**
	142,195	3,667	339,950	-	**485,812**
Elimination					**(58,492)**
					427,320
Results					
Segment results	15,540	35	10,408	(344)	**25,639**
Net investment gain	-	-	669	-	**669**
Interest income					**2,740**
Finance expenses (Note 9)					**(5,671)**
Share of profit of associated companies	-	-	200	-	**200**
Share of profit of joint ventures	13,066	-	-	-	**13,066**
Profit before income tax					**36,643**
Other information					
Capital expenditure	17,465	414	9,855	-	**27,734**
Depreciation	157	722	5,964	-	**6,843**

Group (S$'000)	Real Estate	Leisure & Hospitality	Construction and Building Materials	Others	Elimination	Total
Segment assets	346,406	26,812	305,212	2,341	(82,030)	**598,741**
Associated companies	-	-	1,452	-	-	**1,452**
Joint ventures	63,950	-	-	-	-	**63,950**
Unallocated assets:						
Short-term bank deposits						**1,557**
Financial assets at fair value through profit or loss						**49**
Available-for-sale financial assets						**7,940**
Consolidated total assets						**673,689**
Segment liabilities	91,500	2,222	190,260	8,929	(128,647)	**164,264**
Unallocated liabilities:						
Current income tax liabilities						**10,837**
Deferred income tax liabilities						**8,198**
Borrowings						**223,807**
Consolidated total liabilities						**407,106**

39. Segment information (continued)

Group (S$'000)	Real Estate	Leisure & Hospitality	Construction and Building Materials	Others	Total
2014					
Sales					
- External	134,999	3,293	256,853	-	395,145
- Inter-segment	1,498	6	45,542	-	47,046
	136,497	3,299	302,395	-	442,191
Elimination					(47,046)
					395,145
Results					
Segment results	27,228	(647)	13,758	(804)	39,535
Net investment gain	2	-	8	1,358	1,368
Interest income					1,347
Finance expenses (Note 9)					(3,025)
Share of profit of associated companies	-	-	292	-	292
Share of loss of joint ventures	(5,711)	-	-	-	(5,711)
Profit before income tax					33,806
Other information					
Capital expenditure	172	454	8,998	-	9,624
Depreciation	152	684	4,773	-	5,609

Group (S$'000)	Real Estate	Leisure & Hospitality	Construction and Building Materials	Others	Elimination	Total
Segment assets	317,326	26,955	277,725	5,298	(79,919)	547,385
Associated companies	-	-	1,522	-	-	1,522
Joint ventures	50,884	-	-	-	-	50,884
Unallocated assets:						
Short-term bank deposits						34,039
Financial assets, at fair value through profit or loss						2,783
Available-for-sale financial assets						7,980
Consolidated total assets						644,593
Segment liabilities	62,216	2,614	190,051	8,941	(127,717)	136,105
Unallocated liabilities:						
Current income tax liabilities						3,024
Deferred income tax liabilities						12,778
Borrowings						247,741
Consolidated total liabilities						399,648

39. Segment information (continued)

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

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

(ii) The Exco assesses the performance of the operating segments based on a measure of segment results. This measurement excludes the income or expenses that are not expected to recur regularly in every period. Interest income and finance expenses are not allocated to segments, as this type of activity is driven by the Group Treasury, which manages the cash performance of the Group.

(a) The amounts provided to the Exco with respect to total assets are measured in a manner consistent with that of the financial statements. All assets are allocated to reportable segments other than short-term bank deposits, financial assets, at fair value through profit or loss and available-for-sale financial assets.

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

Geographical information

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

The following table presents sales and non-current assets information for the main geographical areas for the financial years ended 31 December 2015 and 2014.

	Group	
	2015	2014
	S$'000	S$'000
Total sales		
Singapore	**387,073**	345,431
People's Republic of China	**4,312**	8,123
Malaysia	**18,371**	27,702
Indonesia	**6,313**	3,667
Others	**11,251**	10,222
	427,320	395,145
Total non-current assets		
Singapore	**250,463**	224,025
People's Republic of China	**525**	670
Malaysia	**12,383**	14,385
The rest of Asia	**3,680**	3,709
	267,051	242,789

40. Group companies

The subsidiaries, joint ventures and associated companies at 31 December 2015 and 31 December 2014 are as follows:

Name of company	Country of incorporation and business	Principal activities	Effective holding by the Group 2015	Effective holding by the Group 2014
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 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%
Koh Brothers Eco Engineering Limited [a^]	Singapore	Construction, project management and investment holding	**40.96%**	40.96%
Held by the Subsidiaries:				
Asta-Profits Investments Pte Ltd	Singapore	In Members' Voluntary Liquidation	**-**	-
Bellwood Investments Pte Ltd	Singapore	In Members' Voluntary Liquidation	**-**	-
Changi Properties Pte Ltd [a]	Singapore	Property development and management services	**100%**	100%
KBD Kosdale Pte. Ltd. [a]	Singapore	Property investment	**100%**	100%
KBD Flora Pte. Ltd. [a]	Singapore	Project management and property development	**100%**	100%
Kosland Pte. Ltd. [a]	Singapore	Property investment	**100%**	100%
Koh Brothers Building & Civil Engineering Contractor (Pte.) Ltd. [a]	Singapore	Building and civil engineering contracting	**100%**	100%
Eminent Capital Investments Pte Ltd	Singapore	In Members' Voluntary Liquidation	**-**	-
G & W Concrete Products Pte Ltd [a]	Singapore	Manufacture of concrete products	**100%**	100%
G & W Industries Pte Ltd [a]	Singapore	Manufacture of cement	**100%**	100%
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	Singapore	Manufacture of building Materials	**100%**	100%
Megacity Investment Pte Ltd [a]	Singapore	Investment holding	**100%**	100%
Megaplus Investment Pte Ltd [a]	Singapore	In Members' Voluntary Liquidation	**-**	-
Meng Wah High Technology Pte Ltd	Singapore	Gazetted to be struck off	**-**	100%

40. Group companies (continued)

Name of company	Country of incorporation and business	Principal activities	Effective holding by the Group 2015	Effective holding by the Group 2014
Held by Subsidiaries:				
Scenic City Investment Pte Ltd	Singapore	In Members' Voluntary Liquidation	**-**	-
Wealthplus Pte Ltd	Singapore	In Members' Voluntary Liquidation	**-**	-
KBD Ventures Pte Ltd [a]	Singapore	Project and travel management services	**100%**	100%
Beijing G & W Cement Products Co., Ltd [b]	People's Republic of China	Manufacture of building materials	**55%**	55%
USL Asia Pacific Pte Ltd	Singapore	Manufacture of Construction Products	**75%**	75%
USL Asia Pacific (M) Sdn Bhd	Malaysia	Disposed within the financial year	**-**	68.25%
Shantou Scenic Bay Property Development Co., Ltd	People's Republic of China	In Members' Voluntary Liquidation	**-**	-
Shantou Scenic View Property Development Co., Ltd	People's Republic of China	In Members' Voluntary Liquidation	**-**	-
Dalian Megacity Trading Co., Ltd [f]	People's Republic of China	Logistics and business services	**100%**	100%
PT. Koh Brothers Indonesia [e]	Indonesia	Property investment and development	**100%**	100%
G & W Building Materials Sdn. Bhd.[c]	Malaysia	Manufacture of building materials	**100%**	100%

Name of company	Country of incorporation and business	Principal activities	Effective holding by the Group 2015	Effective holding by the Group 2014
Held by Subsidiaries:				
G & W Industries (M) Sdn. Bhd.[c]	Malaysia	Rental of equipment, properties and business services	**100%**	100%
Metax Eco Solutions Pte. Ltd. [a^]	Singapore	Environmental engineering services	**40.96%**	40.96%
Koh Eco Engineering Pte. Ltd. [a^]	Singapore	Engineering works and construction	**40.96%**	40.96%
WS Bioengineering Pte. Ltd. [a^]	Singapore	Construction and project management	**40.96%**	40.96%
Metax Engineering (India) Private Limited ^	India	In process of disposal	**-**	40.96%
MetEco Solutions Sdn. Bhd. [c^]	Malaysia	Construction and project management	**40.96%**	40.96%
WS Bioengineering China Pte. Ltd. [a^]	Singapore	Engineering, construction and management services	**40.96%**	40.96%
WSB Pte. Ltd. [a^]	Singapore	Engineering and construction services	**40.96%**	40.96%
Koh Brothers Eco (China) Pte. Ltd.	Singapore	Gazetted to be struck off	**-**	40.96%
WS Bioengineering Sdn. Bhd. [c^]	Malaysia	Management services	**40.96%**	40.96%

40. Group companies (continued)

Name of company	Country of incorporation and business	Principal activities	Effective holding by the Group 2015	2014
Held by Subsidiaries:				
Oiltek Sdn. Bhd. [c^]	Malaysia	Specialist engineers and commission agent	**32.77%**	32.77%
Oiltek-Nova Bioenergy Sdn. Bhd. [c^]	Malaysia	Specialist engineers and commission agent	**21.30%**	21.30%
JOINT VENTURE COMPANIES				
Held by Subsidiary:				
Canberra Development Pte. Ltd. [d]	Singapore	Property investment	**50%**	50%
Buildhome Pte. Ltd. [d]	Singapore	Property development	**50%**	50%
Phileap Pte. Ltd. [d]	Singapore	Property development	**25%**	25%
KBD Westwood Pte. Ltd. [a, *]	Singapore	Property development	**80%**	80%
JOINT VENTURE ENTITY				
Held by Subsidiary:				
Soletanche Bachy – Koh Brothers Joint Venture [a]	Singapore	Civil engineering	**45%**	45%
ASSOCIATED COMPANIES				
Held by Subsidiaries:				
Hi Con (S) Pte. Ltd. [a]	Singapore	Manufacture of chemicals	**35%**	35%
Tricaftan Environmental Technology Pte. Ltd. [g]	Singapore	Construction and project management	**16.38%**	16.38%

a Audited by PricewaterhouseCoopers LLP, Singapore.

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

c Audited by PricewaterhouseCoopers, Malaysia.

d Audited by Ernst & Young LLP, Singapore.

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

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

g Audited by Reanda Adept Public Accounting Corporation, Singapore.

h In accordance to 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.

^ Koh Brothers Eco Engineering Limited and its subsidiaries are deemed to be subsidiaries of the Group (Note 13(i)).

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

41. Investment properties

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

* The land use right may be extended for another 20 years.

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

42. Development properties

Property	Title	Percentage of completion at 31.12.2015/ date of completion	Site area/ gross floor area (sq ft)	Group's effective interest in property
Site for residential development at Flora Drive, Singapore	99 years lease	100% / December 2015	322,368 496,388	100%

43. Events occurring after balance sheet date

On 7 January 2016, the Group announced the proposed restructuring of the construction division by transferring Koh Brothers Building & Civil Engineering Contractor (Pte.) Ltd. to Koh Brothers Eco Engineering Limited ("KBE") for S$19,011,000. The consideration will be fully satisfied through the allotment and issuance of 369,145,631 new shares of KBE to the Group. The financial effect of this transaction cannot be estimated as the restructuring is still in progress at the time these financial statements have been authorised for issue.

44. New or revised accounting standards and interpretations

The Group has not early adopted any mandatory standards, amendments and intepretations to existing standards that has been published but are effective for the Group's accounting periods beginning on or after 1 January 2016. The Group is assessing the impact of the relevant new or revised accounting standards and intepretations.

45. 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 23 March 2016

STATISTICS OF SHAREHOLDINGS
as at 24 March 2016

SHARE CAPITAL AND VOTING RIGHTS

Issued and fully paid-up capital	:	S$36,981,331.12
Number of issued shares	:	438,000,000
Number of treasury shares	:	23,067,000
Class of shares	:	Ordinary shares with equal voting rights[1]

DISTRIBUTION OF SHAREHOLDINGS

Size of shareholdings	Number of shareholders	%	Number of ordinary shares held (excluding treasury shares)	%
1-99	4	0.04	124	0.00
100 -1000	112	1.13	91,685	0.02
1,001 - 10,000	7,579	76.60	34,889,626	8.41
10,001 - 1,000,000	2,174	21.98	98,083,390	23.64
1,000,001 and above	25	0.25	281,868,175	67.93
Total	**9,894**	**100.00**	**414,933,000**	**100.00**

SUBSTANTIAL SHAREHOLDERS

Name	Direct interest		Deemed interest	
	Number of shares	%[2]	Number of shares	%[2]
Koh Keng Siang	62,422,535	15.04	27,420,000[3]	6.61[3]
Koh Tiat Meng	61,308,654	14.77	-	-
Koh Teak Huat	32,213,088	7.76	325,000[4]	0.08[4]
Koh Keng Hiong	30,260,100	7.29	25,010,000[5]	6.03[5]
Quek Chee Nee	25,896,814	6.24	-	-

Notes:
1 Ordinary shares purchased and held as treasury shares by the Company will have no voting rights.
2 The percentage of issued ordinary shares is calculated based on the number of issued ordinary shares of the Company as of 24 March 2016 (excluding 23,067,000 treasury shares).
3 Koh Keng Siang is deemed interested in (i) 20,000 shares held by his spouse and (ii) 27,400,000 shares pursuant to a Deed of Settlement and CDP Form 4.2 executed by Koh Tiat Meng.
4 Koh Teak Huat is deemed interested in 325,000 shares held by his spouse.
5 Koh Keng Hiong is deemed interested in (i) 10,000 shares held by his spouse and (ii) 25,000,000 shares pursuant to a Deed of Settlement and CDP Form 4.2 executed by Koh Tiat Meng.

TWENTY LARGEST SHAREHOLDERS

No.	Name	Number of shares held	%
1	Koh Keng Siang	62,222,535	15.00
2	Koh Teak Huat	32,213,088	7.76
3	Koh Keng Hiong	30,260,100	7.29
4	Singapore Nominees Pte Ltd	27,450,000	6.62
5	Quek Chee Nee	25,896,814	6.24
6	Maybank Nominees (Singapore) Pte Ltd	25,000,000	6.03
7	Koh Kheng How	16,221,000	3.91
8	Koh Tiat Meng	8,908,654	2.15
9	Morph Investments Ltd	7,775,000	1.87
10	Phillip Securities Pte Ltd	5,637,900	1.36
11	United Overseas Bank Nominees (Private) Limited	5,170,000	1.25
12	Citibank Nominees Singapore Pte Ltd	4,217,000	1.02
13	CIMB Securities (Singapore) Pte Ltd	4,047,700	0.98
14	DBS Nominees Pte Ltd	4,024,100	0.97
15	Loh Wing Wah	3,888,000	0.94
16	OCBC Nominees Singapore Pte Ltd	2,785,200	0.67
17	Koh Tiak Chye	2,728,000	0.66
18	Tan Noi Soon	2,400,000	0.58
19	Raffles Nominees (Pte) Ltd	2,224,300	0.54
20	UOB Kay Hian Pte Ltd	2,145,400	0.52
	Total	**275,214,791**	**66.36**

RULE 723 OF THE LISTING MANUAL

Based on information available to the Company as of 24 March 2016, approximately 44.18% of the issued ordinary shares of the Company is held by the public and therefore, the Company has complied with Rule 723 of the SGX-ST Listing Manual.

NOTICE OF ANNUAL GENERAL MEETING

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

NOTICE IS HEREBY GIVEN that the 22nd Annual General Meeting of Koh Brothers Group Limited (the "Company") will be held at Oxford Hotel, 218 Queen Street, Singapore 188549 on Wednesday, 27 April 2016 at 2.00 pm for the following purposes:

ORDINARY BUSINESS

1. To receive and adopt the directors' statement and audited financial statements for the year ended 31 December 2015 together with the auditors' report thereon. **(Resolution 1)**

2. To declare a first and final dividend of 0.50 cent per share and a special dividend of 0.30 cent per share for the year ended 31 December 2015. **(Resolution 2)**

3. To re-appoint the following directors:

   (a) Mr Koh Tiat Meng **(Resolution 3)**

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

   (c) Mr Ling Teck Luke **(Resolution 5)**

4. To re-elect the following directors who will retire by rotation pursuant to Article 109 of the Company's Constitution and who, being eligible, will offer themselves for re-election.

   (a) Mr Koh Keng Hiong **(Resolution 6)**

   (b) Mr Gn Hiang Meng **(Resolution 7)**

5. To re-elect Er Dr Lee Bee Wah, who will retire pursuant to Article 119 of the Company's Constitution, and who, being eligible, will offer herself for re-election. **(Resolution 8)**

6. To approve directors' fees of S$416,000 for the year ended 31 December 2015. (FY2014: S$362,000) **(Resolution 9)**

7. To re-appoint PricewaterhouseCoopers LLP as auditors of the Company and to authorise the directors to fix their remuneration. **(Resolution 10)**

SPECIAL BUSINESS

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

8. **Renewal of Share Issue Mandate** **(Resolution 11)**

   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, 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 excluding treasury shares (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 (as calculated in accordance with paragraph (2) below);

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

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

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

(3) in exercising the authority conferred by this Resolution, the Company shall comply with the provisions of the Listing Manual of the SGX-ST for the time being in force (unless such compliance has been waived by the SGX-ST) and the Company's Constitution for the time being; and

(4) (unless revoked or varied by the Company in a 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.

9. **Renewal of Share Purchase Mandate** **(Resolution 12)**

That:

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

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

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

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

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

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

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

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

(c) in this Resolution:

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

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

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

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

where:

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

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

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

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

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

All capitalised terms used in Resolution 12 of the Notice of Annual General Meeting which are not defined herein shall unless the context otherwise requires have the same meanings ascribed to them in the Appendix to this Notice of Annual General Meeting of the Company dated 12 April 2016 to shareholders. Shareholders of the Company should refer to the Appendix for information relating to the proposed renewal of the Share Purchase Mandate.

ANY OTHER BUSINESS

10. To transact any other business which may properly be transacted at an Annual General Meeting.

BY ORDER OF THE BOARD

Koh Keng Siang
Managing Director & Group CEO

12 April 2016

EXPLANATORY NOTES:

Resolutions 3 to 5: Resolutions 3 to 5 are to re-appoint directors who are each above 70 years old and who pursuant to the resolutions passed at the Annual General Meeting held on 29 April 2015 in accordance with Section 153(6) of the Companies Act (which was then in force) were appointed to hold office as directors until this Annual General Meeting. If passed, each of Resolutions 3 to 5 will approve and authorise the re-appointment of the relevant director in office from the date of this Annual General Meeting onwards without limitation in tenure, as was the case under the repealed Section 153(6) of the Companies Act.

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

NOTICE OF ANNUAL GENERAL MEETING

Resolution 7: Mr Gn Hiang Meng will, upon re-election as a director of the Company, remain as the Chairman of the Share Purchase Committee, and a member of the Audit and Risk Committee, Nominating Committee and Remuneration Committee. He is considered independent for the purposes of Rule 704(8) of the Listing Manual of the SGX-ST.

Resolution 11: This Resolution is to empower the directors from the date of the Annual General Meeting until the date of the next Annual General Meeting to issue further shares and Instruments in the Company, including a bonus or rights issue. The maximum number of shares of which the directors may issue under this Resolution shall not exceed the quantum set out in the Resolution.

Resolution 12: This Resolution is to renew the Share Purchase Mandate which was approved by shareholders on 29 April 2015. Please refer to the Appendix to this Notice of Annual General Meeting for details.

Notes:

1. A member who is not a relevant intermediary (as defined in Section 181 of the Companies Act) is entitled to appoint not more than two proxies to attend, speak and vote at the meeting. Where such member's form of proxy appoints more than one proxy, the proportion of the shareholding concerned to be represented by each proxy shall be specified in the form of proxy.

2. A member who is a relevant intermediary (as defined in Section 181 of the Companies Act) is entitled to appoint more than two proxies to attend, speak and vote at the meeting, but each proxy must be appointed to exercise the rights attached to a different share or shares held by such member. Where such member's form of proxy appoints more than two proxies, the number and class of shares in relation to which each proxy has been appointed shall be specified in the form of proxy.

3. A proxy need not be a member of the Company.

4. Where a member appoints more than one proxy, he should specify the proportion of his shareholding (expressed as a percentage of the whole) to be represented by each proxy and if no percentage is specified, the first named proxy shall be treated as representing 100% of the shareholding and the second named proxy shall be deemed to be an alternate to the first named.

5. Where an instrument appointing a proxy or proxies is signed on behalf of the appointor by an attorney, the letter or power of attorney or a duly certified copy thereof must (failing previous registration with the Company) be lodged with the instrument of proxy, failing which the instrument may be treated as invalid.

6. The form of proxy in the case of an individual shall be signed by the appointor or his attorney, and in the case of a corporation, either under its common seal or under the hand of an officer or attorney duly authorised.

7. If the form of proxy is returned without any indication as to how the proxy shall vote, the proxy will vote or abstain as he thinks fit.

8. If no name is inserted in the space for the name of the member's proxy on the form of proxy, the Chairman of the Meeting will act as the member's proxy.

9. The form of proxy or other instruments of appointment shall not be treated as valid unless deposited at the registered office of the Company at 11 Lorong Pendek, Koh Brothers Building, Singapore 348639 (Attn: The Company Secretary) not less than 48 hours before the time appointed for holding the meeting and at any adjournment thereof.

10. For depositors holding their shares through The Central Depository (Pte) Limited in Singapore, the directors have determined that it is more practicable for the depositor proxy form to be delivered to, collected, collated, reviewed and checked at the Company's registered office at 11 Lorong Pendek, Koh Brothers Building, Singapore 348639 (Attn: The Company Secretary) and as such will be counted as valid in regards to this meeting pursuant to the Company's Constitution. The depositor proxy form, duly completed, must be deposited by the depositor(s) at the abovementioned office of the Company in Singapore not less than 48 hours before the commencement of the Annual General Meeting.

NOTICE OF ANNUAL GENERAL MEETING

Personal Data Privacy:

By submitting an instrument appointing a proxy(ies) and/or representative(s) to attend, speak and vote at the Annual General Meeting and/or any adjournment thereof, a member of the Company (i) consents to the collection, use and disclosure of the member's personal data by the Company (and/or its agents) for the purpose of the processing and administration and analysis by the Company (and/or its agents) of proxies and representatives appointed for the Annual General Meeting (including any adjournment thereof) and the preparation and compilation of the attendance lists, minutes, and other documents relating to the Annual General Meeting (including any adjournment thereof), and in order for the Company (and/or its agents) to comply with any applicable laws, listing rules, regulations and/or guidelines (collectively, the "Purposes"), (ii) warrants that where the member discloses the personal data of the member's proxy(ies) and/or representative(s) to the Company (and/or its agents), the member has obtained the prior consent of such proxy(ies) and/or representative(s) for the collection, use and disclosure by the Company (and/or its agents) of the personal data of the proxy(ies) and/or representative(s) for the Purposes, and (iii) agrees that the member will indemnify the Company in respect of any penalties, liabilities, claims, demands, losses and damages as a result of the member's breach of warranty.

BOOKS CLOSURE AND DIVIDEND PAYMENT DATES

NOTICE IS HEREBY GIVEN THAT the Transfer Books and Register of Members of Koh Brothers Group Limited (the "Company") will be closed on 31 May 2016 for the purposes of determining shareholders' entitlements to the proposed dividend.

Duly completed transfers of shares received by the Company's Share Registrar, Tricor Barbinder Share Registration Services (a division of Tricor Singapore Pte. Ltd.) at 80 Robinson Road #02-00 Singapore 068898 up to 5.00 pm on 30 May 2016 will be registered to determine shareholders' entitlements to the proposed dividend. Shareholders whose securities accounts with The Central Depository (Pte) Limited ("CDP") are credited with ordinary shares of the Company as at 5.00 pm on 30 May 2016 will be entitled to the proposed dividend.

The proposed dividend, if approved by the members at the 22nd Annual General Meeting of the Company, will be paid on 16 June 2016.

BY ORDER OF THE BOARD

Koh Keng Siang
Managing Director & Group CEO

12 April 2016

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

IMPORTANT

1. Relevant intermediaries as defined in Section 181 of the Companies Act, Chapter 50 may appoint more than two proxies to attend, speak and vote at the Annual General Meeting.
2. For CPF investors who have used their CPF monies to buy shares in **KOH BROTHERS GROUP LIMITED**, this form of proxy is not valid for use and shall be ineffective for all intents and purposes if used or purported to be used by them. CPF investors should contact their respective Agent Banks if they have any queries regarding their appointment as proxies.
3. By submitting an instrument appointing a proxy(ies) and/or representative(s), the member accepts and agrees to the personal data privacy terms set out in the Notice of Annual General Meeting dated 12 April 2016.

PROXY FORM

I/We ______________________________ (Name) ______________ (NRIC/Passport/Co Reg No.)

of ____(Address)

being a member/members of Koh Brothers Group Limited (the "**Company**") hereby appoint:

Name	Address	NRIC/ Passport No.	Proportion of Shareholdings (%)

and/or (delete as appropriate)

as my/our proxy/proxies to attend, speak and vote for me/us on my/our behalf at the 22nd Annual General Meeting (the "Meeting") of the Company to be held on Wednesday, 27 April 2016 at Oxford Hotel, 218 Queen Street, Singapore 188549 at 2.00 pm and at any adjournment thereof.

(Voting will be conducted by poll. Please indicate with a "✓" in the spaces whether you wish your vote(s) to be cast for or against the Resolutions as set out in the Notice of the Meeting. In the absence of specific directions, the proxy/proxies will vote or abstain as he/they may think fit, as he/they will on any other matter arising at the Meeting.)

NO.	ORDINARY RESOLUTION	FOR	AGAINST
1	To receive and adopt the directors' statement, audited financial statements and auditors' report		
2	To declare dividends		
3	To re-appoint Mr Koh Tiat Meng as a director		
4	To re-appoint Mdm Quek Chee Nee as a director		
5	To re-appoint Mr Ling Teck Luke as a director		
6	To re-elect Mr Koh Keng Hiong as a director		
7	To re-elect Mr Gn Hiang Meng as a director		
8	To re-elect Er Dr Lee Bee Wah as a director		
9	To approve directors' fees		
10	To re-appoint PricewaterhouseCoopers LLP as auditors and to authorise the directors to fix their remuneration		
11	To approve the proposed renewal of the Share Issue Mandate		
12	To approve the proposed renewal of the Share Purchase Mandate		

Total number of shares held

____
Signature(s) or Common Seal of Member(s)

____
Date

(Please read notes overleaf before completing this Form.)

Notes:

1. If the member has shares entered against his name in the Depository Register (maintained by The Central Depository (Pte) Limited), he should insert that number of shares. If the member has shares registered in his name in the Register of Members (maintained by or on behalf of the Company), he should insert that number of shares. If the member has shares entered against his name in the Depository Register and registered in his name in the Register of Members, he should insert the aggregate number of shares. If no number is inserted, this form of proxy will be deemed to relate to all shares held by the member.

2. (a) A member who is not a relevant intermediary is entitled to appoint not more than two proxies to attend, speak and vote at the meeting. Where such member's form of proxy appoints more than one proxy, the proportion of the shareholding concerned to be represented by each proxy shall be specified in the form of proxy.

   (b) A member who is a relevant intermediary is entitled to appoint more than two proxies to attend, speak and vote at the meeting, but each proxy must be appointed to exercise the rights attached to a different share or shares held by such member. Where such member's form of proxy appoints more than two proxies, the number and class of shares in relation to which each proxy has been appointed shall be specified in the form of proxy.

   "Relevant intermediary" has the meaning ascribed to it in Section 181 of the Companies Act, Chapter 50.

3. A proxy need not be a member of the Company.

4. The instrument appointing a proxy or proxies must be lodged at the registered office of the Company at 11 Lorong Pendek, Koh Brothers Building, Singapore 348639 (Attn: The Company Secretary) not less than 48 hours before the time appointed for holding the Annual General Meeting.

5. Completion and return of this instrument appointing a proxy or proxies shall not preclude a member from attending and voting in person at the Annual General Meeting if he finds that he is able to do so. In such event, the relevant instrument appointing a proxy or proxies will be deemed to be revoked.

6. The instrument appointing a proxy or proxies must be under the hand of the appointor or of his attorney duly authorised in writing. Where the instrument appointing a proxy or proxies is executed by a corporation, it must be executed either under its seal or under the hand of an officer or attorney duly authorised. Where an instrument appointing a proxy or proxies is signed on behalf of the appointor by an attorney, the letter or power of attorney or a duly certified copy thereof must (failing previous registration with the Company) be lodged with the instrument of proxy, failing which the instrument may be treated as invalid.

7. A corporation which is a member may authorise by a resolution of its directors or other governing body such person as it thinks fit to act as its representative at the Annual General Meeting in accordance with its Constitution and Section 179 of the Companies Act, Chapter 50.

8. The Company shall be entitled to reject the instrument appointing a proxy or proxies if it is incomplete, improperly completed or illegible or where the true intentions of the appointor are not ascertainable from the instructions of the appointor specified in the instrument (including any related attachment) appointing a proxy or proxies. In addition, in the case of shares entered in the Depository Register, the Company may reject any instrument appointing a proxy or proxies lodged if the member, being the appointor, is not shown to have shares entered against his name in the Depository Register as at 72 hours before the time appointed for holding the Annual General Meeting, as certified by The Central Depository (Pte) Limited to the Company.

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, Leisure & Hospitality and Real Estate divisions)

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

Ling Teck Luke
(Independent Director)

Lai Mun Onn
(Independent Director)

Gn Hiang Meng
(Independent Director)

Er Dr Lee Bee Wah
(Independent Director)

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

AUDIT AND RISK COMMITTEE
Ling Teck Luke
Lai Mun Onn
Gn Hiang Meng

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

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

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

COMPANY SECRETARY
John Lee

GROUP PR MANAGER
David Tay

AUDITORS
PricewaterhouseCoopers LLP
(Certified Public Accountants)
8 Cross Street
#17-00 PWC Building
Singapore 048424
Partner–in–charge: Mr Yeow Chee Keong
(appointed since the financial year ended 31 December 2015)

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

INVESTOR RELATIONS
Citigate Dewe Rogerson, i.MAGE Pte Ltd
1 Raffles Place
#26-02 One Raffles Place
Singapore 048616
Contact Person: Ms Dolores Phua
Tel: (65) 6534 5122
Fax: (65) 6534 4171

Koh Brothers Group Limited
(Unique Entity Number: 199400775D)
(Incorporated in Singapore)

11 Lorong Pendek
Koh Brothers Building
Singapore 348639
Tel: (65) 6289 8889
Fax: (65) 6841 5400
www.kohbrothers.com

APPENDIX DATED 12 APRIL 2016

THis APPENDIX is important and requires your immediate attention. PLEASE READ IT CAREFULLY.

If you are in any doubt as to the action you should take, you should consult your stockbroker, bank manager, solicitor, accountant, tax adviser or other professional adviser immediately.

If you have sold or transferred all your Shares in the capital of Koh Brothers Group Limited (the "Company"), you should immediately forward this Appendix, the Annual Report, the Notice of Annual General Meeting and the enclosed Proxy Form to the purchaser or transferee or to the bank, stockbroker or other agent through whom the sale or transfer was effected for onward transmission to the purchaser or transferee.

The Singapore Exchange Securities Trading Limited assumes no responsibility for the correctness of any of the statements made, reports contained or opinions expressed in this Appendix.

KOH BROTHERS GROUP LIMITED
(Incorporated in Singapore on 2 February 1994)
(Unique Entity Number: 199400775D)

APPENDIX TO SHAREHOLDERS

IN RELATION TO

THE PROPOSED RENEWAL OF THE SHARE PURCHASE MANDATE

The purpose of this Appendix is to provide information and explain to shareholders of the Company the rationale for the proposed renewal of the Share Purchase Mandate to be tabled at the Company's 22nd Annual General Meeting (the "**22nd AGM**") to be held on 27 April 2016 (Wednesday) at 2.00 p.m. at Oxford Hotel, 218 Queen Street, Singapore 188549.

DEFINITIONS

In this Appendix, the following definitions shall apply throughout unless the context otherwise requires:

"2015 AGM"	:	The annual general meeting of the Company held on 29 April 2015 during which the Shareholders approved the Share Purchase Mandate
"AGM"	:	Annual General Meeting of the Company
"Appendix"	:	This Appendix dated 12 April 2016 in relation to the proposed renewal of the Share Purchase Mandate
"CDP"	:	The Central Depository (Pte) Limited
"Companies Act"	:	The Companies Act, Chapter 50 of Singapore, as amended or modified from time to time
"Company" or "Koh Brothers"	:	Koh Brothers Group Limited
"Directors"	:	The directors of the Company as at the Latest Practicable Date
"EPS"	:	Earnings per Share
"financial year"	:	The period of 12 months commencing on the 1^{st} of January each year and ending on the 31^{st} of December the same year
"FY2015"	:	Financial year ended 31 December 2015
"Group"	:	The Company and its subsidiaries
"Latest Practicable Date"	:	23 March 2016, being the latest practicable date prior to the printing of this Appendix
"Listing Manual"	:	The listing manual of the SGX-ST, as amended or modified from time to time
"Market Day"	:	A day on which the SGX-ST is open for trading in securities
"NAV"	:	Net asset value
"Securities Account"	:	A securities account maintained by a Depositor with CDP, but does not include a securities sub-account maintained with a Depository Agent
"SFA"	:	The Securities and Futures Act, Chapter 289 of Singapore, as amended or modified from time to time
"SGX-ST"	:	Singapore Exchange Securities Trading Limited

"Share Purchase Mandate"	:	The mandate to authorise the Directors to exercise all powers of the Company to purchase or otherwise acquire its issued Shares on the terms of such mandate
"Shares"	:	Ordinary shares in the capital of the Company
"Shareholders"	:	Registered holders of Shares, except that where the registered holder is CDP, the term "Shareholders" shall, in relation to such Shares, mean the persons named as Depositors in the Depository Register and whose Securities Accounts are credited with Shares
"Take-over Code"	:	The Singapore Code on Take-overs and Mergers, as amended or modified from time to time
"S$" or "$" and "cents"	:	Singapore dollars and cents, respectively
"%" or "per cent."	:	Percentage or per centum

The terms "Depositor", "Depository Agent" and "Depository Register" shall have the meanings ascribed to them respectively in Section 81SF of the SFA.

Words importing the singular shall, where applicable, include the plural and *vice versa* and words importing the masculine gender shall, where applicable, include the feminine and neuter genders and *vice versa*. References to persons shall include corporations.

Any reference in this Appendix to any statute or enactment is a reference to that statute or enactment for the time being amended or re-enacted. Any word defined under the Companies Act, the Listing Manual, the Take-over Code or any modification thereof and used in this Appendix shall have the meaning assigned to it under the Companies Act, the Listing Manual, the Take-over Code or any modification thereof, as the case may be, unless otherwise provided.

Any reference to a time of day and date in this Appendix is a reference to Singapore time and date, respectively, unless otherwise stated. Any reference to currency set out in this Appendix is a reference to S$ unless otherwise stated.

Any discrepancies in figures included in this Appendix between amounts shown and the totals thereof are due to rounding. Accordingly, figures shown as totals in this Appendix may not be an arithmetic aggregation of the figures that precede them.

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

Board of Directors

Koh Tiat Meng *(Executive Chairman)*
Koh Teak Huat *(Executive Deputy Chairman)*
Koh Keng Siang *(Managing Director & Group CEO)*
Koh Keng Hiong *(Executive Director and Deputy CEO, Leisure & Hospitality and Real Estate divisions)*
Quek Chee Nee *(Non-Executive Director and Non-Independent Director)*
Ling Teck Luke *(Independent Director)*
Lai Mun Onn *(Independent Director)*
Gn Hiang Meng *(Independent Director)*
Lee Bee Wah *(Independent Director)*

Registered Office

11 Lorong Pendek
Koh Brothers Building
Singapore 348639

12 April 2016

To: The Shareholders of **Koh Brothers Group Limited**

Dear Shareholders

1. INTRODUCTION

The purpose of this Appendix is to provide Shareholders with information relating to the proposed renewal of the Share Purchase Mandate to be tabled at the 22nd AGM, and to seek Shareholders' approval at the 22nd AGM for the same.

This Appendix has been prepared solely for the purpose set out herein and may not be relied upon by any persons (other than Shareholders) or for any other purpose.

The SGX-ST assumes no responsibility for the correctness of any statements made, reports contained or opinions expressed in this Appendix.

If you are in any doubt as to the action you should take, you should consult your stockbroker, bank manager, solicitor, accountant, tax adviser or other professional adviser immediately.

2. THE PROPOSED RENEWAL OF THE SHARE PURCHASE MANDATE

2.1 Background

The Shareholders had on 29 April 2015 approved the renewal of the Share Purchase Mandate to enable the Company to purchase or otherwise acquire issued Shares. The rationale for, and the authority and limitation on, the Share Purchase Mandate were set out in the appendix to Shareholders dated 14 April 2015.

The existing Share Purchase Mandate was expressed to take effect on the date of the passing of the Ordinary Resolution at the 2015 AGM and will expire on the date of the forthcoming AGM to be held on 27 April 2016. Accordingly, Shareholders' approval is being sought for the renewal of the Share Purchase Mandate at the 22nd AGM.

2.2 Shares Purchased or Acquired during the Previous 12 Months

Pursuant to the Share Purchase Mandate approved by the Shareholders at the 2015 AGM, in the 12 months immediately preceding the Latest Practicable Date, the Company had bought back by way of a market acquisition a total number of 1,407,900 Shares. The highest price paid per Share was S$0.340 and the lowest price paid per Share was S$0.275 per Share and the total consideration paid was S$453,343.38 (inclusive of brokerage, clearing fees, etc). All Shares purchased or acquired by the Company during the above-stated period were held as treasury shares.

2.3 Rationale

The renewal of the Share Purchase Mandate will give the Company the flexibility to undertake purchases or acquisitions of its issued Shares during the period when the Share Purchase Mandate is in force, if and when circumstances permit. The purchases or acquisitions of Shares may, depending on market conditions and funding arrangements at the time, allow the Directors to better manage the Company's capital structure with a view to enhancing the earnings per share and/or net asset value per share of the Group. The purchases or acquisitions of Shares may, in appropriate circumstances, also help to mitigate short-term market volatility in the Company's share price, offset the effects of short-term speculation and bolster Shareholders' confidence.

The Directors will decide whether to effect the purchases or acquisitions of the Shares after taking into account the prevailing market conditions, the financial position of the Group and other relevant factors.

2.4 Terms of the Share Purchase Mandate

The authority and limitations placed on the purchases or acquisitions of Shares by the Company pursuant to the Share Purchase Mandate (if renewed at the 22nd AGM), are substantially the same as those previously approved by Shareholders at the 2015 AGM and are summarised below:

2.4.1 ***Maximum Number of Shares***

Only Shares which are issued and fully paid-up may be purchased or acquired by the Company.

The total number of Shares that may be purchased or acquired by the Company shall not exceed 10% of the total number of Shares (excluding any Shares which are held as treasury shares) in issue as at the date of the 22nd AGM held at which the renewal of the Share Purchase Mandate is approved.

2.4.2 ***Duration of Authority***

Purchases or acquisitions of Shares by the Company may be made, at any time and from time to time, on and from the date of the 22nd AGM at which the renewal of the Share Purchase Mandate is approved up to the earliest of:

(a) the date on which the next AGM is held or required by law to be held; or

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

(c) the date on which the authority conferred by the Share Purchase Mandate is revoked or varied by the Company in general meeting.

2.4.3 ***Manner of Purchases or Acquisitions of Shares***

Purchases or acquisitions of Shares by the Company may be made by way of:

(a) an on-market purchase transacted through the SGX-ST's trading system, through one or more duly licensed stockbrokers appointed by the Company for the purpose ("**Market Purchase**"); and/or

(b) an off-market purchase in accordance with an equal access scheme as defined in Section 76C of the Companies Act ("**Off-Market Purchase**").

In an Off-Market Purchase, the Directors may impose such terms and conditions, which are not inconsistent with the Share Purchase Mandate, the Constitution of the Company, the Listing Manual, the Companies Act and other applicable laws and regulations, as they consider fit in connection with or in relation to an equal access scheme or schemes.

Under the Companies Act, an equal access scheme must satisfy all the following conditions:

(a) the offers under the scheme are to be made to every person who holds shares to purchase or acquire the same percentage of their shares;

(b) all of those persons have a reasonable opportunity to accept the offers made to them; and

(c) the terms of all the offers are the same except that there shall be disregarded:

  (i) differences in consideration attributable to the fact that the offers relate to shares with different accrued dividend entitlements;

  (ii) differences in consideration attributable to the fact that the offers relate to shares with different amounts remaining unpaid; and

  (iii) differences in the offers introduced solely to ensure that each person is left with a whole number of shares.

Under the Listing Manual, in making an Off-Market Purchase, a listed company must issue an offer document to all shareholders containing, inter alia, the following information:

(a) the terms and conditions of the offer;

(b) the period and procedures for acceptances;

(c) the reasons for the proposed share purchases;

(d) the consequences, if any, of share purchases by the listed company that will arise under the Take-over Code or other applicable take-over rules;

(e) whether the share purchases, if made, could affect the listing of the listed company's equity securities on the SGX-ST;

(f) details of any share purchases made by the listed company in the previous 12 months (whether by way of Market Purchases or Off-Market Purchases), giving the total number of shares purchased, the purchase price per share or the highest and lowest prices paid for the purchases, where relevant, and the total consideration paid for the purchases; and

(g) whether the shares purchased by the listed company will be cancelled or kept as treasury shares.

2.4.4 ***Maximum Purchase Price***

The purchase price (excluding brokerage, stamp duties, applicable goods and services tax and other related expenses) to be paid for the Shares will be determined by the Directors, provided that such purchase price must not exceed:

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

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

("**Maximum Price**") in either case, excluding related expenses of the purchase or acquisition.

For the purposes of this Appendix:

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

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

"**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, 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.

2.5 Status of Purchased or Acquired Shares: Held in Treasury or Cancelled

Any Share purchased or acquired pursuant to the Share Purchase Mandate will be dealt with in such manner as may be permitted by the Companies Act.

Under the Companies Act, any Share purchased or acquired by the Company shall be deemed to be cancelled immediately on purchase or acquisition (and all rights and privileges attached to that Share shall expire on cancellation), unless such Share is held by the Company in treasury in accordance with Sections 76H to 76K of the Companies Act.

2.5.1 *Treasury Shares*

Under the Companies Act, Shares purchased or acquired by the Company may be held or dealt with as treasury shares. Certain of the provisions on treasury shares under the Companies Act are summarised below:

(a) Maximum Holding: The aggregate number of Shares held by the Company as treasury shares shall not at any time exceed 10% of the total number of Shares in issue at that time. In the event that the aggregate number of treasury shares held by the Company exceeds the aforesaid limit, the Company shall dispose of or cancel the excess treasury shares within six months from the day the aforesaid limit is first exceeded.

(b) Voting and Other Rights: The Company cannot exercise any right in respect of the treasury shares. In particular, the Company cannot exercise any right to attend or vote at meetings and for the purposes of the Companies Act, the Company shall be treated as having no right to vote and the treasury shares shall be treated as having no voting rights.

In addition, no dividend may be paid, and no other distribution (whether in cash or otherwise) of the Company's assets (including any distribution of assets to members of the Company on a winding up) may be made, to the Company in respect of treasury shares. However, the allotment of shares as fully paid bonus shares in respect of the treasury shares is allowed. A subdivision or consolidation of any treasury share into treasury shares of a smaller amount is allowed so long as the total value of the treasury shares after the subdivision or consolidation is the same as before.

(c) Disposal or Cancellation: Where Shares are held as treasury shares, the Company may at any time:

(i) sell the treasury shares (or any of them) for cash;

(ii) transfer the treasury shares (or any of them) for the purposes of or pursuant to any share scheme, whether for employees, directors or other persons;

(iii) transfer the treasury shares (or any of them) as consideration for the acquisition of shares in or assets of another company or assets of a person;

(iv) cancel the treasury shares (or any of them); or

(v) sell, transfer or otherwise use the treasury shares for such other purposes as the Minister for Finance may by order prescribe.

In addition, under the Listing Manual, an immediate announcement must be made of any sale, transfer, cancellation and/or use of treasury shares. Such announcement must include details such as (i) the date of the sale, transfer, cancellation and/or use of such treasury shares, (ii) the purpose of such sale, transfer, cancellation and/or use of such treasury shares, (iii) the number of treasury shares which have been sold, transferred, cancelled and/or used, (iv) the number of treasury shares before and after such sale, transfer, cancellation and/or use, (v) the percentage of the number of treasury shares against the total number of issued shares (of the same class as the treasury shares) which are listed before and after such sale, transfer, cancellation and/or use and (vi) the value of the treasury shares if they are used for a sale or transfer, or cancelled.

2.5.2 ***Purchased or Acquired Shares Cancelled***

Under the Companies Act, where Shares purchased or acquired by the Company are cancelled, the Company shall:

(a) reduce the amount of its share capital where the Shares were purchased or acquired out of the capital of the Company;

(b) reduce the amount of its profits where the Shares were purchased or acquired out of the profits of the Company; or

(c) reduce the amount of its share capital and profits proportionately where the Shares were purchased or acquired out of both the capital and the profits of the Company,

by the total amount of the purchase price paid by the Company for the Shares cancelled, which shall include any expenses (including brokerage or commission) incurred directly in such purchase or acquisition of Shares.

Shares which are cancelled will be automatically delisted by the SGX-ST, and certificates (if any) in respect thereof will be cancelled and destroyed by the Company as soon as reasonably practicable following such cancellation. The total number of issued Shares will be diminished by the number of Shares purchased or acquired by the Company and which are cancelled and not held as treasury shares.

2.6 Source of Funds

In purchasing or acquiring its Shares, the Company may only apply funds legally available for such purchase or acquisition as provided in the Constitution of the Company and in accordance with applicable laws in Singapore.

The Companies Act permits any purchase or acquisition of shares to be made out of a company's capital or profits so long as the company is solvent. For this purpose, a company is "solvent" if at the time of the payment, the following conditions are satisfied:

(a) there is no ground on which the company could be found to be unable to pay its debts;

(b) if:

  (i) it is intended to commence winding up of the company within the period of 12 months immediately after the date of the payment, the company will be able to pay its debts in full within the period of 12 months after the date of commencement of the winding up; or

  (ii) it is not intended so to commence winding up, the company will be able to pay its debts as they fall due during the period of 12 months immediately after the date of the payment; and

(c) the value of the company's assets is not less than the value of its liabilities (including contingent liabilities) and will not, after the proposed purchase or acquisition, become less than the value of its liabilities (including contingent liabilities).

The Company intends to use the Group's internal resources, or external borrowings or a combination of both to finance its purchases or acquisitions of Shares pursuant to the Share Purchase Mandate. The amount of funding required for the Company to purchase or acquire Shares under the Share Purchase Mandate will depend on, inter alia, the aggregate number of Shares purchased or acquired and the consideration paid at the relevant time.

The Directors do not propose to exercise the Share Purchase Mandate in a manner and to such an extent that would materially and adversely affect the working capital requirements, the gearing levels of the Group and the financial position of the Group taken as a whole.

2.7 Financial Effects

The financial effects on the Company and the Group arising from purchases or acquisitions of Shares which may be made pursuant to the Share Purchase Mandate will depend on, inter alia, the aggregate number of Shares purchased or acquired, the price paid for such Shares, whether the purchase or acquisition is made out of capital or profits of the Company and whether the Shares purchased or acquired are held in treasury or cancelled. The financial effects on the Company and the Group, based on the audited financial accounts of the Company and the Group for FY2015, are based on the assumptions set out below.

2.7.1 ***Purchase or Acquisition of Shares made out of Capital or Profits***

Where the purchase or acquisition of Shares is made out of capital, the profits available for distribution as dividends by the Company will not be reduced. Where the purchase or acquisition of Shares is made out of profits, the purchase price paid by the Company for the Shares will correspondingly reduce the profits available for distribution as dividends by the Company.

Based on the audited accounts of the Company for FY2015, the Company had retained profits of about S$59,535,000 as at 31 December 2015. Accordingly, in respect of the Share Purchase Mandate sought at the 22nd AGM, it is expected that any purchase or acquisition of Shares will be made out of capital and not out of profits.

For the purposes of section 2.7 of this Appendix, the purchase price paid by the Company for the Shares does not include any expenses (including brokerage or commission) incurred in such purchase or acquisition of the Shares.

2.7.2 ***Number of, and Maximum Price paid for, Shares Purchased or Acquired***

Based on 438,000,000 Shares in issue as at the Latest Practicable Date and assuming that no further Shares are issued and disregarding 23,067,000 Shares that are held by the Company as treasury shares on or prior to the Latest Practicable Date, the purchase or acquisition by the Company of up to the maximum limit of 10% of the total number of its issued Shares will result in the purchase or acquisition by the Company of up to 41,493,300 Shares.

The financial effects of the purchase or acquisition of Shares by the Company set out in this section are on the basis of the purchase or acquisition of 41,493,300 Shares made entirely out of the capital of the Company.

In the case of Market Purchases by the Company made entirely out of capital and assuming that the Company purchases or acquires 41,493,300 Shares at the Maximum Price of S$0.295 for each Share (being the price equivalent to 105% of the Average Closing Price of the Shares immediately preceding the Latest Practicable Date (rounded down to the nearest S$0.005)), the maximum amount of funds required for the purchase or acquisition of 41,493,300 Shares is approximately S$12.24 million.

In the case of Off-Market Purchases by the Company made entirely out of capital and assuming that the Company purchases or acquires 41,493,300 Shares at the Maximum Price of S$0.340 for each Share (being the price equivalent to 120% of the Average Closing Price of the Shares immediately preceding the Latest Practicable Date), the maximum amount of funds required for the purchase or acquisition of 41,493,300 Shares is approximately S$14.11 million.

2.7.3 ***Illustrative Financial Effects***

It is not possible for the Company to realistically calculate or quantify the financial effects of Share purchases or acquisitions that may be made pursuant to the Share Purchase Mandate as the resultant effect would depend on, inter alia, the aggregate number of Shares purchased or acquired, the price paid for such Shares and whether the Shares purchased or acquired are held in treasury or cancelled.

Purely for illustrative purposes only, based on the audited financial statements of the Company and the Group for FY2015, the assumptions stated above and assuming the purchases or acquisitions of Shares by the Company are funded solely from internal resources, the effects of such purchases or acquisitions of Shares by way of Market Purchases and Off-Market Purchases on the financial positions of the Company and the Group under each of the following Scenarios A to D are as set out in the tables below:

(1) Market Purchases[1]

As at 31 December 2015 (audited)	GROUP				
	Before Share Purchase	After Share Purchase			
		Scenario A	Scenario B	Scenario C	Scenario D
	S$'000	S$'000	S$'000	S$'000	S$'000
Profit attributable to equity holders for the year	27,878	27,878	27,878	27,878	27,878
Share capital	42,653	42,653	42,653	42,653	30,412
Capital and other reserves	(441)	(441)	(441)	(441)	(441)
Retained profits	235,916	235,916	235,916	223,675	235,916
Currency translation reserve	(8,004)	(8,004)	(8,004)	(8,004)	(8,004)
Treasury shares	(12,919)	(25,160)	(25,160)	(12,919)	(12,919)
Shareholders' funds	257,205	244,964	244,964	244,964	244,964
NAV [(1)]	257,205	244,964	244,964	244,964	244,964
Current assets	406,638	394,397	394,397	394,397	394,397
Current liabilities	(283,138)	(283,138)	(283,138)	(283,138)	(283,138)
Net current assets	123,500	111,259	111,259	111,259	111,259
Total borrowings	223,807	223,807	223,807	223,807	223,807
Cash & cash equivalents	64,465	52,224	52,224	52,224	52,224
Number of Shares (in '000)	414,980	373,487	373,487	373,487	373,487
Treasury shares (in '000)	41,495	82,988	82,988	41,495	41,495
Weighted Average Number of shares (in '000)	416,758	375,264	375,264	375,264	375,264
Financial Ratios					
EPS – cents	6.69	7.43	7.43	7.43	7.43
NAV per Share – cents [(2)]	61.98	65.59	65.59	65.59	65.59
Gearing ratio (times) [(3)]	0.62	0.70	0.70	0.70	0.70
Current ratio (times) [(4)]	1.44	1.39	1.39	1.39	1.39

Notes:

(1) NAV equals to total assets less total liabilities and exclude non-controlling interests.

(2) Based on the number of Shares issued as at the Latest Practicable Date and adjusted for the effect of the Share purchases or acquisitions.

(3) Gearing ratio means total borrowings less cash and cash equivalents divided by shareholders' funds.

(4) Current ratio means current assets divided by current liabilities.

1 This is computed based on 414,933,000 Shares in issue as at the Latest Practicable Date (this is based on 438,000,000 Shares in issue as at the Latest Practicable Date and disregarding 23,067,000 Shares held in treasury as at the Latest Practicable Date).

		COMPANY			
		After Share Purchase			
As at 31 December 2015 (audited)	**Before Share Purchase**	**Scenario A**	**Scenario B**	**Scenario C**	**Scenario D**
	S$'000	S$'000	S$'000	S$'000	S$'000
Profit attributable to equity holders for the year	5,082	5,082	5,082	5,082	5,082
Share capital	42,653	42,653	42,653	42,653	30,412
Retained profits	59,535	59,535	59,535	47,294	59,535
Treasury shares	(12,919)	(25,160)	(25,160)	(12,919)	(12,919)
Shareholders' funds	89,269	77,028	77,028	77,028	77,028
NAV [1]	89,269	77,028	77,028	77,028	77,028
Current assets [2]	61,239	61,239	61,239	61,239	61,239
Current liabilities [2]	(8,988)	(21,229)	(21,229)	(21,229)	(21,229)
Net current assets[2]	52,251	40,010	40,010	40,010	40,010
Total borrowings	50,000	50,000	50,000	50,000	50,000
Cash & cash equivalents	930	930	930	930	930
Number of Shares (in '000)	414,980	373,487	373,487	373,487	373,487
Treasury shares (in '000)	41,495	82,988	82,988	41,495	41,495
Weighted Average Number of shares (in '000)	416,758	375,264	375,264	375,264	375,264
Financial Ratios					
EPS – cents	1.22	1.35	1.35	1.35	1.35
NAV per Share – cents [3]	21.51	20.62	20.62	20.62	20.62
Gearing ratio (times) [4]	0.55	0.64	0.64	0.64	0.64
Current ratio (times) [5]	6.81	2.88	2.88	2.88	2.88

Notes:

(1) NAV equals to total assets less total liabilities and exclude non-controlling interests.

(2) As at 31 December 2015, the Company has approximately S$61.24 million of current assets, out of which S$0.93 million is in the form of cash and bank balances. The Company also has current liabilities of approximately S$8.99 million as at 31 December 2015, out of which S$6.88 million are amounts due to subsidiaries. The Group on a consolidation basis has S$64.47 million of cash and bank balances as at 31 December 2015. The Directors believe that the Company will be able to use the Group's internal financial resources to carry out purchases or acquisitions under the Share Purchase Mandate, after taking into account the prevailing market conditions, the financial position of the Group and other relevant factor.

(3) Based on the number of Shares issued as at the Latest Practicable Date and adjusted for the effect of the Share purchases or acquisitions.

(4) Gearing ratio means total borrowings less cash and cash equivalents divided by shareholders' funds.

(5) Current ratio means current assets divided by current liabilities.

(a) Scenario A: Market Purchases of 41,493,300 Shares made entirely out of profits and held as treasury shares.

As illustrated under Scenario A in the tables above, such purchase of Shares will have the effect of reducing the working capital and NAV of the Company and of the Group by the dollar value of the Shares purchased. The consolidated NAV per Share of the Group as at 31 December 2015 will increase from 61.98 cents to 65.59 cents.

Assuming that the purchase of Shares had taken place on 1 January 2015, the consolidated basic EPS of the Group for FY2015 would be increased from 6.69 cents to 7.43 cents per Share as a result of the reduction in the number of issued Shares. No adjustments have been made to take into account foregone interest income as a result of the use of funds for the purchase of Shares.

(b) Scenario B: Market Purchases of 41,493,300 Shares made entirely out of capital and held as treasury shares.

As illustrated under Scenario B in the tables above, such purchase of Shares will have the effect of reducing the working capital and NAV of the Company and of the Group by the dollar value of the Shares purchased. The consolidated NAV per Share of the Group as at 31 December 2015 will increase from 61.98 cents to 65.59 cents.

Assuming that the purchase of Shares had taken place on 1 January 2015, the consolidated basic EPS of the Group for FY2015 would be increased from 6.69 cents to 7.43 cents per Share as a result of the reduction in the number of issued Shares. No adjustments have been made to take into account foregone interest income as a result of the use of funds for the purchase of Shares.

(c) Scenario C: Market Purchases of 41,493,300 Shares made entirely out of profits and cancelled.

As illustrated under Scenario C in the tables above, such purchase of Shares will have the effect of reducing the working capital and NAV of the Company and of the Group by the dollar value of the Shares purchased. The consolidated NAV per Share of the Group as at 31 December 2015 will increase from 61.98 cents to 65.59 cents.

Assuming that the purchase of Shares had taken place on 1 January 2015, the consolidated basic EPS of the Group for FY2015 would be increased from 6.69 cents to 7.43 cents per Share as a result of the reduction in the number of issued Shares. No adjustments have been made to take into account foregone interest income as a result of the use of funds for the purchase of Shares.

(d) Scenario D: Market Purchases of 41,493,300 Shares made entirely out of capital and cancelled.

As illustrated under Scenario D in the tables above, such purchase of Shares will have the effect of reducing the working capital and NAV of the Company and of the Group by the dollar value of the Shares purchased. The consolidated NAV per Share of the Group as at 31 December 2015 will increase from 61.98 cents to 65.59 cents.

Assuming that the purchase of Shares had taken place on 1 January 2015, the consolidated basic EPS of the Group for FY2015 would be increased from 6.69 cents to 7.43 cents per Share as a result of the reduction in the number of issued Shares. No adjustments have been made to take into account foregone interest income as a result of the use of funds for the purchase of Shares.

(2) Off-Market Purchases[2]

As at 31 December 2015 (audited)	GROUP				
	Before Share Purchase	After Share Purchase			
		Scenario A	Scenario B	Scenario C	Scenario D
	S$'000	S$'000	S$'000	S$'000	S$'000
Profit attributable to equity holders for the year	27,878	27,878	27,878	27,878	27,878
Share capital	42,653	42,653	42,653	42,653	28,545
Capital and other reserves	(441)	(441)	(441)	(441)	(441)
Retained profits	235,916	235,916	235,916	221,808	235,916
Currency translation reserve	(8,004)	(8,004)	(8,004)	(8,004)	(8,004)
Treasury shares	(12,919)	(27,027)	(27,027)	(12,919)	(12,919)
Shareholders' funds	257,205	243,097	243,097	243,097	243,097
NAV (1)	257,205	243,097	243,097	243,097	243,097
Current assets	406,638	392,530	392,530	392,530	392,530
Current liabilities	(283,138)	(283,138)	(283,138)	(283,138)	(283,138)
Net current assets	123,500	109,392	109,392	109,392	109,392
Total borrowings	223,807	223,807	223,807	223,807	223,807
Cash & cash equivalents	64,465	50,357	50,357	50,357	50,357
Number of Shares (in '000)	414,980	373,487	373,487	373,487	373,487
Treasury shares (in '000)	41,495	82,988	82,988	41,495	41,495
Weighted Average Number of shares (in '000)	416,758	375,264	375,264	375,264	375,264
Financial Ratios					
EPS – cents	6.69	7.43	7.43	7.43	7.43
NAV per Share – cents (2)	61.98	65.09	65.09	65.09	65.09
Gearing ratio (times) (3)	0.62	0.71	0.71	0.71	0.71
Current ratio (times) (4)	1.44	1.39	1.39	1.39	1.39

Notes:

(1) NAV equals to total assets less total liabilities and exclude non-controlling interests.

(2) Based on the number of Shares issued as at the Latest Practicable Date and adjusted for the effect of the Share purchases or acquisitions.

(3) Gearing ratio means total borrowings less cash and cash equivalents divided by shareholders' funds.

(4) Current ratio means current assets divided by current liabilities.

2 This is computed based on 414,933,000 Shares in issue as at the Latest Practicable Date (this is based on 438,000,000 Shares in issue as at the Latest Practicable Date and disregarding 23,067,000 Shares held in treasury as at the Latest Practicable Date).

As at 31 December 2015 (audited)	COMPANY Before Share Purchase	After Share Purchase Scenario A	Scenario B	Scenario C	Scenario D
	S$'000	S$'000	S$'000	S$'000	S$'000
Profit attributable to equity holders for the year	5,082	5,082	5,082	5,082	5,082
Share capital	42,653	42,653	42,653	42,653	28,545
Retained profits	59,535	59,535	59,535	45,427	59,535
Treasury shares	(12,919)	(27,027)	(27,027)	(12,919)	(12,919)
Shareholders' funds	89,269	75,161	75,161	75,161	75,161
NAV [1]	89,269	75,161	75,161	75,161	75,161
Current assets [2]	61,239	61,239	61,239	61,239	61,239
Current liabilities [2]	(8,988)	(23,096)	(23,096)	(23,096)	(23,096)
Net current assets [2]	52,251	38,143	38,143	38,143	38,143
Total borrowings	50,000	50,000	50,000	50,000	50,000
Cash & cash equivalents	930	930	930	930	930
Number of Shares (in '000)	414,980	373,487	373,487	373,487	373,487
Treasury shares (in '000)	41,495	82,988	82,988	41,495	41,495
Weighted Average Number of shares (in '000)	416,758	375,264	375,264	375,264	375,264
Financial Ratios					
EPS – cents	1.22	1.35	1.35	1.35	1.35
NAV per Share – cents [3]	21.51	20.12	20.12	20.12	20.12
Gearing ratio (times) [4]	0.55	0.65	0.65	0.65	0.65
Current ratio (times) [5]	6.81	2.65	2.65	2.65	2.65

Notes:

(1) NAV equals to total assets less total liabilities and exclude non-controlling interests.

(2) As at 31 December 2015, the Company has approximately S$61.24 million of current assets, out of which S$0.93 million is in the form of cash and bank balances. The Company also has current liabilities of approximately S$8.99 million as at 31 December 2015, out of which S$6.88 million are amounts due to subsidiaries. The Group on a consolidation basis has S$64.47 million of cash and bank balances as 31 December 2015. The Directors believe that the Company will be able to use the Group's internal financial resources to carry out purchases or acquisitions under the Share Purchase Mandate, after taking into account the prevailing market conditions, the financial position of the Group and other relevant factors.

(3) Based on the number of Shares issued as the Latest Practicable Date and adjusted for the effect of the Share purchases or acquisitions.

(4) Gearing ratio means total borrowings less cash and cash equivalents divided by shareholders' funds.

(5) Current ratio means current assets divided by current liabilities.

(a) Scenario A: Off-Market Purchases of 41,493,300 Shares made entirely out of profits and held as treasury shares.

As illustrated under Scenario A in the tables above, such purchase of Shares will have the effect of reducing the working capital and NAV of the Company and of the Group by the dollar value of the Shares purchased. The consolidated NAV per Share of the Group as 31 December 2015 will increase from 61.98 cents to 65.09 cents.

Assuming that the purchase of Shares had taken place on 1 January 2015, the consolidated basic EPS of the Group for FY2015 would be increased from 6.69 cents to 7.43 cents per Share as a result of the reduction in the number of issued Shares. No adjustments have been made to take into account foregone interest income as a result of the use of funds for the purchase of Shares.

(b) Scenario B: Off-Market Purchases of 41,493,300 Shares made entirely out of capital and held as treasury shares.

As illustrated under Scenario B in the tables above, such purchase of Shares will have the effect of reducing the working capital and NAV of the Company and of the Group by the dollar value of the Shares purchased. The consolidated NAV per Share of the Group as 31 December 2015 will increase from 61.98 cents to 65.09 cents.

Assuming that the purchase of Shares had taken place on 1 January 2015, the consolidated basic EPS of the Group for FY2015 would be increased from 6.69 cents to 7.43 cents per Share as a result of the reduction in the number of issued Shares. No adjustments have been made to take into account foregone interest income as a result of the use of funds for the purchase of Shares.

(c) Scenario C: Off-Market Purchases of 41,493,300 Shares made entirely out of profits and cancelled.

As illustrated under Scenario C in the tables above, such purchase of Shares will have the effect of reducing the working capital and NAV of the Company and of the Group by the dollar value of the Shares purchased. The consolidated NAV per Share of the Group as at 31 December 2015 will increase from 61.98 cents to 65.09 cents.

Assuming that the purchase of Shares had taken place on 1 January 2015, the consolidated basic EPS of the Group for FY2015 would be increased from 6.69 cents to 7.43 cents per Share as a result of the reduction in the number of issued Shares. No adjustments have been made to take into account foregone interest income as a result of the use of funds for the purchase of Shares.

(d) Scenario D: Off-Market Purchases of 41,493,300 Shares made entirely out of capital and cancelled.

As illustrated under Scenario D in the tables above, such purchase of Shares will have the effect of reducing the working capital and NAV of the Company and of the Group by the dollar value of the Shares purchased. The consolidated NAV per Share of the Group as at 31 December 2015 will increase from 61.98 cents to 65.09 cents.

Assuming that the purchase of Shares had taken place on 1 January 2015, the consolidated basic EPS of the Group for FY2015 would be increased from 6.69 cents to 7.43 cents per Share as a result of the reduction in the number of issued Shares. No adjustments have been made to take into account foregone interest income as a result of the use of funds for the purchase of Shares.

Shareholders should note that the financial effects set out above, based on the respective assumptions stated above, are for illustration purposes only and are not necessarily representative of future financial performance. In addition, the actual impact will depend on, inter alia, the actual number and price of Shares that may be purchased or acquired by the Company, whether the purchase or acquisition of Shares is made out of the profits or capital of the Company and whether the Shares purchased or acquired are held in treasury or cancelled.

Although the Share Purchase Mandate would authorise the Company to purchase up to 10% of the total number of the Company's issued Shares, the Company may not necessarily purchase or acquire or be able to purchase or acquire the entire 10% of the total number of the issued Shares as mandated. In addition, the Company may cancel all or part of the Shares purchased or hold all or part of the Shares purchased in treasury. The Directors would emphasise that they do not propose to exercise the Share Purchase Mandate to such an extent that would, or in circumstances that might, result in a material adverse effect on the financial position of the Group taken as a whole, or result in the Company being delisted from the SGX-ST.

2.8 Tax Implications

Shareholders who are in doubt as to their respective tax positions or any tax implications arising from the purchase or acquisition of Shares by the Company, including those who may be subject to tax in a jurisdiction outside Singapore, should consult their own professional advisers.

2.9 Listing Manual

2.9.1 ***No Purchases during Price Sensitive Developments***

Whilst the Listing Manual does not expressly prohibit any purchase of shares by a listed company during any particular time or times, because the listed company would be regarded as an "insider" in relation to any proposed purchase or acquisition of its issued shares, the Company will not undertake any purchase or acquisition of Shares pursuant to the proposed Share Purchase Mandate at any time after a price sensitive development has occurred or has been the subject of a consideration and/or decision of the board of directors of the Company until the price sensitive information has been publicly announced.

In particular, in-line with Rule 1207(19) of the Listing Manual, the Company will not purchase or acquire any Shares through Market Purchases or Off-Market Purchases during the period of one (1) month immediately preceding the announcement of the Company's annual results and during the period of two (2) weeks immediately preceding the announcement of the Company's financial statements for each of the first three quarters of its financial year.

2.9.2 ***Listing Status of the Shares***

Under Rule 723 of the Listing Manual, a listed company shall ensure that at least 10% of the total number of issued Shares excluding treasury shares (excluding preference shares and convertible equity securities) in a class that is listed is at all times held by the public. The word "public" is defined in the Listing Manual as persons other than directors, chief executive officer, substantial shareholders, or controlling shareholders of the listed company and its subsidiaries, as well as the associates of such persons.

As at the Latest Practicable Date, there are approximately 183,313,809 Shares, representing approximately 44.18% of the total number of issued Shares (less treasury shares), held by the public. In the event that the Company purchases the maximum of 10% of its total number of issued Shares (less treasury shares) from public Shareholders, based on information available as at the Latest Practicable Date, the percentage of the Company's public float would be reduced to approximately 37.98% of the total number of Shares in issue (less treasury shares). Accordingly, based on information available as at the Latest Practicable Date, the Directors are of the view that, at present, there is a sufficient number of Shares in issue (less treasury shares) held by public Shareholders that would permit the Company to potentially undertake purchases or acquisitions of Shares through Market Purchases up to the full 10% limit pursuant to the Share Purchase Mandate without affecting adversely the listing status of the Shares on the SGX-ST, and the number of Shares remaining in the hands of the public will not fall to such a level as to cause market illiquidity or adversely affect orderly trading of the Shares.

2.9.3 *Reporting Requirements*

The Listing Manual specifies that a listed company shall report all purchases or acquisitions of its shares to the SGX-ST not later than 9.00 a.m. (i) in the case of a Market Purchase, on the Market Day following the day of purchase or acquisition of any of its shares and (ii) in the case of an Off-Market Purchase, on the second Market Day after the close of acceptances of the offer. Such announcement must include details of the date of the purchase, the total number of shares purchased, the number of shares cancelled, the number of shares held as treasury shares, the purchase price per share or the highest and lowest prices paid for such shares, as applicable, the total consideration (including stamp duties and clearing charges) paid or payable for the shares, the number of shares purchased as at the date of announcement (on a cumulative basis), the number of issued shares (excluding treasury shares) after the purchase and the number of treasury shares held after the purchase.

2.10 Certain Take-over Code implications arising from the Proposed Share Purchase Mandate

Certain take-over implications arising from the purchase or acquisition of Shares by the Company pursuant to the Share Purchase Mandate are summarised below.

If, as a result of any purchase or acquisition of Shares made by the Company under the Share Purchase Mandate, the proportionate interest of a Shareholder and persons acting in concert with him in the voting capital of the Company increases, such increase will be treated as an acquisition for the purposes of Rule 14 of the Take-over Code. Consequently, a Shareholder or group of Shareholders acting in concert could obtain or consolidate effective control of the Company and become obliged to make a take-over offer for the Company under Rule 14.

Under the Take-over Code, persons acting in concert comprise individuals or companies who, pursuant to an agreement or understanding (whether formal or informal), co-operate, through the acquisition by any of them of shares in a company, to obtain or consolidate effective control of that company. Unless the contrary is established, the Take-over Code presumes, *inter alia,* the following individuals and companies to be acting in concert with each other: (i) a company with any of its directors (together with their close relatives, related trusts as well as companies controlled by any of the directors, their close relatives and related trusts) and (ii) a company, its parent, subsidiaries and fellow subsidiaries, and their associated companies and companies of which such companies are associated companies, all with each other. For this purpose, a company is an associated company of another company if the second-mentioned company owns or controls at least 20% but not more than 50% of the voting rights of the first-mentioned company.

The circumstances under which Shareholders, including Directors, and persons acting in concert with them, respectively, will incur an obligation to make a take-over offer as a result of a purchase or acquisition of Shares by the Company are set out in Rule 14 and Appendix 2 of the Take-over Code.

In general terms, the effect of Rule 14 and Appendix 2 is that unless exempted, Directors and persons acting in concert with them will incur an obligation to make a take-over offer under Rule 14 if, as a result of a purchase or acquisition of Shares by the Company:

(a) the percentage of voting rights held by such Directors and their concert parties in the Company increases to 30% or more; or

(b) if the Directors and their concert parties hold between 30% and 50% of the Company's voting rights, and their voting rights increase by more than 1% in any period of six months.

Under Appendix 2 of the Take-over Code, a Shareholder not acting in concert with the Directors will not be required to make a take-over offer under Rule 14 if, as a result of the Company purchasing or acquiring its Shares, the voting rights of such Shareholder would increase to 30% or more, or, if such Shareholder holds between 30% to 50% of the Company's voting rights, the voting rights of such Shareholder would increase by more than 1% in any period of six (6) months. Such Shareholder need not abstain from voting in respect of the resolution authorising the Share Purchase Mandate.

Any Shares held by the Company as treasury shares shall be excluded from the calculation of the percentages of voting rights under the Take-over Code referred to above.

2.10.1 ***Shareholding Interests of Directors***

Based on information in the Register of Directors' Shareholdings as at the Latest Practicable Date, the interests of the Directors in the Shares of the Company before and after the purchase or acquisition of Shares pursuant to the Share Purchase Mandate, on the basis that (i) the Company purchases the maximum of 10% of the total number of issued Shares (excluding treasury shares) as at the Latest Practicable Date, (ii) there is no change in the number of Shares in which the Directors have an interest as at the Latest Practicable Date, (iii) there are no further issue of Shares and (iv) no further Shares (other than the Shares already purchased or acquired by the Company) are purchased or acquired and are held by the Company as treasury shares on or prior to the Latest Practicable Date, will be as follows:

	Number of Shares Held				
Name of Director	**Direct Interest**	**Deemed Interest**	**Total Interest**	**% Before Share Purchase**	**% After Share Purchase**
Koh Tiat Meng[1]	61,308,654	Nil	61,308,654	14.78	16.42
Koh Teak Huat[1]	32,213,088	325,000[3]	32,538,088	7.84	8.71
Koh Keng Siang[2]	62,422,535	27,420,000[4]	89,842,535	21.65	24.06
Koh Keng Hiong[2]	30,260,100	25,010,000[5]	55,270,100	13.32	14.80
Quek Chee Nee	25,896,814	Nil	25,896,814	6.24	6.93
Ling Teck Luke	200,000	Nil	200,000	0.05	0.05
Lai Mun Onn	100,000	Nil	100,000	0.02	0.03
Gn Hiang Meng	Nil	200,000	200,000	0.05	0.05
Lee Bee Wah	Nil	Nil	Nil	Nil	Nil

Notes:

(1) Mr Koh Tiat Meng and Mr Koh Teak Huat are brothers.

(2) Mr Koh Keng Siang and Mr Koh Keng Hiong are the sons of Mr Koh Tiat Meng and Mdm Quek Chee Nee, and the nephews of Mr Koh Teak Huat.

(3) Mr Koh Teak Huat is deemed interested in the Shares held by his spouse, Mdm Quek Siew Lang

(4) Mr Koh Keng Siang is deemed interested in (i) 20,000 Shares held by his spouse, Mdm Phua Siew Gaik, and (ii) 27,400,000 Shares pursuant to the deed of settlement dated 12 January 2007 executed by Mr Koh Tiat Meng and the CDP Form 4.2 executed by Mr Koh Tiat Meng.

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

2.10.2 ***Shareholding Interests of Substantial Shareholders***

Based on information in the Register of Substantial Shareholders as at the Latest Practicable Date, the interests of the substantial shareholders of the Company ("**Substantial Shareholders**") in the Shares of the Company before and after the purchase or acquisition of Shares pursuant to the Share Purchase Mandate, on the basis that (i) the Company purchases or acquires the maximum of 10% of the total number of issued Shares (excluding treasury shares) as at the Latest Practicable Date, (ii) there is no change in the number of Shares in which the Substantial Shareholders have an interest as at the Latest Practicable Date, (iii) there are no further issue of Shares and (iv) no further Shares (other than the Shares already purchased or acquired by the Company) are purchased or acquired and held by the Company as treasury shares on or prior to the Latest Practicable Date, will be as follows:

	Number of Shares Held				
Name of Substantial Shareholders	**Direct Interest**	**Deemed Interest**	**Total Interest**	**% Before Share Purchase**	**% After Share Purchase**
Koh Tiat Meng	61,308,654	Nil	61,308,654	14.78	16.42
Koh Teak Huat	32,213,088	325,000(1)	32,538,088	7.84	8.71
Koh Keng Siang	62,422,535	27,420,000(2)	89,842,535	21.65	24.06
Koh Keng Hiong	30,260,100	25,010,000(3)	55,270,100	13.32	14.80
Quek Chee Nee	25,896,814	Nil	25,896,814	6.24	6.93

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) 20,000 Shares held by his spouse, Mdm Phua Siew Gaik, and (ii) 27,400,000 Shares pursuant to the deed of settlement dated 12 January 2007 executed by Mr Koh Tiat Meng and the CDP Form 4.2 executed by Mr Koh Tiat Meng.

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

2.10.3 ***Consequences of Share Purchases or Acquisitions by the Company***

The aggregate shareholdings and voting rights of Mr Koh Tiat Meng, Mr Koh Teak Huat, Mr Koh Keng Siang, Mr Koh Keng Hiong, Mdm Quek Chee Nee and Mr Koh Tiak Chye (a brother of Mr Koh Tiat Meng and Mr Koh Teak Huat) and their concert party(ies) in the Company is 55.82% (excluding treasury shares) as at the Latest Practicable Date.

Based on the Register of Directors' Shareholdings and the Register of Substantial Shareholders as at the Latest Practicable Date, the Directors are not aware of any Substantial Shareholders or Directors who would become obliged to make a mandatory general offer to all Shareholders under Rule 14 and Appendix 2 of the Take-over Code in the event that the Company purchases or acquires the maximum 41,493,300 Shares (being 10% of the total number of issued Shares as at the Latest Practicable Date) (rounded to the nearest whole Share) pursuant to the Share Purchase Mandate.

The statements herein do not purport to be a comprehensive or exhaustive description of all implications that may arise under the Take-over Code. Shareholders who are in doubt as to whether they would incur any obligation to make a take-over offer under the Take-over Code as a result of any purchase or acquisition of Shares by the Company pursuant to the Share Purchase Mandate are advised to consult their professional advisers and/or the Securities Industry Council of Singapore at the earliest opportunity.

3. DIRECTORS' RECOMMENDATION FOR THE PROPOSED RENEWAL OF THE SHARE PURCHASE MANDATE

The Directors, except for Messrs Koh Tiat Meng, Koh Teak Huat, Koh Keng Siang, Koh Keng Hiong and Quek Chee Nee, are of the opinion that the renewal of the Share Purchase Mandate is in the interests of the Company and, accordingly, recommend that Shareholders **vote in favour** of Ordinary Resolution 12 in respect of the Share Purchase Mandate to be renewed at the 22nd AGM.

4. ABSTENTION FROM VOTING

Messrs Koh Tiat Meng, Koh Teak Huat, Koh Keng Siang, Koh Keng Hiong and Quek Chee Nee have abstained from making any recommendations on the renewal of the Share Purchase Mandate. Messrs Koh Tiat Meng, Koh Teak Huat, Koh Keng Siang, Koh Keng Hiong and Quek Chee Nee will also abstain from voting on Ordinary Resolution 12 in relation to the proposed renewal of the Share Purchase Mandate in respect of any Shares held by them.

5. DIRECTORS' RESPONSIBILITY STATEMENT

The Directors collectively and individually accept full responsibility for the accuracy of the information given in this Appendix and confirm after making all reasonable enquiries that, to the best of their knowledge and belief, this Appendix constitutes full and true disclosure of all material facts about the proposed renewal of the Share Purchase Mandate and the Group and the Directors are not aware of any facts the omission of which would make any statement in this Appendix misleading. Where information in the Appendix has been extracted from published or otherwise publicly available sources or obtained from a named source, the sole responsibility of the Directors has been to ensure that such information has been accurately and correctly extracted from those sources and/or reproduced in the Appendix in its proper form and context.

6. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents are available for inspection at the registered office of the Company at 11 Lorong Pendek, Koh Brothers Building, Singapore 348639 during normal business hours from the date of this Appendix up to and including the date of the AGM:

(a) the Constitution of the Company; and

(b) the annual report of the Company for the financial year ended 31 December 2015.

Yours faithfully,
For and on behalf of the Board of Directors of
Koh Brothers Group Limited

Koh Keng Siang
Managing Director & Group CEO