General Announcement::ESTABLISHMENT OF A S$250,000,000 MULTICURRENCY MEDIUM TERM NOTE PROGRAMME

Issuer & Securities

Issuer/ Manager	KOH BROTHERS GROUP LIMITED
Securities	KOH BROTHERS GROUP LIMITED - SG1B06007705 - K75

Announcement Details

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Announcement Reference	SG140512OTHR9IT6
Submitted By (Co./ Ind. Name)	KOH KENG SIANG
Designation	MANAGING DIRECTOR & GROUP CEO
Description (Please provide a detailed description of the event in the box below)	Please see attached.

Attachments	Ocean - Annt on establishment.pdf IM.pdf Total size =3005K

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

ESTABLISHMENT OF A S$250,000,000 MULTICURRENCY MEDIUM TERM NOTE PROGRAMME

The Board of Directors of Koh Brothers Group Limited (the "**Company**" and together with its subsidiaries, the "**Group**") wishes to announce that the Company has on 12 May 2014 established a S$250,000,000 Multicurrency Medium Term Note Programme (the "**Programme**").

The Company has appointed The Hongkong and Shanghai Banking Corporation Limited to act as the sole arranger and dealer of the Programme. The Company may, from time to time, appoint additional dealers in respect of one series or tranche of Notes or in respect of the Programme.

Under the Programme, the Company may, subject to compliance with all relevant laws, regulations and directives, from time to time issue notes (the "**Notes**") denominated in Singapore dollars and/or any other currencies, in various amounts and tenors. Each series may be issued in one or more tranches on the same or different issue dates. The Notes will bear interest at a fixed, floating, variable or hybrid rate or may not bear interest or may be such other notes as may be agreed between the Company and the relevant dealer(s) and specified in the applicable pricing supplement. The Notes and coupons of all series constitute direct, unconditional, unsubordinated and unsecured obligations of the Company and shall at all times rank *pari passu,* without any preference or priority among themselves, and *pari passu* with all other present and future unsecured obligations (other than subordinated obligations and priorities created by law) of the Company.

The Notes will be offered by the Company pursuant to exemptions invoked under Sections 274, 275 and/or any other applicable provisions of the Securities and Futures Act, Chapter 289 of Singapore.

The net proceeds arising from the issue of the Notes under the Programme (after deducting issue expenses) will be used for the Group's general corporate purposes, including financing investments, repayment of borrowings, general working capital and capital expenditure requirements of the Company and/or its subsidiaries or such other purposes as may be specified in the relevant pricing supplement for the Notes.

Pursuant to Condition 5(e)(ii) of the terms and conditions of the Notes, a "Change of Shareholding Event" will occur when Mr Koh Tiat Meng, Mr Koh Keng Siang, Mr Koh Keng Hiong and Madam Quek Chee Nee and their respective Immediate Family Members (as defined in the terms and conditions of the Notes) cease to own in aggregate (whether directly or indirectly) at least 35 per cent. of the issued share capital of the Company. Upon occurrence of a "Change of Shareholding Event", each holder of Notes has an option to require the Company to redeem the Notes of such holder (subject to the terms and conditions of the Notes).

As at the date of this Announcement, the Company has received a notification from Mr Koh Keng Siang that he is aware of the following share pledging arrangements in respect of the deemed interests of Mr Koh Keng Siang and Mr Koh Keng Hiong in the Company:

Deemed Interests of Mr Koh Keng Siang

Name of shareholder	:	Mr Koh Keng Siang has a deemed interest in Mr Koh Tiat Meng's 27,400,000 ordinary shares by virtue of 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, and such shares have been pledged by Mr Koh Tiat Meng
Class and number of shares and the percentage of the Company's issued share capital that is the subject of the pledge	:	27,400,000 ordinary shares representing approximately 6.21%[(1)] of the Company's issued share capital
Name of the party in whose favour the pledge is created	:	Singapura Finance Ltd

Deemed Interests of Mr Koh Keng Hiong

Name of shareholder	:	Mr Koh Keng Hiong has a deemed interest in Mr Koh Tiat Meng's 25,000,000 ordinary shares by virtue of 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, and such shares have been pledged by Mr Koh Tiat Meng
Class and number of shares and the percentage of the Company's issued share capital that is the subject of the pledge	:	25,000,000 ordinary shares representing approximately 5.66%[(1)] of the Company's issued share capital
Name of the party in whose favour the pledge is created	:	Malayan Banking Berhad

Note:

(1) Based on 441,430,400 issued shares in the Company (excluding treasury shares) as at 30 April 2014.

Approval-in-principle has been obtained from the Singapore Exchange Securities Trading Limited ("**SGX-ST**") for the establishment of the Programme and application will be made to the SGX-ST for permission to deal in and the listing of and quotation for any Notes which are agreed at the time of issue thereof to be so listed on the SGX-ST. Such permission will be granted when such Notes have been admitted to the Official List of the SGX-ST. Approval in-principle from, admission of the Notes to the Official List of, and listing and quotation of any Notes on, the SGX-ST are not to be taken as an indication of the merits of the Company, its subsidiaries, its associated companies (if any), the Programme or such Notes. The SGX-ST assumes no responsibility for the correctness of any of the statements made, opinions expressed or reports contained herein.

For information purposes, a copy of the information memorandum issued by the Company in connection with the Programme (the "**Information Memorandum**") is attached to this Announcement.

BY ORDER OF THE BOARD

Koh Keng Siang
Managing Director & Group CEO

12 May 2014
Singapore

IMPORTANT NOTICE

This Announcement and the Information Memorandum are for information only and nothing in this Announcement and the Information Memorandum constitutes or forms part of an invitation or offer to acquire, purchase or subscribe for or a sale of Notes in the United States or any other jurisdiction.

The Notes to be issued under the Programme have not been, and will not be registered under the U.S. Securities Act of 1933, as amended (the "**Securities Act**") and may not be offered or sold within the United States, except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act and applicable state securities laws. Neither this notice nor any portion hereof may be sent or transmitted, directly or indirectly, in or into the United States or any jurisdiction where to do so is unlawful. Any failure to comply with these restrictions may constitute a violation of the United States securities law or the securities laws of any such other jurisdiction.

IMPORTANT NOTICE

NOT FOR DISTRIBUTION IN THE UNITED STATES OR TO U.S. PERSONS

IMPORTANT: You must read the following disclaimer before continuing. The following disclaimer applies to the attached information memorandum. You are advised to read this disclaimer carefully before accessing, reading or making any other use of the attached information memorandum. In accessing the attached information memorandum, you agree to be bound by the following terms and conditions, including any modifications to them from time to time, each time you receive any information from us as a result of such access.

Confirmation of Your Representation: In order to be eligible to view the attached information memorandum or make an investment decision with respect to the notes, investors must not be a U.S. person (as defined in Regulation S under the Securities Act (as defined below)). The attached information memorandum is being sent at your request and by accepting the e-mail and accessing the attached information memorandum, you shall be deemed to have represented to us (1) that you are not resident in the United States ("**U.S.**") nor a U.S. person, as defined in Regulation S under the U.S. Securities Act of 1933, as amended (the "**Securities Act**") nor are you acting on behalf of a U.S. person, the electronic mail address that you gave us and to which this email has been delivered is not located in the U.S. and, to the extent you purchase the notes described in the attached information memorandum, you will be doing so pursuant to Regulation S under the Securities Act, and (2) that you consent to delivery of the attached information memorandum and any amendments or supplements thereto by electronic transmission. By accepting this e-mail and accessing the attached information memorandum, if you are an investor in Singapore, you (A) represent and warrant that you are either an institutional investor as defined under Section 4A(1) of the Securities and Futures Act, Chapter 289 of Singapore (the "**SFA**"), a relevant person as defined under Section 275(2) of the SFA or a person to whom an offer, as referred to in Section 275(1A) of the SFA, is being made and (B) agree to be bound by the limitations and restrictions described herein.

The attached information memorandum has been made available to you in electronic form. You are reminded that documents or information transmitted via this medium may be altered or changed during the process of transmission and consequently none of Koh Brothers Group Limited or The Hongkong and Shanghai Banking Corporation Limited, or any person who controls any of them nor any of their respective directors, officers, employees, representatives or affiliates accepts any liability or responsibility whatsoever in respect of any discrepancies between the information memorandum distributed to you in electronic format and the hard copy version. A hard copy version will be provided to you upon request.

Restrictions: The attached information memorandum is being furnished in connection with an offering of notes exempt from registration under the Securities Act solely for the purpose of enabling a prospective investor to consider the purchase of the notes described therein.

NOTHING IN THIS ELECTRONIC TRANSMISSION CONSTITUTES AN OFFER OF NOTES FOR SALE IN THE UNITED STATES OR ANY OTHER JURISDICTION WHERE IT IS UNLAWFUL TO DO SO. THE NOTES HAVE NOT BEEN, AND WILL NOT BE, REGISTERED UNDER THE SECURITIES ACT, OR THE SECURITIES LAWS OF ANY STATE OF THE U.S. OR OTHER JURISDICTION AND MAY NOT BE OFFERED, SOLD OR DELIVERED WITHIN THE U.S. OR TO, OR FOR THE ACCOUNT OR BENEFIT OF, U.S. PERSONS (AS DEFINED IN REGULATION S UNDER THE SECURITIES ACT), EXCEPT PURSUANT TO AN EXEMPTION FROM, OR IN A TRANSACTION NOT SUBJECT TO, THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT AND APPLICABLE STATE OR LOCAL SECURITIES LAWS.

Except with respect to eligible investors in jurisdictions where such offer is permitted by law, nothing in this electronic transmission constitutes an offer or an invitation by or on behalf of Koh Brothers Group Limited or The Hongkong and Shanghai Banking Corporation Limited to subscribe for or purchase any of the notes described therein, and access has been limited so that it shall not constitute in the United States or elsewhere a general solicitation or general advertising (as those terms are used in Regulation D under the Securities Act) or directed selling efforts (as defined in Regulation S under the Securities Act).

The attached information memorandum or any materials relating to the offering do not constitute, and may not be used in connection with, an offer or solicitation in any place where offers or solicitations are not permitted by law. If a jurisdiction requires that the offering be made by a licensed broker or dealer and the dealers or any affiliate of the dealers is a licensed broker or dealer in that jurisdiction, the offering shall be deemed to be made by the dealers or such affiliate on behalf of Koh Brothers Group Limited in such jurisdiction. The attached information memorandum may only be communicated to persons in the United Kingdom in circumstances where section 21(1) of the Financial Services and Markets Act 2000 does not apply.

You are reminded that you have accessed the attached information memorandum on the basis that you are a person into whose possession this information memorandum may be lawfully delivered in accordance with the laws of the jurisdiction in which you are located and you may not nor are you authorised to deliver this information memorandum, electronically or otherwise, to any other person. **If you have gained access to this transmission contrary to the foregoing restrictions, you will be unable to purchase any of the notes described therein.**

Actions that You May Not Take: If you receive this information memorandum by e-mail, you should not reply by e-mail, and you may not purchase any notes by doing so. Any reply e-mail communications, including those you generate by using the "Reply" function on your e-mail software, will be ignored or rejected.

YOU ARE NOT AUTHORISED AND YOU MAY NOT FORWARD OR DELIVER THE ATTACHED INFORMATION MEMORANDUM, ELECTRONICALLY OR OTHERWISE, TO ANY OTHER PERSON OR REPRODUCE SUCH INFORMATION MEMORANDUM IN ANY MANNER WHATSOEVER. ANY FORWARDING, DISTRIBUTION OR REPRODUCTION OF THIS DOCUMENT AND THE ATTACHED INFORMATION MEMORANDUM IN WHOLE OR IN PART IS UNAUTHORISED. FAILURE TO COMPLY WITH THIS DIRECTIVE MAY RESULT IN A VIOLATION OF THE SECURITIES ACT OR THE APPLICABLE LAWS OF OTHER JURISDICTIONS.

You are responsible for protecting against viruses and other destructive items. If you receive this document by e-mail, your use of this e-mail is at your own risk and it is your responsibility to take precautions to ensure that it is free from viruses and other items of a destructive nature.

KOH BROTHERS GROUP LIMITED

(Incorporated in the Republic of Singapore on 2 February 1994)
(UEN/Company Registration No. 199400775D)

S$250,000,000
Multicurrency Medium Term Note Programme
(the "Programme")

This Information Memorandum has not been registered as a prospectus with the Monetary Authority of Singapore. Accordingly, this Information Memorandum and any other document or material in connection with the offer or sale, or invitation for subscription or purchase, of notes (the "**Notes**") to be issued from time to time by Koh Brothers Group Limited (the "**Issuer**") pursuant to the Programme may not be circulated or distributed, nor may the Notes be offered or sold, or be made the subject of an invitation for subscription or purchase, whether directly or indirectly, to persons in Singapore other than (i) to an institutional investor under Section 274 of the Securities and Futures Act, Chapter 289 of Singapore (the "**SFA**"), (ii) to a relevant person pursuant to Section 275(1), or any person pursuant to Section 275(1A), and in accordance with the conditions specified in Section 275, of the SFA or (iii) otherwise pursuant to, and in accordance with the conditions of, any other applicable provision of the SFA.

Where the Notes are subscribed or purchased under Section 275 of the SFA by a relevant person which is:

(a) a corporation (which is not an accredited investor (as defined in Section 4A of the SFA)) the sole business of which is to hold investments and the entire share capital of which is owned by one or more individuals, each of whom is an accredited investor; or

(b) a trust (where the trustee is not an accredited investor) whose sole purpose is to hold investments and each beneficiary of the trust is an individual who is an accredited investor,

securities (as defined in Section 239(1) of the SFA) of that corporation or the beneficiaries' rights and interest (howsoever described) in that trust shall not be transferred within six months after that corporation or that trust has acquired the Notes pursuant to an offer made under Section 275 of the SFA except:

(1) to an institutional investor or to a relevant person defined in Section 275(2) of the SFA, or to any person arising from an offer referred to in Section 275(1A) or Section 276(4)(i)(B) of the SFA;

(2) where no consideration is or will be given for the transfer;

(3) where the transfer is by operation of law;

(4) as specified in Section 276(7) of the SFA; or

(5) as specified in Regulation 32 of the Securities and Futures (Offers of Investments) (Shares and Debentures) Regulations 2005 of Singapore.

Approval in-principle has been obtained from the Singapore Exchange Securities Trading Limited (the "**SGX-ST**") for the establishment of the Programme and application will be made to the SGX-ST for permission to deal in and the listing of and quotation for any Notes which are agreed at the time of issue thereof to be so listed on the SGX-ST. Such permission will be granted when such Notes have been admitted to the Official List of the SGX-ST. The SGX-ST assumes no responsibility for the correctness of any of the statements made or opinions expressed or reports contained herein. Approval in-principle from, admission to the Official List of, and listing of and quotation for any Notes on, the SGX-ST are not to be taken as an indication of the merits of the Issuer, its subsidiaries, its associated companies (if any), the Programme or such Notes.

Sole Arranger

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NOTICE

The Hongkong and Shanghai Banking Corporation Limited (the "**Arranger**") has been authorised by the Issuer to arrange the Programme described herein. Under the Programme, the Issuer may, subject to compliance with all relevant laws, regulations and directives, from time to time issue Notes denominated in Singapore dollars and/or any other currencies.

This Information Memorandum contains information with regard to the Issuer, its subsidiaries and associated companies (if any), the Programme and the Notes. The Issuer confirms, to the best of its knowledge and belief having made reasonable enquiries, that this Information Memorandum contains all information which is material in the context of the Programme or the issue and offering of the Notes, that all the information contained in this Information Memorandum is true and accurate in all material respects, that the opinions, expectations and intentions expressed in this Information Memorandum have been carefully considered, are based on all relevant considerations and facts existing at the date of this Information Memorandum and are fairly, reasonably and honestly held by the directors of the Issuer, and that there are no other facts the omission of which in the context of the Programme or the issue and offering of the Notes would make any such information or expressions of opinion, expectation or intention misleading in any material respect.

Notes may be issued in series having one or more issue dates and the same maturity date, and on identical terms (including as to listing) except (in the case of Notes other than variable rate notes (as described under the section "Summary of the Programme")) for the issue dates, issue prices and/or the dates of the first payment of interest, or (in the case of variable rate notes) for the issue prices and rates of interest. Each series may be issued in one or more tranches on the same or different issue dates. The Notes will be issued in bearer form and may be listed on a stock exchange. The Notes will initially be represented by either a Temporary Global Note (as defined herein) or a Permanent Global Note (as defined herein) which will be deposited on the issue date with either CDP (as defined herein) or a common depositary for Euroclear Bank S.A./N.V. ("**Euroclear**") and Clearstream Banking, *société anonyme* ("**Clearstream, Luxembourg**") or otherwise delivered as agreed between the Issuer and the relevant Dealer(s) (as defined herein). Subject to compliance with all relevant laws, regulations and directives, the Notes may have maturities of such tenor as may be agreed between the Issuer and the relevant Dealer(s) and may be subject to redemption or purchase in whole or in part. The Notes will bear interest at a fixed, floating, variable or hybrid rate or may not bear interest or may be such other notes as may be agreed between the Issuer and the relevant Dealer(s). The Notes will be repayable at par, at a specified amount above or below par or at an amount determined by reference to a formula, in each case with terms as specified in the Pricing Supplement (as defined herein) issued in relation to each series or tranche of Notes. Details applicable to each series or tranche of Notes will be specified in the applicable Pricing Supplement which is to be read in conjunction with this Information Memorandum.

The maximum aggregate principal amount of the Notes to be issued, when added to the aggregate principal amount of all Notes outstanding (as defined in the Trust Deed referred to herein) shall be S$250,000,000 (or its equivalent in any other currencies) or such higher amount as may be agreed between the Issuer and the Arranger.

No person has been authorised to give any information or to make any representation other than those contained in this Information Memorandum and, if given or made, such information or representation must not be relied upon as having been authorised by the Issuer, the Arranger or any of the Dealers. Save as expressly stated in this Information Memorandum, nothing contained herein is, or may be relied upon as, a promise or representation as to the future performance or policies of the Issuer or any of its subsidiaries or associated companies (if any). Neither this Information Memorandum nor any other document or information (or any part thereof) delivered or supplied under or in relation to the Programme may be used for the purpose of, and does not constitute an offer of, or solicitation or invitation by or on behalf of the Issuer, the Arranger or any of the Dealers to subscribe for or purchase, the Notes in any jurisdiction or under any circumstances in which such offer, solicitation or invitation is unlawful, or not authorised or to any person to whom it is unlawful to make such offer, solicitation or invitation. The distribution and publication of this Information Memorandum or any such other document or information and the offer of the Notes in certain jurisdictions may be restricted by law. Persons who distribute or publish this Information Memorandum or any such other document or information or into whose possession this Information Memorandum or any such other document or information comes are required to inform themselves about and to observe any such restrictions and all applicable laws, orders, rules and regulations.

The Notes have not been, and will not be, registered under the Securities Act or with any securities regulatory authority of any state or other jurisdiction of the United States and the Notes are subject to U.S. tax law requirements and restrictions. Subject to certain exceptions, the Notes may not be offered, sold or delivered within the United States or to, or for the account or benefit of, U.S. persons (as defined in the U.S. Internal Revenue Code of 1986, as amended, and regulations thereunder).

Neither this Information Memorandum nor any other document or information (or any part thereof) delivered or supplied under or in relation to the Programme shall be deemed to constitute an offer of, or an invitation by or on behalf of the Issuer, the Arranger or any of the Dealers to subscribe for or purchase, any of the Notes.

This Information Memorandum and any other documents or materials in relation to the issue, offering or sale of the Notes have been prepared solely for the purpose of the initial sale by the relevant Dealer(s) of the Notes from time to time to be issued pursuant to the Programme. This Information Memorandum and such other documents or materials are made available to the recipients thereof solely on the basis that they are persons falling within the ambit of Section 274 and/or Section 275 of the SFA and may not be relied upon by any person other than persons to whom the Notes are sold or with whom they are placed by the relevant Dealer(s) as aforesaid or for any other purpose. Recipients of this Information Memorandum shall not reissue, circulate or distribute this Information Memorandum or any part thereof (including copies thereof) in any manner whatsoever.

Neither the issue nor delivery of this Information Memorandum (or any part thereof) nor the issue, offering, purchase or sale of the Notes shall, under any circumstances, constitute a representation, or give rise to any implication, that there has been no change in the business, financial position, prospects, results of operations or general affairs of the Issuer or any of its subsidiaries or associated companies (if any) or in the information herein since the date hereof or the date on which this Information Memorandum has been most recently amended or supplemented.

The Arranger and the Dealers have not separately verified the information contained in this Information Memorandum. None of the Arranger, any of the Dealers or any of their respective officers, employees or agents is making any representation or warranty expressed or implied as to the merits of the Notes or the subscription for, purchase or acquisition thereof, or the creditworthiness or financial condition or otherwise of the Issuer or its subsidiaries or associated companies (if any). Further, neither the Arranger nor any of the Dealers makes any representation or warranty as to the Issuer, its subsidiaries or associated companies (if any) or as to the accuracy, reliability or completeness of the information set out herein (including the legal and regulatory requirements pertaining to Sections 274, 275 and 276 or any other provisions of the SFA) and the documents which are incorporated by reference in, and form part of, this Information Memorandum.

Neither this Information Memorandum nor any other document or information (or any part thereof) delivered or supplied under or in relation to the Programme or the issue of the Notes is intended to provide the basis of any credit or other evaluation and should not be considered as a recommendation by the Issuer, the Arranger or any of the Dealers that any recipient of this Information Memorandum or such other document or information (or such part thereof) should subscribe for or purchase any of the Notes. A prospective purchaser shall make its own assessment of the foregoing and other relevant matters including the financial condition and affairs and the creditworthiness of the Issuer and its subsidiaries and associated companies (if any), and obtain its own independent legal or other advice thereon, and its investment shall be deemed to be based on its own independent investigation of the financial condition and affairs and its appraisal of the creditworthiness of the Issuer and its subsidiaries and associated companies (if any). Accordingly, notwithstanding anything herein, none of the Arranger, the Dealers or any of their respective officers, employees or agents shall be held responsible for any loss or damage suffered or incurred by the recipients of this Information Memorandum or such other document or information (or such part thereof) as a result of or arising from anything expressly or implicitly contained in or referred to in this Information Memorandum or such other document or information (or such part thereof) and the same shall not constitute a ground for rescission of any purchase or acquisition of any of the Notes by a recipient of this Information Memorandum or such other document or information (or such part thereof).

To the fullest extent permitted by law, neither the Arranger nor any of the Dealers accept any responsibility for the contents of this Information Memorandum or for any other statement, made or purported to be made by the Arranger or any of the Dealers or on its behalf in connection with the Issuer or the issue and offering of the Notes. The Arranger and each Dealer accordingly disclaims all and any liability whether arising in tort or contract or otherwise (save as referred to above) which it might otherwise have in respect of this Information Memorandum or any such statement.

The following documents published or issued from time to time after the date hereof shall be deemed to be incorporated by reference in, and to form part of, this Information Memorandum: (1) any annual reports, audited consolidated accounts and/or unaudited financial statements of the Issuer and its subsidiaries and associated companies (if any) and (2) any supplement or amendment to this Information Memorandum issued by the Issuer (including each relevant Pricing Supplement). This Information Memorandum is to be read in conjunction with all such documents which are incorporated by reference herein and, with respect to any series or tranche of Notes, any Pricing Supplement in respect of such series or tranche. Any statement contained in this Information Memorandum or in a document deemed to be incorporated by reference herein shall be deemed to be modified or superseded for the purpose of this Information Memorandum to the extent that a statement contained in this Information Memorandum or in such subsequent document that is also deemed to be incorporated by reference herein modifies or supersedes such earlier statement (whether expressly, by implication or otherwise). Any statement so modified or superseded shall not be deemed, except as so modified or superseded, to constitute a part of this Information Memorandum. Copies of all documents deemed incorporated by reference herein are available for inspection at the respective specified office of the Issuing and Paying Agent (as defined herein) or, as the case may be, the Non-CDP Paying Agent (as defined herein).

Any purchase, subscription or acquisition of the Notes is in all respects conditional on the satisfaction of certain conditions set out in the Programme Agreement (as defined herein) and the issue of the Notes by the Issuer pursuant to the Programme Agreement. Any offer, invitation to offer or agreement made in connection with the purchase or acquisition of the Notes or pursuant to this Information Memorandum shall (without any liability or responsibility on the part of the Issuer, the Arranger or any of the Dealers) lapse and cease to have any effect if (for any other reason whatsoever) the Notes are not issued by the Issuer pursuant to the Programme Agreement.

Any discrepancies in the tables included herein between the listed amounts and totals thereof are due to rounding.

The attention of recipients of this Information Memorandum is drawn to the restrictions on resale of the Notes set out under the section "Subscription, Purchase and Distribution" on pages 99 to 100 of this Information Memorandum.

Any person(s) who is/are invited to purchase or subscribe for the Notes or to whom this Information Memorandum is sent shall not make any offer or sale, directly or indirectly, of any Notes or distribute or cause to be distributed any document or other material in connection therewith in any country or jurisdiction except in such manner and in such circumstances as will result in compliance with any applicable laws and regulations.

It is recommended that persons proposing to subscribe for or purchase any of the Notes consult their own legal and other advisers before purchasing or acquiring the Notes.

Prospective purchasers of the Notes are advised to consult their own tax advisers concerning the tax consequences of the acquisition, ownership or disposition of the Notes.

FORWARD-LOOKING STATEMENTS

All statements contained in this Information Memorandum that are not statements of historical fact constitute "forward-looking statements". Some of these statements can be identified by forward-looking terms such as "expect", "believe", "plan", "intend", "estimate", "anticipate", "may", "will", "would" and "could" or similar words. However, these words are not the exclusive means of identifying forward-looking statements. All statements regarding the expected financial position, business strategy, plans and prospects of the Issuer and/or the Group (as defined herein) (including statements as to the Issuer's and/or the Group's revenue and profitability, prospects, future plans and other matters discussed in this Information Memorandum regarding matters that are not historical facts and including the financial forecasts, profit projections, statements as to the expansion plans of the Issuer and/or the Group, expected growth in the Issuer and/or the Group and other related matters), if any, are forward-looking statements and accordingly, are only predictions. These forward-looking statements involve known and unknown risks, uncertainties and other factors that may cause the actual results, performance or achievements of the Issuer and/or the Group to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements. These factors include, among others:

- changes in general political, social and economic conditions;
- changes in currency exchange and interest rates;
- demographic changes;
- changes in competitive conditions; and
- other factors beyond the control of the Issuer and the Group.

Some of these factors are discussed in greater detail in this Information Memorandum, in particular, but not limited to, discussion under the section "Investment Considerations".

Given the risks and uncertainties that may cause the actual future results, performance or achievements of the Issuer or the Group to be materially different from the results, performance or achievements expected, expressed or implied by the financial forecasts, profit projections and forward-looking statements in this Information Memorandum, undue reliance must not be placed on those forecasts, projections and statements. The Issuer, the Arranger and the Dealers do not represent or warrant that the actual future results, performance or achievements of the Issuer or the Group will be as discussed in those statements.

Neither the delivery of this Information Memorandum nor the issue of any Notes by the Issuer shall under any circumstances constitute a continuing representation or create any suggestion or implication that there has been no change in the affairs of the Issuer, the Group or any statement of fact or information contained in this Information Memorandum since the date of this Information Memorandum or the date on which this Information Memorandum has been most recently amended or supplemented.

Further, the Issuer, the Arranger and the Dealers disclaim any responsibility, and undertake no obligation, to update or revise any forward-looking statements contained herein to reflect any changes in the expectations with respect thereto after the date of this Information Memorandum or to reflect any change in events, conditions or circumstances on which any such statements are based.

DEFINITIONS

The following definitions have, where appropriate, been used in this Information Memorandum:

"**Agency Agreement**"	:	The Agency Agreement dated 12 May 2014 between (1) the Issuer, as issuer, (2) the Issuing and Paying Agent, as issuing and paying agent, (3) the Non-CDP Paying Agent, as non-CDP paying agent, (4) the Calculation Agent, as calculation agent, and (5) the Trustee, as trustee, as amended, varied or supplemented from time to time.
"**Arranger**"	:	The Hongkong and Shanghai Banking Corporation Limited.
"**business day**"	:	In respect of each Note, (a) a day (other than a Saturday, Sunday or gazetted public holiday) on which Euroclear, Clearstream, Luxembourg and the Depository, as applicable, are operating, (b) a day (other than a Saturday, Sunday or gazetted public holiday) on which banks and foreign exchange markets are open for general business in the country of the Issuing and Paying Agent's specified office and (c) (if a payment is to be made on that day) (i) (in the case of Notes denominated in Singapore dollars) a day (other than a Saturday, Sunday or gazetted public holiday) on which banks and foreign exchange markets are open for general business in Singapore, (ii) (in the case of Notes denominated in Euros) a day (other than a Saturday, Sunday or gazetted public holiday) on which the TARGET System is open for settlement in Euros and (iii) (in the case of Notes denominated in a currency other than Singapore dollars and Euros) a day (other than a Saturday, Sunday or gazetted public holiday) on which banks and foreign exchange markets are open for general business in Singapore and the principal financial centre for that currency.
"**Calculation Agent**"	:	The Bank of New York Mellon, Singapore Branch.
"**CDP**" or the "**Depository**"	:	The Central Depository (Pte) Limited.
"**Companies Act**"	:	The Companies Act, Chapter 50 of Singapore, as amended or modified from time to time.
"**Conditions**"	:	In relation to the Notes of any Series, the terms and conditions applicable thereto, which shall be substantially in the form set out in Part II of Schedule 1 to the Trust Deed, as modified, with respect to any Notes represented by a Global Note, by the provisions of such Global Note, shall incorporate any additional provisions forming part of such terms and conditions set out in the Pricing Supplement(s) relating to the Notes of such Series and shall be endorsed on the Definitive Notes subject to amendment and completion as referred to in the first paragraph appearing after the heading "Terms and Conditions of the Notes" as set out in Part II of Schedule 1 to the Trust Deed, and any reference to a particularly numbered Condition shall be construed accordingly.
"**Couponholders**"	:	The holders of the Coupons.
"**Coupons**"	:	The interest coupons appertaining to an interest bearing Definitive Note.
"**Dealers**"	:	Persons appointed as dealers under the Programme.

"**Definitive Note**"	:	A definitive Note, in bearer form, being substantially in the form set out in Part I of Schedule 1 to the Trust Deed and having, where appropriate, Coupons attached on issue.
"**Directors**"	:	The directors (including alternate directors, if any) of the Issuer as at the date of this Information Memorandum.
"**Euro**"	:	The lawful currency of the member states of the European Union that adopt the single currency in accordance with the Treaty establishing the European Community, as amended from time to time.
"**FY**"	:	Financial year ended or ending 31 December.
"**Global Note**"	:	A global Note representing Notes of one or more Tranches of the same Series, being a Temporary Global Note and/or, as the context may require, a Permanent Global Note, in each case without Coupons.
"**Group**"	:	The Issuer and its subsidiaries.
"**Issuer**"	:	Koh Brothers Group Limited.
"**Issuing and Paying Agent**"	:	The Bank of New York Mellon, Singapore Branch.
"**ITA**"	:	Income Tax Act, Chapter 134 of Singapore, as amended or modified from time to time.
"**Latest Practicable Date**"	:	30 April 2014.
"**MAS**"	:	The Monetary Authority of Singapore.
"**Non-CDP Paying Agent**"	:	The Bank of New York Mellon, London Branch.
"**Noteholders**"	:	The holders of the Notes.
"**Notes**"	:	The multicurrency medium term notes of the Issuer issued or to be issued pursuant to the Programme Agreement and constituted by the Trust Deed (and shall, where the context so admits, include the Global Notes and the Definitive Notes).
"**Paying Agents**"	:	The Issuing and Paying Agent and the Non-CDP Paying Agent, or such other or further institutions as may from time to time be appointed by the Issuer as paying agent for the Notes and Coupons.
"**Permanent Global Note**"	:	A Global Note representing Notes of one or more Tranches of the same Series, either on issue or upon exchange of interests in a Temporary Global Note, being substantially in the form set out in Schedule 3 to the Trust Deed.
"**Pricing Supplement**"	:	In relation to any Tranche or Series, a pricing supplement supplemental to this Information Memorandum, specifying the relevant issue details in relation to such Tranche or, as the case may be, Series, substantially in the form of Appendix 2 to the Programme Agreement.

"**Programme**"	:	The S$250,000,000 Multicurrency Medium Term Note Programme established by the Issuer pursuant to the Programme Agreement.
"**Programme Agreement**"	:	The Programme Agreement dated 12 May 2014 made between (1) the Issuer, as issuer, (2) the Arranger, as arranger, and (3) The Hongkong and Shanghai Banking Corporation Limited, as dealer, as amended, varied or supplemented from time to time.
"**Securities Act**"	:	Securities Act of 1933 of the United States, as amended or modified from time to time.
"**Series**"	:	(1) (in relation to Notes other than variable rate notes) a Tranche, together with any further Tranche or Tranches, which are (a) expressed to be consolidated and forming a single series and (b) identical in all respects (including as to listing) except for their respective issue dates, issue prices and/or dates of the first payment of interest and (2) (in relation to variable rate notes) Notes which are identical in all respects (including as to listing) except for their respective issue prices and rates of interest.
"**SFA**"	:	Securities and Futures Act, Chapter 289 of Singapore, as amended or modified from time to time.
"**SGX-ST**"	:	Singapore Exchange Securities Trading Limited.
"**Shares**"	:	Ordinary shares in the capital of the Issuer.
"**Singapore dollars**"	:	The lawful currency of Singapore.
"**subsidiary**"	:	Any company which is for the time being a subsidiary (within the meaning of Section 5 of the Companies Act).
"**TARGET System**"	:	The Trans-European Automated Real-Time Gross Settlement Express Transfer (known as TARGET 2) System which was launched on 19 November 2007 or any successor thereto.
"**Temporary Global Note**"	:	A Global Note representing Notes of one or more Tranches of the same Series on issue, being substantially in the form set out in Schedule 2 to the Trust Deed.
"**Tranche**"	:	Notes which are identical in all respects (including as to listing).
"**Trust Deed**"	:	The Trust Deed dated 12 May 2014 made between (1) the Issuer, as issuer, and (2) the Trustee, as trustee, as amended, varied or supplemented from time to time.
"**Trustee**"	:	The Bank of New York Mellon, Singapore Branch.
"**United States**" or "**U.S.**"	:	United States of America.
"**S$**" and "**cents**"	:	Singapore dollars and cents respectively.
"**%**"	:	Per cent.

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. References to persons shall, where applicable, include corporations. Any reference to a time of day in this

Information Memorandum shall be a reference to Singapore time unless otherwise stated. Any reference in this Information Memorandum to any enactment is a reference to that enactment as for the time being amended or re-enacted. Any word defined under the Companies Act or the SFA or any statutory modification thereof and used in this Information Memorandum shall, where applicable, have the meaning ascribed to it under the Companies Act or, as the case may be, the SFA.

CORPORATE INFORMATION

Issuer	:	Koh Brothers Group Limited
Board of Directors	:	Koh Tiat Meng Koh Teak Huat Koh Keng Siang Koh Keng Hiong Quek Chee Nee Lee Khoon Choy Ling Teck Luke Lai Mun Onn Gn Hiang Meng
Company Secretary	:	Lee Sok Khian John
Registered Office	:	11 Lorong Pendek Koh Brothers Building Singapore 348639
Auditors to the Issuer	:	PricewaterhouseCoopers LLP 8 Cross Street #17-00 PWC Building Singapore 228095
Arranger and Dealer of the Programme	:	The Hongkong and Shanghai Banking Corporation Limited 21 Collyer Quay #11-01 HSBC Building Singapore 049320
Legal Advisers to the Arranger and the Trustee	:	Allen & Gledhill LLP One Marina Boulevard #28-00 Singapore 018989
Legal Advisers to the Issuer	:	Rajah & Tann LLP 9 Battery Road #25-01 Straits Trading Building Singapore 049910
Issuing and Paying Agent	:	The Bank of New York Mellon, Singapore Branch One Temasek Avenue #07-01 Millenia Tower Singapore 039192
Non-CDP Paying Agent	:	The Bank of New York Mellon, London Branch One Canada Square London E14 5AL United Kingdom
Trustee for the Noteholders	:	The Bank of New York Mellon, Singapore Branch One Temasek Avenue #07-01 Millenia Tower Singapore 039192

SUMMARY OF THE PROGRAMME

The following summary is derived from, and should be read in conjunction with, the full text of this Information Memorandum (and any relevant supplement to this Information Memorandum), the Trust Deed, the Agency Agreement and the relevant Pricing Supplement.

Issuer	:	Koh Brothers Group Limited.
Arranger	:	The Hongkong and Shanghai Banking Corporation Limited.
Dealers	:	The Hongkong and Shanghai Banking Corporation Limited and/or such other Dealers as may be appointed by the Issuer in accordance with the Programme Agreement.
Trustee	:	The Bank of New York Mellon, Singapore Branch.
Issuing and Paying Agent	:	The Bank of New York Mellon, Singapore Branch.
Non-CDP Paying Agent	:	The Bank of New York Mellon, London Branch.
Description	:	S$250,000,000 Multicurrency Medium Term Note Programme.
Programme Size	:	The maximum aggregate principal amount of the Notes outstanding at any time shall be S$250,000,000 (or its equivalent in other currencies) or as may be increased in accordance with the terms of the Programme Agreement.
Currency	:	Subject to compliance with all relevant laws, regulations and directives, Notes may be issued in Singapore dollars or any other currency agreed between the Issuer and the relevant Dealer(s).
Purpose	:	The net proceeds arising from the issue of the Notes under the Programme (after deducting issue expenses) will be used for the Group's general corporate purposes, including financing investments, repayment of borrowings, general working capital and capital expenditure requirements of the Issuer and/or its subsidiaries or such other purposes as may be specified in the relevant Pricing Supplement.
Method of Issue	:	Notes may be issued from time to time under the Programme on a syndicated or non-syndicated basis. Each Series may be issued in one or more Tranches, on the same or different issue dates. The minimum issue size for each Series shall be agreed between the Issuer and the relevant Dealer(s). The specific terms of each Series or Tranche will be specified in the relevant Pricing Supplement.
Issue Price	:	Notes may be issued at par or at a discount, or premium, to par.
Maturities	:	Subject to compliance with all relevant laws, regulations and directives, Notes may have maturities of such tenor as may be agreed between the Issuer and the relevant Dealer(s).
Mandatory Redemption	:	Unless previously redeemed or purchased and cancelled, each Note will be redeemed at its redemption amount on the maturity date shown on its face.

Interest Basis	:	Notes may bear interest at fixed, floating, variable or hybrid rates or such other rates as may be agreed between the Issuer and the relevant Dealer(s) or may not bear interest.
Fixed Rate Notes	:	Fixed Rate Notes will bear a fixed rate of interest which will be payable in arrear on specified dates and at maturity.
Floating Rate Notes	:	Floating Rate Notes which are denominated in Singapore dollars will bear interest to be determined separately for each Series by reference to S$ SIBOR or S$ SWAP RATE (or in any other case such other benchmark as may be agreed between the Issuer and the relevant Dealer(s)), as adjusted for any applicable margin. Interest periods in relation to the Floating Rate Notes will be agreed between the Issuer and the relevant Dealer(s) prior to their issue. Floating Rate Notes which are denominated in other currencies will bear interest to be determined separately for each Series by reference to such other benchmark as may be agreed between the Issuer and the relevant Dealer(s).
Variable Rate Notes	:	Variable Rate Notes will bear interest at a variable rate determined in accordance with the Conditions of the Notes. Interest periods in relation to the Variable Rate Notes will be agreed between the Issuer and the relevant Dealer(s) prior to their issue.
Hybrid Notes	:	Hybrid Notes will bear interest, during the fixed rate period to be agreed between the Issuer and the relevant Dealer(s), at a fixed rate of interest which will be payable in arrear on specified dates and, during the floating rate period to be agreed between the Issuer and the relevant Dealer(s), at the rate of interest to be determined by reference to S$ SIBOR or S$ SWAP RATE (or such other benchmark as may be agreed between the Issuer and the relevant Dealer(s)), as adjusted for any applicable margin (provided that if the Hybrid Notes are denominated in a currency other than Singapore dollars, such Hybrid Notes will bear interest to be determined separately by reference to such benchmark as may be agreed between the Issuer and the relevant Dealer(s)), in each case payable at the end of each interest period to be agreed between the Issuer and the relevant Dealer(s).
Zero Coupon Notes	:	Zero Coupon Notes may be issued at their nominal amount or at a discount to it and will not bear interest other than in the case of late payment.
Form and Denomination of Notes	:	The Notes will be issued in bearer form only and in such denominations as may be agreed between the Issuer and the relevant Dealer(s). Each Tranche or Series of Notes may initially be represented by a Temporary Global Note or a Permanent Global Note. Each Temporary Global Note may be deposited on the relevant issue date with CDP, a common depositary for Euroclear and Clearstream, Luxembourg and/or any other agreed clearing system and will be exchangeable, upon request as described therein, either for a Permanent Global Note or Definitive Notes (as indicated in the applicable Pricing Supplement). Each Permanent Global Note may be exchanged, unless otherwise specified in the applicable Pricing Supplement, upon request as described therein, in whole (but not in part) for Definitive Notes upon the terms therein.

Custody of the Notes	:	Notes which are to be listed on the SGX-ST may be cleared through CDP. Notes which are to be cleared through CDP are required to be kept with CDP as authorised depository. Notes which are to be cleared through Euroclear and/or Clearstream, Luxembourg are required to be kept with a common depositoary on behalf of Euroclear and Clearstream, Luxembourg.
Status of the Notes	:	The Notes and Coupons of all Series will constitute direct, unconditional, unsubordinated and unsecured obligations of the Issuer and shall at all times rank *pari passu*, without any preference or priority among themselves, and *pari passu* with all other present and future unsecured obligations (other than subordinated obligations and priorities created by law) of the Issuer.
Optional Redemption and Purchase	:	If so provided on the face of the Note and the relevant Pricing Supplement, Notes may be redeemed (either in whole or in part) prior to their stated maturity at the option of the Issuer and/or the Noteholders. Further, if so provided on the face of the Note and the relevant Pricing Supplement, Notes may be purchased by the Issuer (either in whole or in part) prior to their stated maturity at the option of the Issuer and/or the Noteholders.
Redemption upon Cessation or Suspension of Trading of the Issuer's Shares	:	In the event that (i) the shares of the Issuer cease to be traded on the SGX-ST or (ii) trading in the shares of the Issuer on the SGX-ST is suspended for a continuous period of more than ten market days, the Issuer shall, at the option of the Noteholder, redeem such Note at its redemption amount together with interest accrued to the date fixed for redemption on any date on which interest is due to be paid on such Notes or, if earlier, the date falling 45 days after the Effective Date. "**Effective Date**" means (in the case of (i)) the date of cessation of trading or (in the case of (ii)) the business day immediately following the expiry of such continuous period of ten market days and "**market day**" means a day on which the SGX-ST is open for securities trading.
Redemption at the Option of Noteholders Pursuant to Change of Shareholding Event	:	If, for any reason, a Change of Shareholding Event occurs, the Issuer will within seven days of such occurrence give notice to the Noteholders of the occurrence of such event (the "**Notice**") and shall, at the option of the holder of any Note, redeem such Note at its Redemption Amount, together with interest accrued to (but excluding) the date fixed for redemption, on the date falling 60 days from the date of the Notice (or if such date is not a business day, on the next day which is a business day). To exercise such option, the holder must deposit such Note (together with all unmatured Coupons) with the Issuing and Paying Agent at its specified office, together with a duly completed option exercise notice in the form obtainable from the Issuing and Paying Agent or the Issuer (as applicable), no later than 30 days from the date of the Notice. Any Note so deposited may not be withdrawn (except as provided in the Agency Agreement) without the prior consent of the Issuer. A "**Change of Shareholding Event**" occurs when Koh Keng Siang, Koh Keng Hiong, Koh Tiat Meng and Quek Chee Nee and their respective Immediate Family Members cease to own in aggregate (whether directly or indirectly) at least 35 per cent. of the issued share capital of the Issuer.

"**Immediate Family Members**" means the father, mother, siblings, spouse, son(s) and daughter(s) and siblings' spouses and sons and daughters of each of Koh Keng Siang, Koh Keng Hiong, Koh Tiat Meng and Quek Chee Nee.

Negative Pledge : The Issuer has covenanted with the Trustee in the Trust Deed that so long as any of the Notes or Coupons remains outstanding, it will not, and will ensure that none of the Principal Subsidiaries (as defined in Condition 9) (save for Principal Subsidiaries which are listed on any stock exchange) will, create or have outstanding any security over the whole or any part of its undertakings, assets, property or revenues, present or future, save for:

(a) liens or rights of set-off arising solely by operation of law (or by an agreement evidencing the same), in either case, in respect of indebtedness which either (1) has been due for less than 30 days or (2) is being contested in good faith and by appropriate means;

(b) any security existing as at the date of the Trust Deed over any of its assets and disclosed in writing to the Trustee on or prior to the date of the Trust Deed and any security to be created over such assets in connection with the refinancing of the indebtedness secured by such assets, provided that in each case the amount secured by the security over such asset may only be increased (1) to the extent that the amount secured shall not at any time exceed 80 per cent. of the current market value of such asset at that time (as shown in the most recent valuation report prepared by an independent professional valuer and delivered by the Issuer to the Trustee at the relevant time) or (2) in any other case, with the prior approval of the Noteholders by way of an Extraordinary Resolution (as defined in the Trust Deed);

(c) any security on or over their respective assets acquired, renovated, refurbished, developed or redeveloped by it after the date of the Trust Deed for the sole purpose of financing the acquisition (including acquisition by way of acquisition of the shares in the company or entity owning (whether directly or indirectly) such assets), renovation, refurbishment, development or redevelopment or any refinancing thereof and securing a principal amount not exceeding the cost of such acquisition, renovation, refurbishment or the value of such development or redevelopment;

(d) pledges of goods, the related documents of title and/or other related documents arising or created in the ordinary course of its business as security only for indebtedness to a bank or financial institution directly relating to the goods or documents on or over which that pledge exists;

(e) any security created to secure its liabilities in respect of letters of credit, performance bonds and/or bank guarantees issued in the ordinary course of its business;

(f) any security over the assets of a Principal Subsidiary subsisting as at the date on which it became a Principal Subsidiary;

(g) any security created by way of fixed and/or floating charge on or over their respective assets for the purpose of securing working capital facilities granted in the ordinary course of business; and

(h) any other security which has been approved by the Noteholders by way of an Extraordinary Resolution.

Financial Covenants : The Issuer has further covenanted with the Trustee in the Trust Deed that so long as any of the Notes remains outstanding, it will ensure that:

(a) the Consolidated Tangible Net Worth shall not at any time be less than S$175,000,000;

(b) the ratio of Consolidated Net Debt to Consolidated Tangible Net Worth shall not at any time exceed (1) (in respect of the period commencing from the date of the Trust Deed and ending on 31 December 2015) 3.75:1, (2) (in respect of the period commencing from 1 January 2016 and ending on 30 June 2017) 3.25:1 and (3) (in respect of the period commencing 1 July 2017 and thereafter) 2.75:1; and

(c) the ratio of Consolidated Secured Debt to Consolidated Total Assets shall not at any time exceed 0.65:1.

Terms used in this paragraph have the meaning ascribed to them in the Conditions.

Non-disposal Undertaking : The Issuer has covenanted with the Trustee in the Trust Deed that so long as any of the Notes or Coupons remain outstanding it will not, and will ensure that none of the Principal Subsidiaries (save for Principal Subsidiaries which are listed on any stock exchange) will, (whether by a single transaction or a number of related or unrelated transactions and whether at one time or over a period of time) sell, transfer, lease out, lend or otherwise dispose of (whether outright, by a sale-and-repurchase or sale-and-leaseback arrangement, or otherwise) all or substantially all of its assets or any part of its assets which, either alone or when aggregated with all other disposals required to be taken into account under Clause 15.29 of the Trust Deed, is substantial in relation to its assets or those of itself and its subsidiaries, taken as a whole or the disposal of which (either alone or when so aggregated) is reasonably likely to have a material adverse effect on the Issuer. The following disposals shall not be taken into account under Clause 15.29 of the Trust Deed:

(a) disposals of property (whether via a single sale or on an en bloc basis) or any other assets made in the ordinary course of business and on normal commercial terms (including (in the case of en bloc sales) the sale of the shares of the entity owning such property);

(b) disposals by the Issuer of shares in a subsidiary, provided that the Issuer continues to own not less than 60 per cent. of all the shares in the issued share capital of such subsidiary at all times;

(c) disposals of any asset which are obsolete;

(d) disposals of any asset which are excess or no longer required for the purpose of the business of the Issuer or, as the case may be, the relevant Principal Subsidiary on arms' length basis and on normal commercial terms;

(e) any transfer of assets to a subsidiary of the Issuer or to any real estate investment trust, property fund or any other entity in which any member of the Group would own beneficially in aggregate at least 25 per cent. of the units in or, as the case may be, shares in the issued share capital in such real estate investment trust, property fund or entity, provided that such transfers are conducted on an arm's length basis and do not result in a decrease in the net tangible assets of the Group;

(f) any exchange of assets on arm's length basis and on normal commercial terms for other assets which are comparable or similar as to value and quality;

(g) any transfer of assets from a Principal Subsidiary to another Principal Subsidiary or the Issuer, or from the Issuer to a Principal Subsidiary, and which do not result in a decrease in the net tangible assets of the Group;

(h) any payment of cash as consideration for the acquisition of any asset on arms' length basis and on normal commercial terms;

(i) any short term investment of funds not immediately required in the business of the Issuer or, as the case may be, the relevant Principal Subsidiary and the realisation of such investment on arms' length basis and on normal commercial terms;

(j) any disposal of the asset currently known as Sun Plaza (located at 30 Sembawang Drive, Singapore 757713) and the land parcel of site area 3,036.6 square metres located at Tuas South Street 6 (Plot 2) so long as such disposal is on arms' length basis and on normal commercial terms and the financial condition of the Issuer and the Group is not materially and adversely affected by such disposal; and

(k) any disposal approved by the Noteholders by way of an Extraordinary Resolution.

Events of Default	:	See Condition 9 of the Notes.
Taxation	:	All payments in respect of the Notes and the Coupons by the Issuer shall be made free and clear of, and without deduction or withholding for or on account of, any present or future taxes, duties, assessments or governmental charges of whatever nature imposed, levied, collected, withheld or assessed by or within Singapore or any authority thereof or therein having power to tax, unless such withholding or deduction is required by law. In such event, the Issuer shall pay such additional amounts as will result in the receipt by the Noteholders and the Couponholders of such amounts as would have been received by them had no such deduction or withholding been required, save for certain exceptions. For further details, please see the section "Singapore Taxation" herein.

Listing	:	Each Series of the Notes may, if so agreed between the Issuer and the relevant Dealer(s), be listed on the SGX-ST or any stock exchange(s) as may be agreed between the Issuer and the relevant Dealer(s), subject to all necessary approvals having been obtained. If the application to the SGX-ST to list a particular Series of Notes is approved, for so long as such Notes are listed on the SGX-ST and the rules of the SGX-ST so require, such Notes will be traded on the SGX-ST in a minimum board lot size of at least S$200,000 (or its equivalent in foreign currencies).
Selling Restrictions	:	For a description of certain restrictions on offers, sales and deliveries of Notes and the distribution of offering material relating to the Notes, see the section "Subscription, Purchase and Distribution" below. Further restrictions may apply in connection with any particular Series or Tranche of Notes.
Governing Law	:	The Programme and any Notes issued under the Programme will be governed by, and construed in accordance with, the laws of Singapore.

TERMS AND CONDITIONS OF THE NOTES

The following is the text of the terms and conditions which, subject to completion and amendment and as supplemented or varied in accordance with the provisions of the relevant Pricing Supplement, will be endorsed on the Notes in definitive form issued in exchange for the Global Note(s) representing each Series. Either (i) the full text of these terms and conditions together with the relevant provisions of the Pricing Supplement or (ii) these terms and conditions as so completed, amended, supplemented or varied (and subject to simplification by the deletion of non-applicable provisions), shall be endorsed on such Notes. All capitalised terms that are not defined in these Conditions will have the meanings given to them in the relevant Pricing Supplement. Those definitions will be endorsed on the definitive Notes. References in the Conditions to "Notes" are to the Notes of one Series only, not to all Notes that may be issued under the Programme, details of the relevant Series being shown on the face of the relevant Notes and in the relevant Pricing Supplement.

The Notes are constituted by a Trust Deed (as amended and supplemented from time to time, the "**Trust Deed**") dated 12 May 2014 made between (1) Koh Brothers Group Limited (the "**Issuer**") and (2) The Bank of New York Mellon, Singapore Branch (the "**Trustee**", which expression shall wherever the context so admits include such company and all other persons for the time being the trustee or trustees of the Trust Deed), as trustee for the Noteholders (as defined below), and (where applicable) the Notes are issued with the benefit of a deed of covenant (as amended and supplemented from time to time, the "**Deed of Covenant**") dated 12 May 2014, relating to the Notes executed by the Issuer. These terms and conditions (the "**Conditions**") include summaries of, and are subject to, the detailed provisions of the Trust Deed, which include the form of the Notes and Coupons referred to below. The Issuer has entered into an Agency Agreement (as amended and supplemented from time to time, the "**Agency Agreement**") dated 12 May 2014 made between (1) the Issuer, (2) The Bank of New York Mellon, Singapore Branch, as issuing and paying agent (in such capacity, the "**Issuing and Paying Agent**"), (3) The Bank of New York Mellon, London Branch, as non-CDP paying agent (in such capacity, the "**Non-CDP Paying Agent**" and together with the Issuing and Paying Agent, the "**Paying Agents**"), (4) The Bank of New York Mellon, Singapore Branch, as calculation agent (in such capacity, the "**Calculation Agent**"), and (5) the Trustee, as trustee. The Noteholders and the holders of the coupons (the "**Coupons**") appertaining to the interest-bearing Notes (the "**Couponholders**") are bound by and are deemed to have notice of all of the provisions of the Trust Deed, the Agency Agreement and the Deed of Covenant. For the purposes of these Conditions, all references to the Issuing and Paying Agent shall, with respect to a Series of Notes to be cleared through a clearing system other than the CDP System (as defined in the Trust Deed), be deemed to be a reference to the Non-CDP Paying Agent and all such references shall be construed accordingly.

Copies of the Trust Deed, the Agency Agreement and the Deed of Covenant are available for inspection at the principal office of the Trustee for the time being and at the respective specified offices of the Paying Agents for the time being.

1. Form, Denomination and Title

(a) Form and Denomination

(i) The Notes of the Series of which this Note forms part (in these Conditions, the "**Notes**") are issued in bearer form in each case in the Denomination Amount shown hereon.

(ii) This Note is a Fixed Rate Note, a Floating Rate Note, a Variable Rate Note, a Hybrid Note or a Zero Coupon Note (depending upon the Interest Basis shown on its face).

(iii) Notes are serially numbered and issued with Coupons attached, save in the case of Notes that do not bear interest in which case references to interest (other than in relation to default interest referred to in Condition 6(f)) in these Conditions are not applicable.

(b) Title

(i) Title to the Notes and the Coupons appertaining thereto shall pass by delivery.

(ii) Except as ordered by a court of competent jurisdiction or as required by law, the holder of any Note or Coupon shall be deemed to be and may be treated as the absolute owner of such Note or of such Coupon, as the case may be, for the purpose of receiving payment thereof or on account thereof and for all other purposes, whether or not such Note or Coupon shall be overdue and notwithstanding any notice of ownership, theft, loss or forgery thereof or any writing thereon made by anyone, and no person shall be liable for so treating the holder.

(iii) For so long as any of the Notes is represented by a Global Note and such Global Note is held by a common depositary for Euroclear Bank S.A./N.V. ("Euroclear") and Clearstream Banking, société anonyme ("Clearstream, Luxembourg") and/or The Central Depository (Pte) Limited (the "**Depository**"), each person who is for the time being shown in the records of Euroclear, Clearstream, Luxembourg and/or the Depository as the holder of a particular principal amount of such Notes (in which regard any certificate or other document issued by Euroclear, Clearstream, Luxembourg and/or the Depository as to the principal amount of such Notes standing to the account of any person shall be conclusive and binding for all purposes save for manifest error) shall be treated by the Issuer, the Issuing and Paying Agent, the Non-CDP-Paying Agent, the Calculation Agent, all other agents of the Issuer and the Trustee as the holder of such principal amount of Notes other than with respect to the payment of principal, premium, interest, distribution, redemption, purchase and/or any other amounts in respect of the Notes, for which purpose the bearer of the Global Note shall be treated by the Issuer, the Issuing and Paying Agent, the Non-CDP Paying Agent, the Calculation Agent, all other agents of the Issuer and the Trustee as the holder of such Notes in accordance with and subject to the terms of the Global Note (and the expressions "**Noteholder**" and "**holder of Notes**" and related expressions shall be construed accordingly). Notes which are represented by the Global Note will be transferable only in accordance with the rules and procedures for the time being of Euroclear, Clearstream, Luxembourg and/or the Depository.

(iv) In these Conditions, "**Global Note**" means the relevant Temporary Global Note representing each Series or the relevant Permanent Global Note representing each Series, "**Noteholder**" means the bearer of any Definitive Note (as defined in the Trust Deed) and "**holder**" (in relation to a Definitive Note or Coupon) means the bearer of any Definitive Note or Coupon, "**Series**" means (1) (in relation to Notes other than Variable Rate Notes) a Tranche, together with any further Tranche or Tranches, which are (A) expressed to be consolidated and forming a single series and (B) identical in all respects (including as to listing) except for their respective issue dates, issue prices and/or dates of the first payment of interest and (2) (in relation to Variable Rate Notes) Notes which are identical in all respects (including as to listing) except for their respective issue prices and rates of interest and "**Tranche**" means Notes which are identical in all respects (including as to listing).

(v) Words and expressions defined in the Trust Deed or used in the applicable Pricing Supplement (as defined in the Trust Deed) shall have the same meanings where used in these Conditions unless the context otherwise requires or unless otherwise stated and provided that, in the event of inconsistency between the Trust Deed and the applicable Pricing Supplement, the applicable Pricing Supplement will prevail.

2. Status

The Notes and Coupons of all Series constitute direct, unconditional, unsubordinated and unsecured obligations of the Issuer and shall at all times rank *pari passu*, without any preference or priority among themselves, and *pari passu* with all other present and future unsecured obligations (other than subordinated obligations and priorities created by law) of the Issuer.

3. Covenants

(a) Negative Pledge

The Issuer has covenanted with the Trustee in the Trust Deed that so long as any of the Notes or Coupons remains outstanding, it will not, and will ensure that none of the Principal Subsidiaries (as defined in Condition 9) (save for Principal Subsidiaries which are listed on any stock exchange) will, create or have outstanding any security over the whole or any part of its undertakings, assets, property or revenues, present or future, save for:

(i) liens or rights of set-off arising solely by operation of law (or by an agreement evidencing the same), in either case, in respect of indebtedness which either (1) has been due for less than 30 days or (2) is being contested in good faith and by appropriate means;

(ii) any security existing as at the date of the Trust Deed over any of its assets and disclosed in writing to the Trustee on or prior to the date of the Trust Deed and any security to be created over such assets in connection with the refinancing of the indebtedness secured by such assets, provided that in each case the amount secured by the security over such asset may only be increased (1) to the extent that the amount secured shall not at any time exceed 80 per cent. of the current market value of such asset at that time (as shown in the most recent valuation report prepared by an independent professional valuer and delivered by the Issuer to the Trustee at the relevant time) or (2) in any other case, with the prior approval of the Noteholders by way of an Extraordinary Resolution (as defined in the Trust Deed);

(iii) any security on or over their respective assets acquired, renovated, refurbished, developed or redeveloped by it after the date of the Trust Deed for the sole purpose of financing the acquisition (including acquisition by way of acquisition of the shares in the company or entity owning (whether directly or indirectly) such assets), renovation, refurbishment, development or redevelopment or any refinancing thereof and securing a principal amount not exceeding the cost of such acquisition, renovation, refurbishment or the value of such development or redevelopment;

(iv) pledges of goods, the related documents of title and/or other related documents arising or created in the ordinary course of its business as security only for indebtedness to a bank or financial institution directly relating to the goods or documents on or over which that pledge exists;

(v) any security created to secure its liabilities in respect of letters of credit, performance bonds and/or bank guarantees issued in the ordinary course of its business;

(vi) any security over the assets of a Principal Subsidiary subsisting as at the date on which it became a Principal Subsidiary;

(vii) any security created by way of fixed and/or floating charge on or over their respective assets for the purpose of securing working capital facilities granted in the ordinary course of business; and

(viii) any other security which has been approved by the Noteholders by way of an Extraordinary Resolution.

(b) Financial Covenants

The Issuer has further covenanted with the Trustee in the Trust Deed that so long as any of the Notes remains outstanding, it will ensure that:

(i) the Consolidated Tangible Net Worth shall not at any time be less than S$175,000,000;

(ii) the ratio of Consolidated Net Debt to Consolidated Tangible Net Worth shall not at any time exceed (1) (in respect of the period commencing from the date of the Trust Deed and ending on 31 December 2015) 3.75:1, (2) (in respect of the period commencing from 1 January 2016 and ending on 30 June 2017) 3.25:1 and (3) (in respect of the period commencing 1 July 2017 and thereafter) 2.75:1; and

(iii) the ratio of Consolidated Secured Debt to Consolidated Total Assets shall not at any time exceed 0.65:1.

For the purposes of these Conditions:

(1) "**Consolidated Net Debt**" means Consolidated Total Debt less cash and cash equivalent balances;

(2) "**Consolidated Secured Debt**" means at any particular time, the portion of Consolidated Total Liabilities secured by any security interest over any asset of the Group (as defined in the Trust Deed);

(3) "**Consolidated Tangible Net Worth**" means the amount (expressed in Singapore dollars) for the time being, calculated in accordance with generally accepted accounting principles in Singapore, equal to the aggregate of:

(A) the amount paid up or credited as paid up on the issued share capital of the Issuer; and

(B) the amounts standing to the credit of the capital and revenue reserves (including capital redemption reserve fund, revaluation reserves and profit and loss account) of the Group on a consolidated basis,

all as shown in the then latest audited or unaudited consolidated balance sheet of the Group but after:

(aa) making such adjustments as may be appropriate in respect of any variation in the issued and paid up share capital and the capital and revenue reserves set out in paragraph (B) above of the Group since the date of the latest audited or unaudited consolidated balance sheet of the Group;

(bb) excluding any sums set aside for future taxation; and

(cc) deducting:

(I) an amount equal to any distribution by any member of the Group out of profits earned prior to the date of the latest audited or unaudited consolidated balance sheet of the Group and which have been declared, recommended or made since that date except so far as provided for in such balance sheet and/or paid or due to be paid to members of the Group;

(II) all goodwill and other intangible assets; and

(III) any debit balances on consolidated profit and loss account;

(4) "**Consolidated Total Assets**" means, at any particular time, the consolidated amount of the book values of all the assets of the Group, determined as assets in accordance with generally accepted accounting principles in Singapore;

(5) "**Consolidated Total Debt**" means an amount (expressed in Singapore dollars) for the time being, calculated on a consolidated basis, in accordance with generally accepted accounting principles in Singapore, equal to the aggregate of (and where such aggregate amount falls to be calculated, no amount shall be taken into account more than once in the same calculation):

(A) bank overdrafts and all other indebtedness in respect of any borrowings maturing within 12 months;

(B) the principal amount of the Notes or any bonds or debentures of any member of the Group whether issued for cash or a consideration other than cash;

(C) the liabilities of the Issuer under the Trust Deed or the Notes;

(D) all other indebtedness whatsoever of the Group for borrowed moneys; and

(E) any redeemable preference shares issued by any member of the Group and which is regarded by generally accepted accounting principles in Singapore as debt or other liability of the Group; and

(6) "**Consolidated Total Liabilities**" means the aggregate of Consolidated Total Debt plus, insofar as not already taken into account, all other liabilities of the Group calculated in accordance with generally accepted accounting principles in Singapore, including:

(A) current creditors, proposed dividends and taxation payable within 12 months;

(B) the principal amount raised by acceptances under any acceptance credit in favour of any member of the Group;

(C) the face amount of any bills of exchange (other than cheques) or other instruments upon which any member of the Group is liable as drawer, acceptor or endorser;

(D) all actual and contingent liabilities of whatsoever nature of any member of the Group including, without limitation, the maximum payable on a redemption of any debenture or other indebtedness of any member of the Group and all actual and contingent liabilities of any other person (including the par value of any shares and the principal amount of any debentures of any person) to the extent such liabilities, shares or debentures are directly or indirectly guaranteed or secured by or are, directly or indirectly, the subject of an indemnity given by, or with a right of recourse against, any member of the Group;

(E) the aggregate of the principal amounts outstanding under all agreements of transactions entered into by any member of the Group for leasing, hire purchase, conditional sale or purchase on deferred terms, or provision of funds in support of obligations of third parties and similar transactions in relation to any property, and any other amounts due to creditors other than current creditors;

(F) amounts standing to the credit of any deferred tax account or tax equalisation reserve; and

(G) any amount proposed to be distributed to shareholders,

provided that no liabilities shall be included in a calculation of Consolidated Total Liabilities more than once.

(c) Non-Disposal Covenants

The Issuer has covenanted with the Trustee in the Trust Deed that so long as any of the Notes or Coupons remain outstanding it will not, and will ensure that none of the Principal Subsidiaries (save for Principal Subsidiaries which are listed on any stock exchange) will, (whether by a single transaction or a number of related or unrelated transactions and whether at one time or over a period of time) sell, transfer, lease out, lend or otherwise dispose of (whether outright, by a sale-and-repurchase or sale-and-leaseback arrangement, or otherwise) all or substantially all of its assets or any part of its assets which, either alone or when aggregated with all other disposals required to be taken into account under Clause 15.29 of the Trust Deed, is substantial in relation to its assets or those of itself and its subsidiaries, taken as a whole or the disposal of which (either alone or when so aggregated) is reasonably likely to have a material adverse effect on the Issuer. The following disposals shall not be taken into account under Clause 15.29 of the Trust Deed:

(i) disposals of property (whether via a single sale or on an en bloc basis) or any other assets made in the ordinary course of business and on normal commercial terms (including (in the case of en bloc sales) the sale of the shares of the entity owning such property);

(ii) disposals by the Issuer of shares in a subsidiary, provided that the Issuer continues to own not less than 60 per cent. of all the shares in the issued share capital of such subsidiary at all times;

(iii) disposals of any asset which are obsolete;

(iv) disposals of any asset which are excess or no longer required for the purpose of the business of the Issuer or, as the case may be, the relevant Principal Subsidiary on arms' length basis and on normal commercial terms;

(v) any transfer of assets to a subsidiary of the Issuer or to any real estate investment trust, property fund or any other entity in which any member of the Group would own beneficially in aggregate at least 25 per cent. of the units in or, as the case may be, shares in the issued share capital in such real estate investment trust, property fund or entity, provided that such transfers are conducted on an arm's length basis and do not result in a decrease in the net tangible assets of the Group;

(vi) any exchange of assets on arm's length basis and on normal commercial terms for other assets which are comparable or similar as to value and quality;

(vii) any transfer of assets from a Principal Subsidiary to another Principal Subsidiary or the Issuer, or from the Issuer to a Principal Subsidiary, and which do not result in a decrease in the net tangible assets of the Group;

(viii) any payment of cash as consideration for the acquisition of any asset on arms' length basis and on normal commercial terms;

(ix) any short term investment of funds not immediately required in the business of the Issuer or, as the case may be, the relevant Principal Subsidiary and the realisation of such investment on arms' length basis and on normal commercial terms;

(x) any disposal of the asset currently known as Sun Plaza (located at 30 Sembawang Drive, Singapore 757713) and the land parcel of site area 3,036.6 square metres located at Tuas South Street 6 (Plot 2) so long as such disposal is on arms' length basis and on normal commercial terms and the financial condition of the Issuer or the Group is not materially and adversely affected by such disposal; and

(xi) any disposal approved by the Noteholders by way of an Extraordinary Resolution.

4. (I) Interest on Fixed Rate Notes

(a) Interest Rate and Accrual

Each Fixed Rate Note bears interest on its Calculation Amount (as defined in Condition 4(II)(d)) from the Interest Commencement Date in respect thereof and as shown on the face of such Note at the rate per annum (expressed as a percentage) equal to the Interest Rate shown on the face of such Note payable in arrear on each Interest Payment Date or Interest Payment Dates shown on the face of such Note in each year and on the Maturity Date shown on the face of such Note if that date does not fall on an Interest Payment Date.

The first payment of interest will be made on the Interest Payment Date next following the Interest Commencement Date (and if the Interest Commencement Date is not an Interest Payment Date, will amount to the Initial Broken Amount shown on the face of such Note), unless the Maturity Date falls before the date on which the first payment of interest would otherwise be due. If the Maturity Date is not an Interest Payment Date, interest from the preceding Interest Payment Date (or from the Interest Commencement Date, as the case may be) to the Maturity Date will amount to the Final Broken Amount shown on the face of the Note.

Interest will cease to accrue on each Fixed Rate Note from (and including) the due date for redemption thereof unless, upon due presentation and subject to the provisions of the Trust Deed, payment of the Redemption Amount shown on the face of the Note is improperly withheld or refused, in which event interest at such rate will continue to accrue (as well after as before judgment) at the rate and in the manner provided in this Condition 4(I) to (but excluding) the Relevant Date (as defined in Condition 7).

(b) Calculations

In the case of a Fixed Rate Note, interest in respect of a period of less than one year will be calculated on the Day Count Fraction shown on the face of the Note.

(II) Interest on Floating Rate Notes or Variable Rate Notes

(a) Interest Payment Dates

Each Floating Rate Note or Variable Rate Note bears interest on its Calculation Amount from the Interest Commencement Date in respect thereof and as shown on the face of such Note, and such interest will be payable in arrear on each interest payment date ("**Interest Payment Date**"). Such Interest Payment Date(s) is/are either shown hereon as Specified Interest Payment Date(s) or, if no Specified Interest Payment Date(s) is/are shown hereon, Interest Payment Date shall mean each date which (save as mentioned in these Conditions) falls the number of months specified as the Interest Period on the face of the Note (the "**Specified Number of Months**") after the preceding Interest Payment Date or, in the case of the first Interest Payment Date, after the Interest Commencement Date (and which corresponds numerically with such preceding Interest Payment Date or the Interest Commencement Date, as the case may be), provided that the Agreed Yield (as defined in Condition 4(II)(c)) in respect of any Variable Rate Note for any Interest Period (as defined below) relating to that Variable Rate Note shall be payable on the first day of that Interest Period. If any Interest Payment Date referred to in these Conditions that is specified to be subject to adjustment in accordance with a Business Day Convention would otherwise fall on a day that is not a business day (as defined below), then if the Business Day Convention specified is (1) the Floating Rate Business Day Convention, such date shall be postponed to the next day which is a business day unless it would thereby fall into the next calendar month, in which event (i) such date shall be brought forward to the immediately preceding business day and (ii) each subsequent such date shall be the last business day of the month in which such date would have fallen had it not been subject to adjustment, (2) the Following Business Day Convention, such date shall be postponed to the next day that is a business day, (3) the Modified Following Business Day Convention, such date shall be postponed to the next day that is a business day unless it would thereby fall into the next calendar month, in which event such date shall be brought forward to the immediately preceding business day or (4) the Preceding Business Day Convention, such date shall be brought forward to the immediately preceding business day.

The period beginning on the Interest Commencement Date and ending on the first Interest Payment Date and each successive period beginning on an Interest Payment Date and ending on the next succeeding Interest Payment Date is herein called an "**Interest Period**".

Interest will cease to accrue on each Floating Rate Note or Variable Rate Note from (and including) the due date for redemption thereof unless, upon due presentation and subject to the provisions of the Trust Deed, payment of the Redemption Amount is improperly withheld or refused, in which event interest will continue to accrue (as well after as before judgment) at the rate and in the manner provided in this Condition 4(II) to (but excluding) the Relevant Date.

(b) Rate of Interest - Floating Rate Notes

(i) Each Floating Rate Note bears interest at a floating rate determined by reference to a Benchmark as stated on the face of such Floating Rate Note, being (in the case of Notes which are denominated in Singapore dollars) SIBOR (in which case such Note will be a SIBOR Note) or Swap Rate (in which case such Note will be a Swap Rate

Note) or in any case (or in the case of Notes which are denominated in a currency other than Singapore dollars) such other Benchmark as is set out on the face of such Note.

Such floating rate may be adjusted by adding or subtracting the Spread (if any) stated on the face of such Note. The "**Spread**" is the percentage rate per annum specified on the face of such Note as being applicable to the rate of interest for such Note. The rate of interest so calculated shall be subject to Condition 4(V)(a) below.

The rate of interest payable in respect of a Floating Rate Note from time to time is referred to in these Conditions as the "**Rate of Interest**".

(ii) The Rate of Interest payable from time to time in respect of each Floating Rate Note will be determined by the Calculation Agent on the basis of the following provisions:

(1) in the case of Floating Rate Notes which are SIBOR Notes:

(A) the Calculation Agent will, at or about the Relevant Time on the relevant Interest Determination Date in respect of each Interest Period, determine the Rate of Interest for such Interest Period which shall be the offered rate for deposits in Singapore dollars for a period equal to the duration of such Interest Period which appears on the Reuters Screen ABSIRFIX01 Page under the caption "ABS SIBOR FIX - SIBOR AND SWAP OFFER RATES - RATES AT 11:00 HRS SINGAPORE TIME" and under the column headed "SGD SIBOR" (or such other replacement page thereof for the purpose of displaying SIBOR or such other Screen Page as may be provided hereon) and as adjusted by the Spread (if any);

(B) if no such rate appears on the Reuters Screen ABSIRFIX01 Page under the column headed "SGD SIBOR" (or such other replacement page thereof or on such other Screen Page as may be provided hereon) or if the Reuters Screen ABSIRFIX01 Page (or such other replacement page thereof or such other Screen Page as may be provided hereon) is unavailable for any reason, the Calculation Agent will request the principal Singapore offices of each of the Reference Banks to provide the Calculation Agent with the rate at which deposits in Singapore dollars are offered by it at approximately the Relevant Time on the Interest Determination Date to prime banks in the Singapore interbank market for a period equivalent to the duration of such Interest Period commencing on such Interest Payment Date in an amount comparable to the aggregate principal amount of the relevant Floating Rate Notes. The Rate of Interest for such Interest Period shall be the arithmetic mean (rounded up, if necessary, to four decimal places) of such offered quotations and as adjusted by the Spread (if any), as determined by the Calculation Agent;

(C) if on any Interest Determination Date two but not all the Reference Banks provide the Calculation Agent with such quotations, the Rate of Interest for the relevant Interest Period shall be determined in accordance with (B) above on the basis of the quotations of those Reference Banks providing such quotations; and

(D) if on any Interest Determination Date one only or none of the Reference Banks provides the Calculation Agent with such quotations, the Rate of Interest for the relevant Interest Period shall be the rate per annum which the Calculation Agent determines to be the arithmetic mean (rounded up, if necessary, to four decimal places) of the rates quoted by the Reference Banks or those of them (being at least two in number) to the Calculation Agent at or about the Relevant Time on such Interest Determination Date as being their cost (including the cost occasioned by or attributable to complying with reserves, liquidity, deposit or other requirements imposed on them by any relevant authority or authorities) of funding, for the relevant Interest Period, an amount equal to the aggregate principal amount of the relevant Floating Rate Notes for such Interest Period by whatever means they determine to be most appropriate and as adjusted by the Spread (if any) or if on such Interest Determination Date one only or none of the Reference Banks provides the Calculation Agent with such quotation, the Rate of Interest for the relevant Interest Period shall be the rate per annum which the Calculation Agent determines to be the arithmetic mean (rounded up, if necessary, to four decimal places) of the prime lending rates for Singapore dollars quoted by the Reference Banks at or about the Relevant Time on such Interest Determination Date and as adjusted by the Spread (if any);

(2) in the case of Floating Rate Notes which are Swap Rate Notes:

(A) the Calculation Agent will, at or about the Relevant Time on the relevant Interest Determination Date in respect of each Interest Period, determine the Rate of Interest for such Interest Period as being the rate which appears on the Reuters Screen ABSFIX01 Page under the caption "SGD SOR rates as of 11:00hrs London Time" under the column headed "SGD SOR" (or such replacement page thereof for the purpose of displaying the swap rates of leading reference banks) at or about the Relevant Time on such Interest Determination Date and for a period equal to the duration of such Interest Period and as adjusted by the Spread (if any);

(B) if on any Interest Determination Date no such rate is quoted on Reuters Screen ABSFIX01 Page (or such other replacement page as aforesaid) or Reuters Screen ABSFIX01 Page (or such other replacement page as aforesaid) is unavailable for any reason, the Calculation Agent will determine the Rate of Interest for such Interest Period as being the rate (or, if there is more than one rate which is published, the arithmetic mean of those rates (rounded up, if necessary, to four decimal places)) for a period equal to the duration of such Interest Period published by a recognised industry body where such rate is widely used (after taking into account the industry practice at that time), or by such other relevant authority as the Calculation Agent may select; and

(C) if on any Interest Determination Date the Calculation Agent is otherwise unable to determine the Rate of Interest under paragraphs (b)(ii)(2)(A) and (b)(ii)(2)(B) above, the Rate of Interest shall be determined by the Calculation Agent to be the rate per annum equal to the arithmetic mean (rounded up, if necessary, to four decimal places) of the rates quoted by the Singapore offices of the Reference Banks or those of them (being at least two in number) to the Calculation Agent at or about 11.00 a.m. (Singapore time) on the first business day following such Interest Determination Date as being their cost (including the cost occasioned by or attributable to complying with reserves, liquidity, deposit or other requirements imposed on them by any relevant authority or authorities) of funding, for the relevant Interest Period, an amount equal to the aggregate principal amount of the relevant Floating Rate Notes for such Interest Period by whatever means they determine to be most appropriate and as adjusted by the Spread (if any), or if on such day one only or none of the Singapore offices of the Reference Banks provides the Calculation Agent with such quotation, the Rate of Interest for the relevant Interest Period shall be the rate per annum equal to the arithmetic mean (rounded up, if necessary, to four decimal places) of the prime lending rates for Singapore dollars quoted by the Singapore offices of the Reference Banks at or about 11.00 a.m. (Singapore time) on such Interest Determination Date and as adjusted by the Spread (if any); and

(3) in the case of Floating Rate Notes which are not SIBOR Notes or Swap Rate Notes or which are denominated in a currency other than Singapore dollars, the Calculation Agent will determine the Rate of Interest in respect of any Interest Period at or about the Relevant Time on the Interest Determination Date in respect of such Interest Period as follows:

(A) if the Primary Source (as defined below) for the Floating Rate is a Screen Page (as defined below), subject as provided below, the Rate of Interest in respect of such Interest Period shall be:

(aa) the Relevant Rate (as defined below) (where such Relevant Rate on such Screen Page is a composite quotation or is customarily supplied by one entity); or

(bb) the arithmetic mean of the Relevant Rates of the persons whose Relevant Rates appear on that Screen Page, in each case appearing on such Screen Page at the Relevant Time on the Interest Determination Date,

and as adjusted by the Spread (if any);

(B) if the Primary Source for the Floating Rate is Reference Banks or if paragraph (b)(ii)(3)(A)(aa) applies and no Relevant Rate appears on the Screen Page at the Relevant Time on the Interest Determination Date or if paragraph (b)(ii)(3)(A)(bb) applies and fewer than two Relevant Rates appear on the Screen Page at the Relevant Time on the Interest Determination Date, subject as provided below, the Rate of Interest shall be the rate per annum which the Calculation Agent determines to be the arithmetic mean (rounded up, if necessary, to four decimal places) of the Relevant Rates that each of the Reference Banks is quoting to leading banks in the Relevant Financial Centre (as defined below) at the Relevant Time on the Interest Determination Date and as adjusted by the Spread (if any); and

(C) if paragraph (b)(ii)(3)(B) applies and the Calculation Agent determines that fewer than two Reference Banks are so quoting Relevant Rates, the Rate of Interest shall be the Rate of Interest determined on the previous Interest Determination Date.

(iii) On the last day of each Interest Period, the Issuer will pay interest on each Floating Rate Note to which such Interest Period relates at the Rate of Interest for such Interest Period.

(iv) For the avoidance of doubt, in the event that the Rate of Interest in relation to any Interest Period is less than zero, the Rate of Interest in relation to such Interest Period shall be equal to zero.

(c) Rate of Interest - Variable Rate Notes

(i) Each Variable Rate Note bears interest at a variable rate determined in accordance with the provisions of this paragraph (c). The interest payable in respect of a Variable Rate Note on the first day of an Interest Period relating to that Variable Rate Note is referred to in these Conditions as the "**Agreed Yield**" and the rate of interest payable in respect of a Variable Rate Note on the last day of an Interest Period relating to that Variable Rate Note is referred to in these Conditions as the "**Rate of Interest**".

(ii) The Agreed Yield or, as the case may be, the Rate of Interest payable from time to time in respect of each Variable Rate Note for each Interest Period shall, subject as referred to in paragraph (c)(iv) below, be determined as follows:

(1) not earlier than 9.00 a.m. (Singapore time) on the ninth business day nor later than 3.00 p.m. (Singapore time) (or such later time as the Issuer and the Relevant Dealer (as defined below) may agree) on the third business day prior to the commencement of each Interest Period, the Issuer and the Relevant Dealer shall endeavour to agree on the following:

(A) whether interest in respect of such Variable Rate Note is to be paid on the first day or the last day of such Interest Period;

(B) if interest in respect of such Variable Rate Note is agreed between the Issuer and the Relevant Dealer to be paid on the first day of such Interest Period, an Agreed Yield in respect of such Variable Rate Note for such Interest Period (and, in the event of the Issuer and the Relevant Dealer so agreeing on such Agreed Yield, the Interest Amount (as defined below) for such Variable Rate Note for such Interest Period shall be zero); and

(C) if interest in respect of such Variable Rate Note is agreed between the Issuer and the Relevant Dealer to be paid on the last day of such Interest Period, a Rate of Interest in respect of such Variable Rate Note for such Interest Period (an "**Agreed Rate**") and, in the event of the Issuer and the Relevant Dealer so agreeing on an Agreed Rate, such Agreed Rate shall be the Rate of Interest for such Variable Rate Note for such Interest Period; and

(2) if the Issuer and the Relevant Dealer shall not have agreed either an Agreed Yield or an Agreed Rate in respect of such Variable Rate Note for such Interest Period by 3.00 p.m. (Singapore time) (or such later time as the Issuer and the Relevant Dealer may agree) on the third business day prior to the commencement of such Interest Period, or if there shall be no Relevant Dealer during the period for agreement referred to in (1) above, the Rate of Interest for such Variable Rate Note for such Interest Period shall automatically be the rate per annum equal to the Fall Back Rate (as defined below) for such Interest Period.

(iii) The Issuer has undertaken to the Issuing and Paying Agent and the Calculation Agent that it will as soon as possible after the Agreed Yield or, as the case may be, the Agreed Rate in respect of any Variable Rate Note is determined but not later than 10.30 a.m. (Singapore time) (or such later time as the Issuer and the Relevant Dealer may agree) on the next following business day:

(1) notify or cause the Relevant Dealer to notify the Issuing and Paying Agent and the Calculation Agent of the Agreed Yield or, as the case may be, the Agreed Rate for such Variable Rate Note for such Interest Period; and

(2) cause such Agreed Yield or, as the case may be, Agreed Rate for such Variable Rate Note to be notified by the Issuing and Paying Agent to the relevant Noteholder at its request.

(iv) For the purposes of sub-paragraph (ii) above, the Rate of Interest for each Interest Period for which there is neither an Agreed Yield nor Agreed Rate in respect of any Variable Rate Note or no Relevant Dealer in respect of the Variable Rate Note(s) shall be the rate (the "**Fall Back Rate**") determined by reference to a Benchmark as stated on the face of such Variable Rate Note(s), being (in the case of Variable Rate Notes which are denominated in Singapore dollars) SIBOR (in which case such Variable Rate Note(s) will be SIBOR Note(s)) or Swap Rate (in which case such Variable Rate Note(s) will be Swap Rate Note(s)) or (in any other case or in the case of Variable Rate Notes which are denominated in a currency other than Singapore dollars) such other Benchmark as is set out on the face of such Variable Rate Note(s).

Such rate may be adjusted by adding or subtracting the Spread (if any) stated on the face of such Variable Rate Note. The "**Spread**" is the percentage rate per annum specified on the face of such Variable Rate Note as being applicable to the rate of interest for such Variable Rate Note. The rate of interest so calculated shall be subject to Condition 4(V)(a) below.

The Fall Back Rate payable from time to time in respect of each Variable Rate Note will be determined by the Calculation Agent in accordance with the provisions of Condition 4(II)(b)(ii) above (*mutatis mutandis*) and references therein to "**Rate of Interest**" shall mean "**Fall Back Rate**".

(v) If interest is payable in respect of a Variable Rate Note on the first day of an Interest Period relating to such Variable Rate Note, the Issuer will pay the Agreed Yield applicable to such Variable Rate Note for such Interest Period on the first day of such Interest Period. If interest is payable in respect of a Variable Rate Note on the last day of an Interest Period relating to such Variable Rate Note, the Issuer will pay the Interest Amount for such Variable Rate Note for such Interest Period on the last day of such Interest Period.

(vi) For the avoidance of doubt, in the event that the Rate of Interest in relation to any Interest Period is less than zero, the Rate of Interest in relation to such Interest Period shall be equal to zero.

(d) Definitions

As used in these Conditions:

"**Benchmark**" means the rate specified as such in the applicable Pricing Supplement;

"**business day**" means, in respect of each Note, (a) a day (other than a Saturday, Sunday or gazetted public holiday) on which Euroclear, Clearstream, Luxembourg or the Depository, as applicable, are operating, (b) a day (other than a Saturday, Sunday or gazetted public holiday) on which banks and foreign exchange markets are open for general business in the country of the Issuing and Paying Agent's specified office and (c) (if a payment is to be made on that day) (i) (in the case of Notes denominated in Singapore dollars) a day (other than a Saturday, Sunday or gazetted public holiday) on which banks and foreign exchange markets are open for general business in Singapore, (ii) (in the case of Notes denominated in Euros) a day (other than a Saturday, Sunday or gazetted public holiday) on which the TARGET System is open for settlement in Euros and (iii) (in the case of Notes denominated in a currency other than Singapore dollars and Euros) a day (other than a Saturday, Sunday or gazetted public holiday) on which banks and foreign exchange markets are open for general business in Singapore and the principal financial centre for that currency;

"**Calculation Agent**" means in relation to any Series of Notes, the person appointed as the calculation agent pursuant to the terms of the Agency Agreement as specified in the applicable Pricing Supplement;

"**Calculation Amount**" means the amount specified as such on the face of any Note, or if no such amount is so specified, the Denomination Amount of such Note as shown on the face thereof;

"**Euro**" means the currency of the member states of the European Union that adopt the single currency in accordance with the Treaty establishing the European Community, as amended from time to time;

"**Interest Commencement Date**" means the Issue Date or such other date as may be specified as the Interest Commencement Date on the face of such Note;

"**Interest Determination Date**" means, in respect of any Interest Period, that number of business days prior thereto as is set out in the applicable Pricing Supplement or on the face of the relevant Note;

"**Primary Source**" means the Screen Page specified as such in the applicable Pricing Supplement and (in the case of any Screen Page provided by any information service other than the Reuters Monitor Money Rates Service ("**Reuters**")) agreed to by the Calculation Agent;

"**Reference Banks**" means the institutions specified as such hereon or, if none, three major banks selected by the Calculation Agent (in consultation with the Issuer) in the interbank market that is most closely connected with the Benchmark;

"**Relevant Currency**" means the currency in which the Notes are denominated;

"**Relevant Dealer**" means, in respect of any Variable Rate Note, the Dealer party to the Programme Agreement referred to in the Agency Agreement with whom the Issuer has concluded or is negotiating an agreement for the issue of such Variable Rate Note pursuant to the Programme Agreement;

"**Relevant Financial Centre**" means, in the case of interest to be determined on an Interest Determination Date with respect to any Floating Rate Note or Variable Rate Note, the financial centre with which the relevant Benchmark is most closely connected or, if none is so connected, Singapore;

"**Relevant Rate**" means the Benchmark for a Calculation Amount of the Relevant Currency for a period (if applicable or appropriate to the Benchmark) equal to the relevant Interest Period;

"**Relevant Time**" means, with respect to any Interest Determination Date, the local time in the Relevant Financial Centre at which it is customary to determine bid and offered rates in respect of deposits in the Relevant Currency in the interbank market in the Relevant Financial Centre;

"**Screen Page**" means such page, section, caption, column or other part of a particular information service (including, but not limited to, the Bloomberg agency and Reuters) as may be specified hereon for the purpose of providing the Benchmark, or such other page, section, caption, column or other part as may replace it on that information service or on such other information service, in each case as may be nominated by the person or organisation providing or sponsoring the information appearing there for the purpose of displaying rates or prices comparable to the Benchmark; and

"**TARGET System**" means the Trans-European Automated Real-Time Gross Settlement Express Transfer (known as TARGET 2) System which was launched on 19 November 2007 or any successor thereto.

(III) Interest on Hybrid Notes

(a) Interest Rate and Accrual

Each Hybrid Note bears interest on its Calculation Amount from the Interest Commencement Date in respect thereof and as shown on the face of such Note.

(b) Fixed Rate Period

(i) In respect of the Fixed Rate Period shown on the face of such Note, each Hybrid Note bears interest on its Calculation Amount from the first day of the Fixed Rate Period at the rate per annum (expressed as a percentage) equal to the Interest Rate shown on the face of such Note payable in arrear on each Interest Payment Date or Interest Payment Dates shown on the face of the Note in each year and on the last day of the Fixed Rate Period if that date does not fall on an Interest Payment Date.

(ii) The first payment of interest will be made on the Interest Payment Date next following the first day of the Fixed Rate Period (and if the first day of the Fixed Rate Period is not an Interest Payment Date, will amount to the Initial Broken Amount shown on the face of such Note), unless the last day of the Fixed Rate Period falls before the date on which the first payment of interest would otherwise be due. If the last day of the Fixed Rate Period is not an Interest Payment Date, interest from the preceding Interest Payment Date (or from the first day of the Fixed Rate Period, as the case may be) to the last day of the Fixed Rate Period will amount to the Final Broken Amount shown on the face of the Note.

(iii) Where the due date of redemption of any Hybrid Note falls within the Fixed Rate Period, interest will cease to accrue on the Note from (and including) the due date for redemption thereof unless, upon due presentation and subject to the provisions of the Trust Deed, payment of principal (or Redemption Amount, as the case may be) is improperly withheld or refused, in which event interest at such rate will continue to accrue (as well after as before judgment) at the rate and in the manner provided in this Condition 4(III) to (but excluding) the Relevant Date.

(iv) In the case of a Hybrid Note, interest in respect of a period of less than one year will be calculated on the Day Count Fraction shown on the face of the Note during the Fixed Rate Period.

(c) Floating Rate Period

(i) In respect of the Floating Rate Period shown on the face of such Note, each Hybrid Note bears interest on its Calculation Amount from the first day of the Floating Rate Period, and such interest will be payable in arrear on each interest payment date ("**Interest Payment Date**"). Such Interest Payment Date(s) is/are either shown hereon as Specified Interest Payment Date(s) or, if no Specified Interest Payment Date(s) is/are shown hereon, Interest Payment Date shall mean each date which (save as mentioned in these Conditions) falls the number of months specified as the Interest Period on the face of the Note (the "**Specified Number of Months**") after the preceding Interest Payment Date or, in the case of the first Interest Payment Date, after the first day of the Floating Rate Period (and which corresponds numerically with such preceding Interest Payment Date or the first day of the Floating Rate Period, as the case may be). If any Interest Payment Date referred to in these Conditions that is specified to be subject to adjustment in accordance with a Business Day Convention would otherwise fall on a day that is not a business day, then if the Business Day Convention specified is (1) the Floating Rate Business Day Convention, such date shall be postponed to the next day which is a business day unless it would thereby fall into the next calendar month, in which event (i) such date shall be brought forward to the immediately preceding business day and (ii) each subsequent such date shall be the last business day of the month in which such date would have fallen had it not been subject to adjustment, (2) the Following Business Day Convention, such date shall be postponed to the next day that is a business day, (3) the Modified Following Business Day Convention, such date shall be postponed to the next day that is a business day unless it would thereby fall into the next calendar month, in which event such date shall be brought forward to the immediately preceding business day or (4) the Preceding Business Day Convention, such date shall be brought forward to the immediately preceding business day.

(ii) The period beginning on the first day of the Floating Rate Period and ending on the first Interest Payment Date and each successive period beginning on an Interest Payment Date and ending on the next succeeding Interest Payment Date is herein called an "**Interest Period**".

(iii) Where the due date of redemption of any Hybrid Note falls within the Floating Rate Period, interest will cease to accrue on the Note from (and including) the due date for redemption thereof unless, upon due presentation thereof, payment of principal (or Redemption Amount, as the case may be) is improperly withheld or refused, in which event interest will continue to accrue (as well after as before judgment) at the rate and in the manner provided in this Condition 4(III) to (but excluding) the Relevant Date.

(iv) The provisions of Condition 4(II)(b) shall apply to each Hybrid Note during the Floating Rate Period as though references therein to Floating Rate Notes are references to Hybrid Notes.

(IV) Zero Coupon Notes

Where a Note the Interest Basis of which is specified to be Zero Coupon is repayable prior to the Maturity Date and is not paid when due, the amount due and payable prior to the Maturity Date shall be the Early Redemption Amount of such Note (determined in accordance with Condition 5(i)). As from the Maturity Date, the rate of interest for any overdue principal of such a Note shall be a rate per annum (expressed as a percentage) equal to the Amortisation Yield (as determined pursuant to Condition 5(i)).

(V) Calculations

(a) Determination of Rate of Interest and Calculation of Interest Amounts

The Calculation Agent will, as soon as practicable after the Relevant Time on each Interest Determination Date determine the Rate of Interest and calculate the amount of interest payable (the "**Interest Amounts**") in respect of each Calculation Amount of the relevant Floating Rate Notes, Variable Rate Notes or (where applicable) Hybrid Notes for the relevant Interest Period. The amount of interest payable in respect of any Floating Rate Note, Variable Rate Note or (where applicable) Hybrid Note shall be calculated by multiplying the product of the Rate of Interest and the Calculation Amount, by the Day Count Fraction shown on the Note and rounding the resultant figure to the nearest sub-unit of the Relevant Currency. The determination of any rate or amount, the obtaining of each quotation and the making of each determination or calculation by the Calculation Agent shall (in the absence of manifest error) be final and binding upon all parties.

(b) Notification

The Calculation Agent will cause the Rate of Interest and the Interest Amounts for each Interest Period and the relevant Interest Payment Date to be notified to the Issuing and Paying Agent, the Trustee and the Issuer as soon as possible after their determination but in no event later than the fourth business day thereafter. In the case of Floating Rate Notes, the Calculation Agent will also cause the Rate of Interest and the Interest Amounts for each Interest Period and the relevant Interest Payment Date to be notified to Noteholders in accordance with Condition 15 as soon as possible after their determination. The Interest Amounts and the Interest Payment Date so notified may subsequently be amended (or appropriate alternative arrangements made by way of adjustment) without notice in the event of an extension or shortening of the Interest Period by reason of any Interest Payment Date not being a business day. If the Floating Rate Notes, Variable Rate Notes or, as the case may be, Hybrid Notes become due and payable under Condition 9, the Rate of Interest and Interest Amounts payable in respect of the Floating Rate Notes, Variable Rate Notes or, as the case may be, Hybrid Notes shall nevertheless continue to be calculated as previously in accordance with this Condition but no publication of the Rate of Interest and Interest Amounts need to be made unless the Trustee requires otherwise.

(c) Determination or Calculation by the Trustee

If the Calculation Agent does not at any material time determine or calculate the Rate of Interest for an Interest Period or any Interest Amount, the Trustee shall use reasonable efforts to procure the determination or calculation of the Rate of Interest for such Interest Period or Interest Amount. In doing so, the Trustee shall apply the foregoing provisions of this Condition, with any necessary consequential amendments, to the extent that, in its sole opinion, it can do so, and, in all other respects, it shall do so in such manner as it in its sole opinion shall deem fair and reasonable in all the circumstances.

(d) Calculation Agent and Reference Banks

The Issuer will procure that, so long as any Floating Rate Note, Variable Rate Note or Hybrid Note remains outstanding, there shall at all times be three Reference Banks (or such other number as may be required) and, so long as any Floating Rate Note, Variable

Rate Note, Hybrid Note or Zero Coupon Note remains outstanding, there shall at all times be a Calculation Agent. If any Reference Bank (acting through its relevant office) is unable or unwilling to continue to act as a Reference Bank or the Calculation Agent is unable or unwilling to act as such or if the Calculation Agent fails duly to establish the Rate of Interest for any Interest Period or to calculate the Interest Amounts, the Issuer will appoint another bank with an office in the Relevant Financial Centre to act as such in its place. The Calculation Agent may not resign its duties without a successor having been appointed as aforesaid.

5. Redemption and Purchase

(a) Final Redemption

Unless previously redeemed or purchased and cancelled as provided below, this Note will be redeemed at its Redemption Amount on the Maturity Date shown on its face (if this Note is shown on its face to be a Fixed Rate Note, Hybrid Note (during the Fixed Rate Period) or Zero Coupon Note) or on the Interest Payment Date falling in the Redemption Month shown on its face (if this Note is shown on its face to be a Floating Rate Note, Variable Rate Note or Hybrid Note (during the Floating Rate Period)).

(b) Purchase at the Option of Issuer

If so provided hereon, the Issuer shall have the option to purchase all or any of the Fixed Rate Notes, Floating Rate Notes, Variable Rate Notes or Hybrid Notes at their Redemption Amount on any date on which interest is due to be paid on such Notes and the Noteholders shall be bound to sell such Notes to the Issuer accordingly. To exercise such option, the Issuer shall give irrevocable notice to the Noteholders within the Issuer's Purchase Option Period shown on the face hereof. Such Notes may be held, resold or surrendered to the Issuing and Paying Agent for cancellation. The Notes so purchased, while held by or on behalf of the Issuer, shall not entitle the holder to vote at any meetings of the Noteholders and shall not be deemed to be outstanding for the purposes of calculating quorums at meetings of the Noteholders or for the purposes of Conditions 9, 10 and 11.

In the case of a purchase of some only of the Notes, the notice to Noteholders shall also contain the certificate numbers of the Notes to be purchased, which shall have been drawn by or on behalf of the Issuer in such place and in such manner as may be agreed between the Issuer and the Trustee, subject to compliance with any applicable laws. So long as the Notes are listed on any Stock Exchange (as defined in the Trust Deed), the Issuer shall comply with the rules of such Stock Exchange in relation to the publication of any purchase of such Notes.

(c) Purchase at the Option of Noteholders

(i) Each Noteholder shall have the option to have all or any of his Variable Rate Notes purchased by the Issuer at their Redemption Amount on any Interest Payment Date and the Issuer will purchase such Variable Rate Notes accordingly. To exercise such option, a Noteholder shall deposit any Variable Rate Notes to be purchased with the Issuing and Paying Agent at its specified office together with all Coupons relating to such Variable Rate Notes which mature after the date fixed for purchase, together with a duly completed option exercise notice in the form obtainable from the Issuing and Paying Agent within the Noteholders' VRN Purchase Option Period shown on the face hereof. Any Variable Rate Notes so deposited may not be withdrawn (except as provided in the Agency Agreement) without the prior consent of the Issuer. Such Variable Rate Notes may be held, resold or surrendered to the Issuing and Paying Agent for cancellation. The Variable Rate Notes so purchased, while held by or on behalf of the Issuer, shall not entitle the holder to vote at any meetings of the Noteholders and shall not be deemed to be outstanding for the purposes of calculating quorums at meetings of the Noteholders or for the purposes of Conditions 9, 10 and 11.

(ii) If so provided hereon, each Noteholder shall have the option to have all or any of his Fixed Rate Notes, Floating Rate Notes or Hybrid Notes purchased by the Issuer at their Redemption Amount on any date on which interest is due to be paid on such Notes and the Issuer will purchase such Notes accordingly. To exercise such option, a Noteholder shall deposit any Notes to be purchased with the Issuing and Paying Agent at its specified office together with all Coupons relating to such Notes which mature after the date fixed for purchase, together with a duly completed option exercise notice in the form obtainable from the Issuing and Paying Agent within the Noteholders' Purchase Option Period shown on the face hereof. Any Notes so deposited may not be withdrawn (except as provided in the Agency Agreement) without the prior consent of the Issuer. Such Notes may be held, resold or surrendered to the Issuing and Paying Agent for cancellation. The Notes so purchased, while held by or on behalf of the Issuer, shall not entitle the holder to vote at any meetings of the Noteholders and shall not be deemed to be outstanding for the purposes of calculating quorums at meetings of the Noteholders or for the purposes of Conditions 9, 10 and 11.

(d) Redemption at the Option of the Issuer

If so provided hereon, the Issuer may, on giving irrevocable notice to the Noteholders falling within the Issuer's Redemption Option Period shown on the face hereof, redeem all or, if so provided, some of the Notes at their Redemption Amount or integral multiples thereof and on the date or dates so provided. Any such redemption of Notes shall be at their Redemption Amount, together with interest accrued to (but excluding) the date fixed for redemption.

All Notes in respect of which any such notice is given shall be redeemed on the date specified in such notice in accordance with this Condition.

In the case of a partial redemption of the Notes, the notice to Noteholders shall also contain the certificate numbers of the Notes to be redeemed, which shall have been drawn by or on behalf of the Issuer in such place and in such manner as may be agreed between the Issuer and the Trustee, subject to compliance with any applicable laws. So long as the Notes are listed on any Stock Exchange, the Issuer shall comply with the rules of such Stock Exchange in relation to the publication of any redemption of such Notes.

(e) Redemption at the Option of Noteholders

(i) If so provided hereon, the Issuer shall, at the option of the holder of any Note, redeem such Note on the date or dates so provided at its Redemption Amount, together with interest accrued to (but excluding) the date fixed for redemption. To exercise such option, the holder must deposit such Note (together with all unmatured Coupons) with the Issuing and Paying Agent at its specified office, together with a duly completed option exercise notice in the form obtainable from the Issuing and Paying Agent or the Issuer (as applicable) within the Noteholders' Redemption Option Period shown on the face hereof. Any Note so deposited may not be withdrawn (except as provided in the Agency Agreement) without the prior consent of the Issuer.

(ii) If, for any reason, a Change of Shareholding Event occurs, the Issuer will within seven days of such occurrence give notice to the Noteholders of the occurrence of such event (the "**Notice**") and shall, at the option of the holder of any Note, redeem such Note at its Redemption Amount, together with interest accrued to (but excluding) the date fixed for redemption, on the date falling 60 days from the date of the Notice (or if such date is not a business day, on the next day which is a business day). To exercise such option, the holder must deposit such Note (together with all unmatured Coupons) with the Issuing and Paying Agent at its specified office, together with a duly completed option exercise notice in the form obtainable from the Issuing and Paying Agent or the Issuer (as applicable), no later than 30 days from the date of the Notice. Any Note so deposited may not be withdrawn (except as provided in the Agency Agreement) without the prior consent of the Issuer.

For the purposes of this Condition 5(e)(ii):

(1) a "**Change of Shareholding Event**" occurs when Koh Keng Siang, Koh Keng Hiong, Koh Tiat Meng and Quek Chee Nee and their respective Immediate Family Members cease to own in aggregate (whether directly or indirectly) at least 35 per cent. of the issued share capital of the Issuer; and

(2) "**Immediate Family Members**" means the father, mother, siblings, spouse, son(s) and daughter(s) and siblings' spouses and sons and daughters of each of Koh Keng Siang, Koh Keng Hiong, Koh Tiat Meng and Quek Chee Nee.

(f) Redemption for Taxation Reasons

If so provided hereon, the Notes may be redeemed at the option of the Issuer in whole, but not in part, on any Interest Payment Date or, if so specified hereon, at any time on giving not less than 30 nor more than 60 days' notice to the Noteholders (which notice shall be irrevocable), at their Redemption Amount or (in the case of Zero Coupon Notes) Early Redemption Amount (as defined in Condition 5(i) below) (together with interest accrued to (but excluding) the date fixed for redemption), if (i) the Issuer has or will become obliged to pay additional amounts as provided or referred to in Condition 7, or increase the payment of such additional amounts, as a result of any change in, or amendment to, the laws (or any regulations, rulings or other administrative pronouncements promulgated thereunder) of Singapore or any political subdivision or any authority thereof or therein having power to tax, or any change in the application or official interpretation of such laws, regulations, rulings or other administrative pronouncements, which change or amendment is made public on or after the Issue Date or any other date specified in the Pricing Supplement, and (ii) such obligations cannot be avoided by the Issuer taking reasonable measures available to it, provided that no such notice of redemption shall be given earlier than 90 days prior to the earliest date on which the Issuer would be obliged to pay such additional amounts were a payment in respect of the Notes then due. At least five business days prior to the publication of any notice of redemption pursuant to this paragraph, the Issuer shall deliver to the Issuing and Paying Agent a certificate signed by a duly authorised signatory of the Issuer stating that the Issuer is entitled to effect such redemption and setting forth a statement of facts showing that the conditions precedent to the right of the Issuer so to redeem have occurred, and an opinion of independent and reputable legal, tax or any other professional advisers to the effect that the Issuer has or is likely to become obliged to pay such additional amounts as a result of such change or amendment.

(g) Redemption upon Cessation or Suspension of Trading of Shares

In the event that (i) the shares of the Issuer cease to be traded on the Singapore Exchange Securities Trading Limited (the "**SGX-ST**") or (ii) trading in the shares of the Issuer on the SGX-ST is suspended for a continuous period of more than ten market days, the Issuer shall, at the option of the holder of any Note, redeem such Note at its Redemption Amount together with interest accrued to the date fixed for redemption on any date on which interest is due to be paid on such Notes or, if earlier, the date falling 45 days after the Effective Date. The Issuer shall within seven days after the Effective Date, give notice to the Trustee, the Issuing and Paying Agent and the Noteholders of the occurrence of the event specified in this Condition 5(g) (provided that any failure by the Issuer to give such notice shall not prejudice any Noteholder of such option). To exercise such option, the holder must deposit such Note (together with all unmatured Coupons) with the Issuing and Paying Agent at its specified office, together with an Exercise Notice in the form obtainable from the Issuing and Paying Agent or the Issuer (as applicable) not later than 21 days after the Effective Date. Any Note so deposited may not be withdrawn (except as provided in the Agency Agreement) without the prior consent of the Issuer.

For the purposes of these Conditions:

(1) "**Effective Date**" means (in the case of (i) above) the date of cessation of trading or (in the case of (ii) above) the business day immediately following the expiry of such continuous period of ten market days; and

(2) "**market day**" means a day on which the SGX-ST is open for securities trading.

(h) Purchases

The Issuer or any of its related corporations may at any time purchase Notes at any price (provided that they are purchased together with all unmatured Coupons relating to them) in the open market or otherwise, provided that in any such case such purchase or purchases is in compliance with all relevant laws, regulations and directives.

Notes purchased by the Issuer or any of its related corporations may be surrendered by the purchaser through the Issuer to the Issuing and Paying Agent for cancellation or may at the option of the Issuer or the relevant related corporation be held or resold.

For the purposes of these Conditions, "**directive**" includes any present or future directive, regulation, request, requirement, rule or credit restraint programme of any relevant agency, authority, central bank department, government, legislative, minister, ministry, official public or statutory corporation, self-regulating organisation, or stock exchange.

(i) Early Redemption of Zero Coupon Notes

(i) The Early Redemption Amount payable in respect of any Zero Coupon Note, the Early Redemption Amount of which is not linked to an index and/or formula, upon redemption of such Note pursuant to Condition 5(f) or upon it becoming due and payable as provided in Condition 9, shall be the Amortised Face Amount (calculated as provided below) of such Note unless otherwise specified hereon.

(ii) Subject to the provisions of sub-paragraph (iii) below, the Amortised Face Amount of any such Note shall be the scheduled Redemption Amount of such Note on the Maturity Date discounted at a rate per annum (expressed as a percentage) equal to the Amortisation Yield (which, if none is shown hereon, shall be such rate as would produce an Amortised Face Amount equal to the issue price of the Notes if they were discounted back to their issue price on the Issue Date) compounded annually.

(iii) If the Early Redemption Amount payable in respect of any such Note upon its redemption pursuant to Condition 5(f) or upon it becoming due and payable as provided in Condition 9 is not paid when due, the Early Redemption Amount due and payable in respect of such Note shall be the Amortised Face Amount of such Note as defined in sub-paragraph (ii) above, except that such sub-paragraph shall have effect as though the date on which the Note becomes due and payable were the Relevant Date. The calculation of the Amortised Face Amount in accordance with this sub-paragraph will continue to be made (as well after as before judgment) until the Relevant Date, unless the Relevant Date falls on or after the Maturity Date, in which case the amount due and payable shall be the scheduled Redemption Amount of such Note on the Maturity Date together with any interest which may accrue in accordance with Condition 4(IV).

Where such calculation is to be made for a period of less than one year, it shall be made on the basis of the Day Count Fraction shown on the face of the Note.

(j) Cancellation

All Notes purchased by or on behalf of the Issuer or any of its related corporations may be surrendered for cancellation by surrendering each such Note together with all unmatured Coupons to the Issuing and Paying Agent at its specified office and, if so surrendered, shall, together with all Notes redeemed by the Issuer, be cancelled forthwith (together with all unmatured Coupons attached thereto or surrendered therewith). Any Notes so surrendered for cancellation may not be reissued or resold.

6. Payments

(a) Principal and Interest

Payments of principal and interest in respect of the Notes will, subject as mentioned below, be made against presentation and surrender of the relevant Notes or Coupons, as the case may be, at the specified office of the Issuing and Paying Agent by a cheque drawn in the currency in which payment is due on, or, at the option of the holders, by transfer to an account maintained by the payee in that currency with, a bank in the principal financial centre for that currency.

(b) Payments subject to law etc.

All payments are subject in all cases to any applicable fiscal or other laws, regulations and directives, but without prejudice to the provisions of Condition 7. No commission or expenses shall be charged to the Noteholders or Couponholders in respect of such payments.

(c) Appointment of Agents

The Paying Agents and their respective specified offices are listed below. The Issuer reserves the right at any time to vary (subject to the prior consent of the Issuing and Paying Agent) or terminate the appointment of the Issuing and Paying Agent or the Non-CDP Paying Agent and to appoint additional or other Paying Agents, provided that it will at all times maintain a issuing and paying agent having a specified office in Singapore and (in the case of Notes which are not cleared through the Depository) a non-CDP paying agent.

Notice of any such change or any change of any specified office will promptly be given to the Noteholders in accordance with Condition 15.

The Agency Agreement may be amended by the Issuer, the Paying Agents and the Trustee, without the consent of any Noteholder, for the purpose of curing any ambiguity or of curing, correcting or supplementing any defective provision contained therein or in any manner which the Issuer, the Paying Agents and the Trustee may mutually deem necessary or desirable and which does not, in the opinion of the Issuer, the Paying Agents and the Trustee, materially and adversely affect the interests of the Noteholders.

(d) Unmatured Coupons

(i) Fixed Rate Notes and Hybrid Notes should be surrendered for payment together with all unmatured Coupons (if any) relating to such Notes (and, in the case of Hybrid Notes, relating to interest payable during the Fixed Rate Period), failing which an amount equal to the face value of each missing unmatured Coupon (or, in the case of payment not being made in full, that proportion of the amount of such missing unmatured Coupon which the sum of principal so paid bears to the total principal due) will be deducted from the Redemption Amount due for payment. Any amount so deducted will be paid in the manner mentioned above against surrender of such missing Coupon within a period of five years from the Relevant Date for the payment of such principal (whether or not such Coupon has become void pursuant to Condition 8).

(ii) Subject to the provisions of the relevant Pricing Supplement upon the due date for redemption of any Floating Rate Note, Variable Rate Note or Hybrid Note, unmatured Coupons relating to such Note (and, in the case of Hybrid Notes, relating to interest payable during the Floating Rate Period) (whether or not attached) shall become void and no payment shall be made in respect of them.

(iii) Where any Floating Rate Note, Variable Rate Note or Hybrid Note is presented for redemption without all unmatured Coupons relating to it (and, in the case of Hybrid Notes, relating to interest payable during the Floating Rate Period), redemption shall be made only against the provision of such indemnity as the Issuer may require.

(iv) If the due date for redemption or repayment of any Note is not a due date for payment of interest, interest accrued from the preceding due date for payment of interest or the Interest Commencement Date, as the case may be, shall only be payable against presentation (and surrender if appropriate) of the relevant Note.

(e) Non-business days

Subject as provided in the relevant Pricing Supplement or subject as otherwise provided in these Conditions, if any date for the payment in respect of any Note or Coupon is not a business day, the holder shall not be entitled to payment until the next following business day and shall not be entitled to any further interest or other payment in respect of any such delay.

(f) Default Interest

If on or after the due date for payment of any sum in respect of the Notes, payment of all or any part of such sum is not made against due presentation of the Notes or, as the case may be, the Coupons, the Issuer shall pay interest on the amount so unpaid from such due date up to the day of actual receipt by the relevant Noteholders or, as the case may be, Couponholders (as well after as before judgment) at a rate per annum equal to one per cent. per annum above (in the case of a Fixed Rate Note or a Hybrid Note during the Fixed Rate Period) the Interest Rate applicable to such Note, (in the case of a Floating Rate Note or a Hybrid Note during the Floating Rate Period) the Rate of Interest applicable to such Note or (in the case of a Variable Rate Note) the variable rate by which the Agreed Yield applicable to such Note is determined or, as the case may be, the Rate of Interest applicable to such Note, or in the case of a Zero Coupon Note, as provided for in the relevant Pricing Supplement. So long as the default continues then such rate shall be re-calculated on the same basis at intervals of such duration as the Issuing and Paying Agent may select, save that the amount of unpaid interest at the above rate accruing during the preceding such period shall be added to the amount in respect of which the Issuer is in default and itself bear interest accordingly. Interest at the rate(s) determined in accordance with this paragraph shall be calculated on the Day Count Fraction shown on the face of the Note and the actual number of days elapsed, shall accrue on a daily basis and shall be immediately due and payable by the Issuer.

7. Taxation

All payments in respect of the Notes and the Coupons by the Issuer shall be made free and clear of, and without deduction or withholding for or on account of, any present or future taxes, duties, assessments or governmental charges of whatever nature imposed, levied, collected, withheld or assessed by or within Singapore or any authority thereof or therein having power to tax, unless such withholding or deduction is required by law. In such event, the Issuer shall pay such additional amounts as will result in the receipt by the Noteholders and the Couponholders of such amounts as would have been received by them had no such deduction or withholding been required, except that no such additional amounts shall be payable in respect of any Note or Coupon presented for payment:

(a) by or on behalf of a holder who is subject to such taxes, duties, assessments or governmental charges by reason of his being connected with Singapore otherwise than by reason only of the holding of such Note or Coupon or the receipt of any sums due in respect of such Note or Coupon (including, without limitation, the holder being a resident of, or a permanent establishment in, Singapore);

(b) by or on behalf of a holder who would be able to lawfully avoid (but has not so avoided) such deduction or withholding by making a declaration or any other statement including, but not limited to, a declaration of residence or non-residence but fails to do so; or

(c) more than 30 days after the Relevant Date except to the extent that the holder thereof would have been entitled to such additional amounts on presenting the same for payment on the last day of such period of 30 days.

As used in these Conditions, "**Relevant Date**" in respect of any Note or Coupon means the date on which payment in respect thereof first becomes due or (if any amount of the money payable is improperly withheld or refused) the date on which payment in full of the amount outstanding is made or (if earlier) the date falling seven days after that on which notice is duly given to the Noteholders in accordance with Condition 15 that, upon further presentation of the Note or Coupon being made in accordance with the Conditions, such payment will be made, provided that payment is in fact made upon presentation, and references to "**principal**" shall be deemed to include any premium payable in respect of the Notes, all Redemption Amounts, Early Redemption Amounts and all other amounts in the nature of principal payable pursuant to Condition 5, "**interest**" shall be deemed to include all Interest Amounts and all other amounts payable pursuant to Condition 4 and any reference to "**principal**" and/or "**premium**" and/or "**Redemption Amounts**" and/or "**interest**" and/or "**Early Redemption Amounts**" shall be deemed to include any additional amounts which may be payable under these Conditions.

8. Prescription

The Notes and Coupons shall become void unless presented for payment within five years from the appropriate Relevant Date for payment.

9. Events of Default

If any of the following events ("**Events of Default**") occurs the Trustee at its discretion may (but is not obliged to), and if so requested by holders of at least 25 per cent. in principal amount of the Notes then outstanding or if so directed by an Extraordinary Resolution shall, in each case, subject to it being indemnified and/or secured and/or pre-funded to its satisfaction, give notice to the Issuer that the Notes are immediately repayable, whereupon the Redemption Amount of such Notes or (in the case of Zero Coupon Notes) the Early Redemption Amount of such Notes together with accrued interest to the date of payment shall become immediately due and payable:

(a) the Issuer does not pay any sum payable by it under any of the Notes when due (in the case of principal on the Notes) or within three business days of its due date (in the case of interest and other amounts on the Notes), in each case, at the place at and in the currency in which it is expressed to be payable;

(b) the Issuer does not perform or comply with any one or more of its obligations (other than the payment obligation of the Issuer referred to in paragraph (a)) under any of the Issue Documents (as defined in the Trust Deed) or any of the Notes and, if that default is capable of remedy, it is not remedied within 21 days of the giving by the Trustee to the Issuer of a notice requiring the same to be remedied;

(c) any representation, warranty or statement by the Issuer in any of the Issue Documents or any of the Notes or in any document delivered under any of the Issue Documents or any of the Notes is not complied with in any respect or is or proves to have been incorrect in any respect when made or deemed repeated and, if the circumstance resulting in such non-compliance or incorrectness is capable of remedy, it is not remedied within 21 days of the giving by the Trustee to the Issuer of a notice requiring the same to be remedied;

(d) (i) any other indebtedness of the Issuer or any of its Principal Subsidiaries in respect of borrowed moneys is or is properly declared to be or is capable of being rendered due and payable prior to its stated maturity by reason of any event of default or the like (however described) or is not paid when due (taking into account any grace period originally applicable thereto); or

(ii) the Issuer or any of its Principal Subsidiaries fails to pay when properly called upon to do so any guarantee of indebtedness for borrowed moneys,

provided however that no Event of Default will occur under these paragraphs (d)(i) or (d)(ii) unless and until the aggregate amount of the indebtedness in respect of which one or more of the events mentioned above in these paragraphs (d)(i) or (d)(ii) has/have occurred equals or exceeds S$10,000,000 (or its equivalent in any other currency or currencies);

(e) the Issuer or any of its Principal Subsidiaries is (or is, or would be, deemed by law or a court to be) insolvent or unable to pay its debts, stops, suspends or threatens to stop or suspend payment of all or a material part of its indebtedness (other than those contested in good faith and by appropriate proceedings), proposes or makes any agreement for the deferral, rescheduling or other readjustment of all or a material part of its indebtedness (or any material part which it will be otherwise unable to pay when due), proposes or makes a general assignment or an arrangement or composition with or for the benefit of the relevant creditors or a moratorium is agreed or declared in respect of or affecting all or a material part of the indebtedness of the Issuer or any of its Principal Subsidiaries;

(f) a distress, attachment, execution or other similar legal process is levied, enforced or sued out on or against all or a material part of the property, assets or revenues of the Issuer or any of its Principal Subsidiaries and is not discharged or stayed within 30 days;

(g) any security on or over the whole or a material part of the property or assets of the Issuer or any of its Principal Subsidiaries becomes enforceable or any step is taken to enforce it (including the taking of possession or the appointment of a receiver, manager or other similar person);

(h) any petition, application or originating summons is presented, any resolution is passed, any meeting is convened or any order is made for the winding-up or dissolution of the Issuer or any of its Principal Subsidiaries (except (i) (in the case of a winding-up of a Principal Subsidiary only) for the purpose of and followed by a reconstruction, amalgamation, reorganisation, merger or consolidation on terms approved by the Noteholders by way of an Extraordinary Resolution or (ii) for a voluntary winding up of a Principal Subsidiary not involving insolvency and such event is not likely to have a material adverse effect on the Issuer) or any step is taken by any person for the appointment of a liquidator (including a provisional liquidator), receiver, manager, judicial manager, trustee, administrator, agent or similar officer of the Issuer or any of its Principal Subsidiaries or over the whole or a material part of the property or assets of the Issuer or any of the Principal Subsidiaries;

(i) the Issuer or any of its Principal Subsidiaries ceases or threatens to cease to carry on all or a material part of its business (and, in the case of a Principal Subsidiary only, otherwise than for the purposes of such a consolidation, amalgamation, merger or reconstruction as is referred to in paragraph (h) above) or (otherwise than as a result of a disposal as permitted by, and in accordance with, Clause 15.29 of the Trust Deed) the Issuer or any of its Principal Subsidiaries disposes or threatens to dispose of the whole or any material part of its property or assets;

(j) any step is taken by any governmental authority with a view to the seizure, compulsory acquisition, expropriation or nationalisation of all or a material part of the assets of the Issuer or any of its Principal Subsidiaries;

(k) any action, condition or thing (including the obtaining of any necessary consent) at any time required to be taken, fulfilled or done for any of the purposes stated in Clause 14.3 of the Trust Deed is not taken, fulfilled or done, or any such consent ceases to be in full force and effect without modification or any condition in or relating to any such consent is not complied with (unless that consent or condition is no longer required or applicable) and, in each case, if that default is capable of remedy, it is not remedied within 21 days of the giving by the Trustee to the Issuer of a notice requiring the same to be remedied;

(l) it is or will become unlawful for the Issuer to perform or comply with any one or more of its payment or other material obligations under any of the Issue Documents or any of the Notes;

(m) any of the Issue Documents or any of the Notes ceases for any reason (or is claimed by the Issuer not) to be the legal and valid obligations of the Issuer, binding upon it in accordance with its terms;

(n) any litigation, arbitration or administrative proceeding (other than those of a frivolous or vexatious nature and discharged within 30 days of its commencement) against the Issuer or any of its Principal Subsidiaries is current or pending (i) to restrain the exercise of any of the rights and/or the performance or enforcement of or compliance with any of the obligations of the Issuer under any of the Issue Documents or any of the Notes or (ii) which has or is reasonably likely to have a material adverse effect on the Issuer;

(o) any event occurs which, under the law of any relevant jurisdiction, has an analogous or equivalent effect to any of the events mentioned in paragraph (e), (f), (g), (h) or (j); and

(p) the Issuer or any of its Principal Subsidiaries is declared by the Minister of Finance to be a declared company under the provisions of Part IX of the Companies Act, Chapter 50 of Singapore (the "**Companies Act**").

In these Conditions:

(1) "**Principal Subsidiary**" means:

(A) any subsidiary of the Issuer:

(aa) whose total assets, as shown by the accounts of such subsidiary (consolidated in the case of a corporation which is listed on any stock exchange and which itself has subsidiaries), based upon which the latest audited consolidated accounts of the Group have been prepared, are at least 10 per cent. of the total assets of the Group as shown by such audited consolidated accounts; or

(bb) whose profits before tax, as shown by the accounts of such subsidiary (consolidated in the case of a corporation which is listed on any stock exchange and which itself has subsidiaries), based upon which the latest audited consolidated accounts of the Group have been prepared, is at least 10 per cent. of the consolidated profits before tax of the Group as shown by such audited consolidated accounts,

provided that if any such subsidiary (the "**transferor**") shall at any time transfer the whole or a substantial part of its business, undertaking or assets to another subsidiary or the Issuer (the "**transferee**") then:

(I) if the whole of the business, undertaking and assets of the transferor shall be so transferred, the transferor shall thereupon cease to become a Principal Subsidiary and the transferee (unless it is the Issuer) shall thereupon become a Principal Subsidiary; and

(II) if a substantial part only of the business, undertaking and assets of the transferor shall be so transferred, the transferor shall remain a Principal Subsidiary and the transferee (unless it is the Issuer) shall thereupon become a Principal Subsidiary.

Any subsidiary which becomes a Principal Subsidiary by virtue of (I) above or which remains or becomes a Principal Subsidiary by virtue of (II) above shall continue to be a Principal Subsidiary until the date of issue of the first audited consolidated accounts of the Group prepared as at a date later than the date of the relevant transfer which show the total assets or, as the case may be, the profits before tax as shown by the accounts of such subsidiary (consolidated in the case of a corporation which is listed on any stock exchange and which itself has subsidiaries), based upon which such audited consolidated accounts have been prepared, to be less than 10 per cent. of the total assets or, as the case may be, the consolidated profits before tax of the Group, as shown by such audited consolidated accounts. A report by the Auditors (as defined in the Trust Deed), who shall also be responsible for producing any pro-forma accounts required for the above purposes, that in their opinion a subsidiary is or is not a Principal Subsidiary shall, in the absence of manifest error, be conclusive; and

(B) each holding company (whether immediate, intermediate or ultimate) of any such subsidiary referred to in sub-paragraph (A) above (other than the Issuer).

For the avoidance of doubt, if the total assets or profits before tax of any subsidiary which was a Principal Subsidiary in any financial year ceases to be at least 10 per cent. of the total assets or, as the case may be, the consolidated profits before tax of the Group, as shown by such latest audited consolidated accounts, such subsidiary shall not be taken to be a Principal Subsidiary for the purpose of these Conditions during such financial year; and

(2) "**subsidiary**" has the meaning ascribed to it in Section 5 of the Companies Act and which shall exclude, for the avoidance of doubt, Koh Brothers Eco Engineering Limited (formerly known as Metax Engineering Corporation Limited) ("**KBE**") for so long as KBE does not fall within the definition of a "subsidiary" within the meaning of Section 5 of the Companies Act.

10. Enforcement of Rights

At any time after an Event of Default has occurred or after the Notes shall have become due and payable, the Trustee may, at its discretion and without further notice, institute such proceedings against the Issuer as it may think fit to enforce repayment of the Notes, together with accrued interest, and/or to enforce the provisions of the Issue Documents but it shall not be bound to take any such proceedings unless (a) it shall have been so directed by an Extraordinary Resolution of the Noteholders or so requested in writing by Noteholders holding not less than 25 per cent. in principal amount of the Notes outstanding and (b) it shall have been indemnified and/or secured and/or pre-funded to its satisfaction. No Noteholder or Couponholder shall be entitled to proceed directly against the Issuer unless the Trustee, having become bound to do so, fails or neglects to do so within a reasonable period and such failure or neglect shall be continuing.

11. Meeting of Noteholders and Modifications

The Trust Deed contains provisions for convening meetings of Noteholders of a Series to consider any matter affecting their interests, including modification by Extraordinary Resolution of the Notes of such Series (including these Conditions insofar as the same may apply to such Notes) or any of the provisions of the Trust Deed.

The Trustee or the Issuer at any time may, and the Trustee upon the request in writing by Noteholders holding not less than one-tenth of the principal amount of the Notes of any Series for the time being outstanding and after being indemnified and/or secured and/or pre-funded to its satisfaction against all costs and expenses shall, convene a meeting of the Noteholders of that Series. An Extraordinary Resolution duly passed at any such meeting shall be binding on all the Noteholders of the relevant Series, whether present or not and on all relevant Couponholders, except that any Extraordinary Resolution proposed, *inter alia*, (a) to amend the dates of maturity or redemption of the Notes or any date for payment of interest or Interest Amounts on the Notes, (b) to reduce or cancel the principal amount of, or any premium payable on redemption of, the Notes, (c) to reduce the rate or rates of interest in respect of the Notes or to vary the method or basis of calculating the rate or rates of interest or the basis for calculating any Interest Amount in respect of the Notes, (d) to vary any method of, or basis for, calculating the Redemption Amount or the Early Redemption Amount including the method of calculating the Amortised Face Amount, (e) to vary the currency or currencies of payment or denomination of the Notes, (f) to take any steps that as specified hereon may only be taken following approval by an Extraordinary Resolution to which the special quorum provisions apply or (g) to modify the provisions concerning the quorum required at any meeting of Noteholders or the majority required to pass the Extraordinary Resolution, will only be binding if passed at a meeting of the Noteholders of the relevant Series (or at any adjournment thereof) at which a special quorum (provided for in the Trust Deed) is present.

The Trustee may agree, without the consent of the Noteholders or Couponholders, and at the Issuer's expense, to (i) any modification of any of the provisions of the Trust Deed which in the opinion of the Trustee is of a formal, minor or technical nature or is made to correct a manifest error or to comply with mandatory provisions of Singapore law or is required by Euroclear, Clearstream, Luxembourg, the Depository and/or any other clearing system in which the Notes may be held and (ii) any other modification (except as mentioned in the Trust Deed), and any waiver or authorisation of any breach or proposed breach, of any of the provisions of the Trust Deed which is in the opinion of the Trustee not materially prejudicial to the interests of the Noteholders. Any such modification, authorisation or waiver shall be binding on the Noteholders and the Couponholders and, if the Trustee so requires, such modification, authorisation or waiver shall be notified to the Noteholders as soon as practicable.

In connection with the exercise of its functions (including but not limited to those in relation to any proposed modification, waiver, authorisation or substitution) the Trustee shall have regard to the interests of the Noteholders as a class and shall not have regard to the consequences of such exercise for individual Noteholders or Couponholders.

These Conditions may be amended, modified, or varied in relation to any Series of Notes by the terms of the relevant Pricing Supplement in relation to such Series.

12. Replacement of Notes and Coupons

If a Note or Coupon is lost, stolen, mutilated, defaced or destroyed it may be replaced, subject to applicable laws, at the specified office of the Issuing and Paying Agent, or at the specified office of such other Paying Agent as may from time to time be designated by the Issuer for the purpose and notice of whose designation is given to Noteholders in accordance with Condition 15, on payment by the claimant of the fees and costs incurred in connection therewith and on such terms as to evidence, undertaking, security and indemnity (which may provide, *inter alia*, that if the allegedly lost, stolen or destroyed Note or Coupon is subsequently presented for payment, there will be paid to the Issuer on demand the amount payable by the Issuer in respect of such Note or Coupon) and otherwise as the Issuer may require. Mutilated or defaced Notes or Coupons must be surrendered before replacements will be issued.

13. Further Issues

The Issuer may from time to time without the consent of the Noteholders or Couponholders create and issue further notes having the same terms and conditions as the Notes of any Series and so that the same shall be consolidated and form a single Series with such Notes, and references in these Conditions to "**Notes**" shall be construed accordingly.

14. Indemnification of the Trustee

The Trust Deed contains provisions for the indemnification of the Trustee and for its relief from responsibility, including provisions relieving it from taking proceedings to enforce repayment unless indemnified and/or secured and/or pre-funded to its satisfaction. The Trust Deed also contains a provision entitling the Trustee or any corporation related to it to enter into business transactions with the Issuer or any of its subsidiaries without accounting to the Noteholders or Couponholders for any profit resulting from such transactions.

Each Noteholder shall be solely responsible for making and continuing to make its own independent appraisal and investigation into the financial condition, creditworthiness, condition, affairs, status and nature of the Issuer, and the Trustee shall not at any time have any responsibility for the same and each Noteholder shall not rely on the Trustee in respect thereof.

The Trustee may rely without liability to Noteholders on any report, confirmation or certificate or any advice of any accountants, financial advisers, legal advisers, financial institutions or any other experts, whether or not addressed to it and whether or not their liability in relation thereto is limited (by its terms or by any engagement letter relating thereto entered into by the Trustee or in any other manner) by reference to a monetary cap, methodology or otherwise.

15. Notices

Notices to the holders will be valid if published in a daily newspaper of general circulation in Singapore (or, if the holders of any Series of Notes can be identified, notices to such holders will also be valid if they are given to each of such holders). It is expected that such publication will be made in The Business Times. Notices will, if published more than once or on different dates, be deemed to have been given on the date of the first publication in such newspaper as provided above. Couponholders shall be deemed for all purposes to have notice of the contents of any notice to the holders in accordance with this Condition 15.

Until such time as any Definitive Notes are issued, there may, so long as the Global Note(s) is or are held in its or their entirety on behalf of Euroclear, Clearstream, Luxembourg and/or the Depository, be substituted for such publication in such newspapers the delivery of the relevant notice to Euroclear, Clearstream, Luxembourg and/or (subject to the agreement of the Depository) the Depository for communication by it to the Noteholders, except that if the Notes are listed on the SGX-ST and the rules of such exchange so require, notice will in any event be published in accordance with the previous paragraph. Any such notice shall be deemed to have been given to the Noteholders on the seventh day after the day on which the said notice was given to Euroclear, Clearstream, Luxembourg and/or the Depository.

Notices to be given by any Noteholder pursuant hereto (including to the Issuer) shall be in writing and given by lodging the same, together with the relative Note or Notes, with the Issuing and Paying Agent or Non-CDP Paying Agent. Whilst the Notes are represented by a Global Note, such notice may be given by any Noteholder to the Issuing and Paying Agent or, as the case may be, the Non-CDP Paying Agent through Euroclear, Clearstream, Luxembourg and/or the Depository in such manner as the Issuing and Paying Agent or, as the case maybe, the Non-CDP Paying Agent and Euroclear, Clearstream, Luxembourg and/or the Depository may approve for this purpose.

Notwithstanding the other provisions of this Condition, in any case where the identities and addresses of all the Noteholders are known to the Issuer, notices to such holders may be given individually by recorded delivery mail to such addresses and will be deemed to have been given when received at such addresses.

16. Contracts (Rights of Third Parties) Act

No person shall have any right to enforce any term or condition of the Notes under the Contracts (Rights of Third Parties) Act, Chapter 53B of Singapore.

17. Governing Law and Jurisdiction

(a) Governing Law

The Notes and the Coupons are governed by, and shall be construed in accordance with, the laws of Singapore.

(b) Jurisdiction

The courts of Singapore are to have jurisdiction to settle any disputes that may arise out of or in connection with the Trust Deed, the Notes or the Coupons and accordingly any legal action or proceedings arising out of or in connection with the Trust Deed, the Notes or the Coupons may be brought in such courts. The Issuer has in the Trust Deed irrevocably submitted to the jurisdiction of such courts.

(c) No Immunity

The Issuer agrees that in any legal action or proceedings arising out of or in connection with the Notes and the Coupons against it or any of its assets, no immunity from such legal action or proceedings (which shall include, without limitation, suit, attachment prior to award, other attachment, the obtaining of an award, judgment, execution or other enforcement) shall be claimed by or on behalf of the Issuer or with respect to any of its assets and irrevocably waives any such right of immunity which it or its assets now have or may hereafter acquire or which may be attributed to it or its assets and consent generally in respect of any such legal action or proceedings to the giving of any relief or the issue of any process in connection with such action or proceedings including, without limitation, the making, enforcement or execution against any property whatsoever (irrespective of its use or intended use) of any order, award or judgment which may be made or given in such action or proceedings.

Issuing and Paying Agent
The Bank of New York Mellon, Singapore Branch
One Temasek Avenue
#07-01 Millenia Tower
Singapore 039192

Non-CDP Paying Agent
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London E14 5AL

THE ISSUER

1. OVERVIEW

The Issuer was incorporated in Singapore on 2 February 1994 as a private company limited by shares. It was converted into a public company and its shares were listed on the Main Board of the SGX-ST in August 1994.

The Issuer is an investment holding company headquartered in Singapore with businesses primarily in Singapore. The Group has operations in various countries in the region including the manufacturing of pre-cast concrete products and the provision of design, build and installation services for the bio-refinery and bio-energy sectors in Malaysia; property development and investment in Indonesia; and the manufacturing of ready-mixed concrete in the People's Republic of China ("**PRC**").

The history of the Group dates back to the 1960s when Koh Brothers Building and Civil Engineering Contractor was registered as the sole proprietorship concern of Mr Koh Tiat Meng, who is presently the Executive Chairman of the Issuer. The completion of the drainage work for the Rochor Canal in the 1970s was a turning point for the Group, which progressed from mainly doing drainage works to securing projects for the construction of flyovers and buildings. The Group later diversified into equipment sale and rental, manufacturing, hotels and real estate development.

In February 2013, the Group broadened its reach into the environmental engineering sector, with a strategic acquisition of a 41%-stake in Metax Engineering Corporation Limited, which is listed on the Catalist Board of the SGX-ST and constitutes a subsidiary of the Issuer. Metax Engineering Corporation Limited subsequently changed its name to Koh Brothers Eco Engineering Limited ("**Koh Eco**" and together with its subsidiaries, the "**Koh Eco Group**") with effect from 29 April 2014.

Presently, the core businesses of the Group are broadly categorised as follows:

(a) Construction and Building Materials

(i) Construction – the Construction division provides a wide and diverse range of integrated construction services, ranging from design and build to civil works to general construction for residential, commercial and institutional buildings as well as infrastructural works. The Koh Eco Group provides engineering, procurement and construction ("**EPC**") services for the water and wastewater treatment and hydro-engineering sectors as well as design, build and installation services for the bio-refinery and bio-energy sectors;

(ii) Building Materials – the Building Materials division is a supplier of a range of building materials which are for building and infrastructure projects. The Group manufactures and supplies ready-mixed concrete, interlocking paving blocks as well as pre-cast concrete products such as facades, household shelters, columns and planks. The Group also provides rental services of equipment, namely concrete pumps, to its clients;

(b) Real Estate – the Real Estate division has developed many quality residential property developments, some of which have specialised themes. The Group is also engaged in property investment and provides property management services; and

(c) Leisure and Hospitality – the Group owns and operates a hotel and service apartments, namely (i) Oxford Hotel which has more than 130 hotel rooms and is located in Singapore's central business district area, and (ii) Alocassia Apartments, which are resort-styled service apartments with more than 40 suites located at Bukit Timah Road, a prime district in Singapore.

For the financial years ended 31 December 2011 ("**FY2011**"), 31 December 2012 ("**FY2012**") and 31 December 2013 ("**FY2013**"), the Group's consolidated net revenues were approximately S$341.1 million, S$299.5 million and S$371.2 million, respectively, and the Group posted profits attributable to equity holders of the Issuer of approximately S$19.9 million, S$19.7 million and S$21.3 million, respectively. As at 31 December 2013, the Group had net tangible assets of approximately S$213.4 million.

Based on the Group's audited financial statements for FY2011, FY2012 and FY2013, the following sets out the contribution from the Group's business divisions to the Group's net revenues and segmental profits for FY2011, FY2012 and FY2013:

	Contribution to the Group's net revenues					
	FY2011		**FY2012**		**FY2013**	
Business Division	**S$'000**	**%**	**S$'000**	**%**	**S$'000**	**%**
Construction and Building Materials	268,792	78.8	202,026	67.4	243,155	65.5
Real Estate[(1)]	64,516	18.9	89,800	30.0	120,859	32.6
Leisure and Hospitality[(1)]	7,837	2.3	7,720	2.6	7,148	1.9
Total	**341,145**	**100.0**	**299,546**	**100.0**	**371,162**	**100.0**

	Contribution to the Group's segmental profits					
	FY2011		**FY2012**		**FY2013**	
Business Division	**S$'000**	**%**	**S$'000**	**%**	**S$'000**	**%**
Construction and Building Materials	6,649	25.2	13,843	56.5	12,963	47.0
Real Estate[(1)]	17,659	67.0	8,848	36.1	12,002	43.5
Leisure and Hospitality[(1)]	2,031	7.8	1,811	7.4	2,608	9.5
Total	**26,339**	**100.0**	**24,502**	**100.0**	**27,573**	**100.0**

Note:

(1) For the purpose of the above tables, the contributions from the Alocassia Apartments to the Group's net revenues and the Group's segmental profits have been consolidated under the Leisure and Hospitality division. With respect to the Group's audited financial statements for FY2011, FY2012 and FY2013, the contributions from the Alocassia Apartments to the Group's net revenues and the Group's segmental profits were consolidated under the Real Estate division. Therefore, the contributions of the Real Estate division and the Leisure and Hospitality division to the Group's net revenues and the Group's segmental profits as set out in the tables above differ from those set out in the Group's audited financial statements for FY2011, FY2012 and FY2013.

For FY2013, approximately 77.4% of the Group's total revenue was derived from its businesses in Singapore.

2. GROUP STRUCTURE

The following sets out the subsidiaries[1] of the Issuer as at the Latest Practicable Date:

KOH BROTHERS GROUP LIMITED

CONSTRUCTION & BUILDING MATERIALS

- Beijing G&W Cement Products Co. Ltd
- Construction Consortium Pte. Ltd.
- Dalian Megacity Trading Co., Ltd
- Koh Brothers Building & Civil Engineering Contractor (Pte.) Ltd.
- Koh Eco Engineering Pte. 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
- Megacity Investment Pte Ltd
- Meng Wah High Technology Pte Ltd
- Metax Eco Solutions Pte. Ltd.
- Metax Engineering (India) Pvt Ltd
- Koh Brothers Eco Engineering Limited (formerly known as Metax Engineering Corporation Limited)
- Oiltek Nova Bioenergy Sdn. Bhd.
- Oiltek Sdn. Bhd.
- WSB Pte. Ltd.
- WS Bioengineering China Pte. Ltd.
- WS Bioengineering Pte. Ltd.
- WS Bioengineering Sdn. Bhd.
- USL Asia Pacific (M) Sdn Bhd
- USL Asia Pacific Pte Ltd

REAL ESTATE

- Changi Properties Pte. Ltd.
- KBD Double O Pte. Ltd.
- KBD Flora Pte. Ltd.
- KBD Westwood Pte. Ltd.
- Koh Brothers Development Pte Ltd
- Koh Brothers Holdings Pte Ltd
- PT Koh Brothers Indonesia

LEISURE & HOSPITALITY

- KBD Kosdale Pte. Ltd.
- Koh Brothers Investment Pte Ltd
- Kosland Pte. Ltd.
- Oxford Hotel Pte Ltd
- PT Batam Vision Indonesia

[1] The following subsidiaries of the Group are in members' voluntary liquidation: Asta-Profits Investments Pte Ltd, Bellwood Investments Pte Ltd, Eminent Capital Investments Pte Ltd, Megaplus Investments Pte Ltd, Scenic City Investment Pte Ltd, Shantou Scenic Bay Property Development Co. Ltd, Shantou Scenic View Property Development Co. Ltd and Wealthplus Pte Ltd. The Group also has the following subsidiaries which are dormant: Batam Vision Pte Ltd, Bioearth Pte Ltd., Meteco Sdn. Bhd., PT Bali Environmental Persada, PT Gunanusa Wiratamo, PT K.B. Marinindo, PT Pulau Pisang Granitindo and Shantou SEZ Jia Xin Real Estate Development Co. Ltd.

3. BUSINESS

The principal business activities of the Group can be broadly categorised into the following categories: (i) construction and building materials; (ii) real estate; and (iii) leisure and hospitality.

3.1 Construction and Building Materials

Construction

The Group acts as main contractors in construction projects for private and public sector clients in Singapore and provides a wide and diverse range of construction services, ranging from design and build to civil works to general construction for residential, commercial and institutional buildings as well as infrastructural works. The Group's construction arm also undertakes the main construction work for the Group's real estate development business in most instances. The construction and infrastructure projects which the Group has been involved in include public housing, industrial factories, schools, office and commercial buildings and condominium projects. The Group has also built a number of the drainage infrastructure in Singapore.

As a main contractor, the Group is responsible for a wide range of construction works which typically include excavation, piling, sub-structures and super-structures works, architectural works, aluminium cladding and curtain walling, mechanical and electrical works, interior fitting-out works, external works and landscaping. In order to support the Group's building projects, the Group owns a fleet of heavy machinery and equipment, and has steel fabrication facilities with its own steel inventory.

The Group has been registered with the Building and Construction Authority ("**BCA**") with a BCA rating of CW01 A1 for general building and CW02 A1 for civil engineering, for more than 15 years. The A1 rating is currently the highest grade for contractors' registration in such categories and enables the Group to tender for public sector construction projects of unlimited project value.

The Group's clients include governmental bodies such as the Land Transport Authority ("**LTA**"), the Public Utilities Board ("**PUB**"), the Housing and Development Board ("**HDB**") and the Urban Redevelopment Authority ("**URA**").

The Group covers a wide spectrum of civil engineering works and some of the Group's completed projects include the following:

- the iconic Marina Barrage, a mega desalination project;
- the Downtown Line 1 Bugis mass rapid transit ("**MRT**") station and its associated tunnels;
- the 2.4-kilometre Punggol Waterway, which is part of a larger HDB project to make Punggol a vibrant people-centric heartland;
- Changi Water Treatment Plant, a covered sewage treatment plant; and
- PUB's Geylang River Makeover Project.

In addition, the Group's completed building projects include the following:

- the Civil Defence Academy at Jalan Bahar;
- River Valley High School and hostel at Boon Lay Avenue;
- aircraft hangar in Changi for the Singapore Aviation Services Company Pte Ltd;
- The Chevrons club at Boon Lay Way; and
- public housing in Jurong West and Choa Chu Kang.

The following sets out certain details of some of the construction projects completed by the Group:

Project and Location	Client Name	Completion Date of Construction Works
Improvements to Geylang River from Dunman Road to Guillemard Road	PUB	February 2014
Construction of Downtown Line 1 Bugis MRT station including its associated tunnels	LTA	September 2013
Building works at Choa Chu Kang Neighbourhood	HDB	December 2011
Construction of Punggol Waterway (Part 2)	HDB	August 2011
Construction of common services tunnels at Marina South	URA	February 2011
Construction of Fiorenza, a 5-storey apartment at Florence Road	Koh Brothers Development Pte Ltd	November 2010
Construction of Punggol Waterway (Part 1)	HDB	September 2010
Construction of River Valley High School and hostel at Boon Lay Avenue	Ministry of Education	November 2009
Changi Water Reclamation Plant – C1A, C3A and C6A	PUB	April 2008
Marina Barrage at Marina South	PUB	January 2008
Construction of Starville, which comprises 5 blocks of 12-storey condominiums at Lengkong Tiga	Pencroft Investments Pte Ltd	March 2006
Container and stacking yard over existing berth at Pasir Panjang Terminal	PSA Corporation Ltd	November 2005

Notable ongoing projects of the Group include the following:

- the development of a retention pond at Changi Airport;
- the construction of a used water lift station at PUB's Jurong Water Reclamation Plant; and
- the construction of a public housing project in Yishun which will comprise a total of 696 residential units.

The following sets out certain details of some of the ongoing construction projects by the Group:

Project Name	Project Description	Client Name	Approximate Contract Value (S$'000)	Estimated Completion Date of Construction Works
Lincoln Suites	Condominium	Phileap Pte. Ltd.	58,800	First half of 2014
Jurong Water Reclamation Plant	Construction of a used water lift station	PUB	33,090	First half of 2015
Singapore Changi Airport	Development of a retention pond	Singapore Changi Airport	30,900	First half of 2015
Parc Olympia	Condominium	KBD Flora Pte. Ltd.	118,500	Second half of 2015
Bukit Timah First Diversion Canal	To improve the existing canal and tunnel	PUB	103,800	First half of 2016
Vine Grove @ Yishun	Public housing	HDB	97,900	First half of 2016

Building Materials

The Building Materials division is a supplier of a range of building materials which are used in building and infrastructure projects. The Group manufactures and supplies ready-mixed concrete, interlocking paving blocks as well as pre-cast concrete products such as facades, household shelters, columns and planks. The main users of these products are the HDB contractors. These products are also used in commercial buildings and other infrastructure and civil engineering projects such as the construction of underground tunnels and the MRT rail network. The Group also provides rental services of equipment, namely concrete pumps, to its clients.

The Group is its own supplier of building materials for its construction and real estate businesses, hence enabling the Group to be less reliant on third party suppliers and achieve economies of scale in its operations. The Group also supplies its building materials to contractors in the construction industry.

The Group presently owns the sole cement grinding plant in Singapore which is located at Tuas. As at the Latest Practicable Date, the Group's Building Materials division has three batching plants in Singapore and one each in Malaysia and the PRC. Batching plants are used for the mixing of ready-mixed concrete, a basic construction material. Additionally, the Group has three pre-cast yards in Singapore and one in Malaysia. The Group produces pre-cast components such as facades, household shelters, columns and planks in its pre-cast yards. The Group is also setting up a central truck-mixer despatch system to facilitate the efficient despatch of trucks to meet the demands of its clients around Singapore so as to achieve greater efficiency.

The following sets out some of the ongoing public housing projects to which the Group's Building Materials division supplied pre-cast components:

Project Name	Project Description	Client Name	Approximate Contract Value (S$'000)	Estimated Completion Date of Construction Works
Bukit Panjang N4 C15	Public housing	Chip Eng Seng Contractor Pte Ltd	15,483(1)	First half of 2015
Choa Chu Kang N8 C8	Public housing	Kuan Aik Hong Construction Pte Ltd	16,994(1)	First half of 2016
Ang Mo Kio N4 C25	Public housing	Kay Lim Construction and Trading Pte Ltd	13,394(1)	Second half of 2016
Yishun N5 C1	Public housing	Newcon Builders Pte Ltd	11,680(1)	Second half of 2016
Yishun N5 C4	Public housing	Ken-pal (S) Pte Ltd	20,720(1)	Second half of 2016

Note:

(1) Order book to go.

(i) Water and Wastewater Treatment and Hydro-engineering and (ii) Design, Build and Installation for Bio-refinery and Bio-energy Plants

In February 2013, the Group broadened its reach into the environmental engineering sector, with a strategic acquisition of a 41%-stake in Metax Engineering Corporation Limited (now known as Koh Brothers Eco Engineering Limited), which is listed on the Catalist Board of the SGX-ST and constitutes a subsidiary of the Issuer. As part of the transaction, the Group was also issued 165,000,000 free detachable, non-transferable and non-listed warrants in Koh Eco, which when fully exercised by the Group, will result in the Issuer having an aggregate interest of approximately 54% of the issued share capital of Koh Eco on a fully diluted basis as at the Latest Practicable Date.

The Koh Eco Group has over 35 years of experience in providing EPC services for water and wastewater treatment and hydro-engineering projects to both the public and private sectors in Singapore and the region. In respect of water and wastewater treatment projects, the Group provides services such as process, engineering and equipment design, fabrication, supply, installation, testing and commissioning of mechanical and electrical equipment as well as instrumentation and control systems used in water and wastewater treatment plants. As part of the Group's hydro-engineering services, the Group designs and supplies equipment mainly for the control of the flow of water, such as gates, valves and pump systems. The Koh Eco Group has registrations with the BCA with a rating of ME11 L6 for mechanical engineering which enables the Group to tender for public sector projects of unlimited project value and a rating of SY08 L5 for mechanical equipment, plant and machinery which enables the Group to tender for public sector projects of project value of up to S$13 million.

In 2008, the Koh Eco Group extended their EPC business into the bio-refinery and bio-energy sectors with the acquisition of WS Bioengineering Pte. Ltd. ("**WS Bio**"), whose principal business is the provision of design, build and installation services for the bio-refinery and bio-energy sectors. WS Bio also owns a majority controlling stake in Oiltek Sdn. Bhd., which formed a joint venture company, Oiltek Nova Bioenergy Sdn. Bhd., with Novaviro Technology Sdn. Bhd. in June 2010 to design, build and supply biogas recovery systems to palm oil mill effluent plants. The Koh Eco Group provides a range of customised solutions to the bio-refinery and bio-energy sectors, which include complete edible oil refining plants, improvements to production systems in existing refining operations as well as individual components of refining plants such as heat exchangers, heating systems and tower packing. The customised solutions and processing systems are supplied to various plants such as palm biodiesel plants, dry fractional plants and neutralisation plants.

3.2 Real Estate

Real Estate Development

The Real Estate division has developed many quality residential property developments, some of which have specialised themes. The real estate development projects undertaken by the Group in Singapore include residential developments such as bungalows, apartments and condominiums.

The real estate development projects which the Group has completed in Singapore include the following:

- the Sun Plaza, a mixed-use project in Sembawang which was completed in 1999 and includes residential units as well as a retail mall which forms part of the Group's property investment portfolio;

- The Montana which was launched in 2001 and is a luxury freehold apartment located off River Valley Road, near the Orchard Road shopping belt. The units in The Montana are equipped with state-of-the-art home automation features. The Group believes that The Montana is one of the first condominiums in Singapore in which all units utilize intelligent home technology, including motion detectors that activate lighting and air-conditioning. The Group also believes that The Montana is the first condominium in Singapore to be equipped with Category 5 cables for faster broadband communications;

- the Starville project launched in 2003 which has an astronomy theme and was the first real estate project in Singapore to introduce a star-gazing observatory;

- Bungalows@Caldecott which was launched in 2006 and is a four-units-only luxury project which features bathrooms studded with Swarovski wall crystals and a specially-designed water conservation system;

- The Lumos which was launched in 2007 and is a freehold luxury condominium located in the prestigious Leonie Hill residential area, off Grange Road. The Group collaborated with luxury brands, Fendi Casa, Kenzo Maison and Versace Home, to decorate and furnish selected units of The Lumos; and

- Fiorenza which was launched in 2009 and is a freehold development located along Florence Road, near the Kovan MRT station. This condominium features a sky gymnasium, a glass jacuzzi on the balcony and Wi-Fi multi-room digital music system for all its units.

The following sets out certain details of some of the real estate development projects completed by the Group:

Project Name / Location	Project Description	Approximate Saleable Floor Area (m^2)	Tenure of Land	Number of Units	Year of TOP	Percentage Sold as at the Latest Practicable Date (%)	Group's Stake (%)
The Lumos / Leonie Hill	Condominium	11,700	Freehold	53	2011	32	50
Fiorenza / 42 Florence Road	Condominium	3,200	Freehold	28	2011	100	100
Bungalows @ Caldecott / 78 Andrew Road	Bungalow	2,400	Freehold	4	2008	100	100
Starville / 60 Lengkong Tiga	Condominium	28,700	Freehold	250	2006	100	50
The Montana / 8 Jalan Mutiara	Condominium	12,500	Freehold	108	2002	100	100
The Sierra / Mount Sinai Drive	Condominium	5,800	999 years	60	1999	100	100
The Capri / 78 Stevens Road	Condominium	1,400	Freehold	18	1998	100	50

The Group has a 25%-stake in the developer of Lincoln Suites, which was launched in 2009 and the TOP for the project was obtained in April 2014. This freehold condominium off Newton Road will offer an array of recreational facilities, including a 360-degree spa pool, a sky gym and garden, and thematic communal dining facilities. The Group believes that Lincoln Suites will be the first property development in Singapore to use cutting-edge technology to light up the residential entrance with laser lights. As at the Latest Practicable Date, approximately 90% of the units in Lincoln Suites have been sold.

The Group is currently developing Parc Olympia, a sporting themed condominium at Flora Drive, which was launched in July 2012. The 486-unit development offers over 60,000 square feet of sporting area and facilities, including a synthetic jogging track, a rockclimbing wall, an air-conditioned badminton court, a skate park and a putting green. The temporary occupation permit ("**TOP**") for this project is expected to be obtained in the second half of 2015. As at the Latest Practicable Date, all of the units in Parc Olympia have been sold.

The Group, together with its 20% joint venture partner, was also awarded the tender for the development of an executive condominium at Westwood Avenue in Jurong West. The TOP for this project is expected to be obtained in the first half of 2018.

The following sets out certain details of some of the ongoing real estate development projects by the Group:

Project Name / Location	Project Description	Approximate saleable floor area (m^2)	Tenure of Land	Number of Units	Date of TOP/ Estimated Date of TOP	Percentage sold as at the Latest Practicable Date (%)	Group's stake (%)
Lincoln Suites / 1 and 3 Khiang Guan Avenue, off Newton Road	Condominium	17,600	Freehold	175	TOP obtained in April 2014	90.9	25
Parc Olympia / 50 Flora Drive	Condominium	44,400	99 years from 25 January 2012	486	Second half of 2015	100.0	100
Project at Westwood Avenue	Executive Condominium	48,400	99 years from 14 April 2014	480 (estimated)	First half of 2018	Project has not been launched	80

The Group has also ventured into the regional property market such as in Batam, Indonesia. The Group's completed projects in Batam include 28 units of double-storey terrace houses at Jodoh Permai and 25 units of three-storey shophouses at Nagoya Point.

The Group outsources the marketing of its real estate development projects to professional marketing agencies so as to reduce overhead costs for its Real Estate division.

Property Investment and Property Management

The Group is also engaged in property investment and provides property management services. The Group's investment portfolio includes commercial and residential properties, which the Group leases out for rental income.

The Group's investment portfolio includes a 50%-stake in Sun Plaza, a 5-storey commercial and entertainment complex at Sembawang, Singapore which is presently undergoing an asset enhancement exercise which is expected to be completed in the second half of 2015. The Group also owns and manages First City Complex, which comprises commercial units, office units and apartments and is located in Batam, Indonesia.

The following sets out certain details of Sun Plaza and First City Complex:

Name of Develop-ment	Location / Type of Develop-ment	Tenure	Approxi-mate Lettable Area (m^2)	Average Term of Lease	Residen-tial Units	Shop Units	Office Units	Fair Value as at 31 December 2013 (S$'000)	Group's Stake (%)
Sun Plaza	30 Sembawang Drive, Singapore / Retail and Commercial	Leasehold term of 99 years from 26 June 1996	14,100	1 to 3 years	N/A	118	N/A	250,000	50

Name of Develop-ment	Location / Type of Develop-ment	Tenure	Approxi-mate Lettable Area (m²)	Average Term of Lease	Residen-tial Units	Shop Units	Office Units	Fair Value as at 31 December 2013 (S$'000)	Group's Stake (%)
First City Complex	Batam, Indonesia / Apartment and Commercial	Right of use for 30 years from October 1988 to September 2018 (may be extended for another 20 years)	23,000	6 months to 2 years	28	178	86	4,884	100

3.3 Leisure and Hospitality

The Group owns and operates a hotel, namely Oxford Hotel, which has more than 130 hotel rooms and is located at Singapore's central business district area, close to the Bras Basah MRT station.

The Group also owns and operates Alocassia Apartments, which are resort-styled service apartments with more than 40 suites located at Bukit Timah Road, a prime district in Singapore, near to the proposed Stevens Road MRT station, which will form part of the Downtown Line.

The following sets out certain details of Oxford Hotel and Alocassia Apartments:

Name of Development	Location / Type of Development	Tenure	Approximate Lettable Area (m²)	Number of Rooms	Shop Units	Fair Value as at 31 December 2013 (S$'000)	Group's Stake (%)
Oxford Hotel	218 Queen Street / Hotel	Freehold	4,900	134	N/A	60,000	100
Alocassia Apartments	383 Bukit Timah Road / Apartment and Commercial	Freehold	4,600	45	10	73,000	100

4. COMPETITIVE STRENGTHS

The Group has an established track record and strong brand name

The Group has over 40 years experience as a contractor for building and infrastructure projects. The Group's track record in the construction industry is one of the longest among active main contractors in Singapore. Notable projects completed by the Group include the iconic Marina Barrage and the Downtown Line 1 Bugis MRT station and its associated tunnels. The Group has also been involved in the real estate development business since the 1990s and its completed projects include The Lumos, a freehold luxury condominium located in the prestigious Leonie Hill residential area and the Sun Plaza, a mixed-use project in Sembawang which includes residential units as well as a retail mall.

The Group has been registered with the BCA with a BCA rating of CW01 A1 for general building and CW02 A1 for civil engineering, for more than 15 years. The A1 rating is currently the highest grade for contractors' registration in such categories and enables the Group to tender for public sector construction projects of unlimited project value. The Group's established track record and strong brand name strengthens its ability to market its services to existing and new clients.

For 2014, as public sector projects are expected to contribute to the bulk of the construction industry's total demand, the Group intends to assess its involvement and where appropriate, bid for such projects especially those involving civil engineering works and infrastructure projects, by capitalising on the Group's previous track record and experience.

The Group has an experienced and stable management team

The Group has a strong management team with more than 30 years of experience on average in the industries which the Group operates in. Many of the Group's executive officers have been with the relevant company in the Group, on average, for more than 15 years. This has contributed to efficiency in the Group's operations and execution of its business strategies. The Group's management team is also supported by a group of experienced and competent staff who are actively involved in the daily operations of the Group which in turn enables them to closely monitor the progress of the Group' s projects and react in a timely manner to any operational and on-site issues.

The Group has diversified revenue streams and is capable of handling a wide range of projects

The Group has diversified revenue streams from its various business lines. In respect of its construction and real estate businesses, the Group has completed, and is capable of handling, a diversified range of projects such as residential, commercial and industrial properties as well as hotels and infrastructure projects. The Group believes that through diversification, it will be less likely to be affected by any adverse change in market conditions affecting any single sector within the industry and will be able to enhance the stability of its revenue and profitability streams.

In February 2013, the Group broadened its reach and further diversified into the environmental engineering sector, with its acquisition of a 41%-stake in Metax Engineering Corporation Limited (now known as Koh Brothers Eco Engineering Limited). The Group believes that the acquisition will enable the Group to tap on the growing demand for clean water and the growing popularity for alternative energy resources, and will present the Group with an opportunity to increase its revenue stream from another sector within the construction industry.

The Group has expertise across its businesses that complement each other

The Group believes that its track record and extensive experience in the construction business enables the Group to grow its real estate business as it is able to offer value-added services when carrying on its real estate business based on its construction experience.

The Group's Building Materials division also supplies building materials to its construction and real estate businesses. For example, HDB generally requires the use of pre-cast concrete products for the construction of HDB flats. As the Group manufactures and supplies pre-cast concrete products such as facades, household shelters, columns and planks, the Group will use its own pre-cast concrete products for its public housing projects. This enables the Group to be less reliant on third party suppliers and achieve economies of scale in its operations.

The Group has an inventory of its own civil engineering equipment

The Group has an inventory of its own civil engineering equipment which enables the Group to cater to a range of civil engineering work. This allows the Group to compete effectively with its competitors as the Group is able to save on rental costs. Additionally, there is greater certainty as to the availability of equipment for the Group to carry out its civil engineering projects as the Group is less reliant on third party suppliers.

Furthermore, as the civil engineering sector is capital intensive, new entrants require considerable capital to build an inventory of equipment for their businesses and this creates substantial barriers of entry to potential new entrants.

5. BUSINESS STRATEGIES

Capitalise on the synergies amongst the various business lines of the Group

The Group's various business lines are complementary to one another. For example, for the Group's real estate development projects, the Group's Construction division can undertake the main construction work and the Group's Building Materials division can supply the building materials for the project. In the case of the Parc Olympia and Lincoln Suites projects, other than being the developer and one of the developers, respectively, the Construction division of the Group was the main contractor whereas the Building Materials division supplied the building materials.

The Group intends to increase collaboration opportunities amongst the various business lines, as this will allow the Group to harness synergies and economies of scale by capitalising on the strengths and capabilities of each business line in any future collaborations and projects. For example, in view of the growing demand for clean water and the growing popularity of alternative energy resources, the Group intends to take advantage of its experience in construction and the Koh Eco Group's expertise in the hydro-engineering and bio-energy industries to further extend the Group's reach into the environmental engineering sector.

The Group believes that the synergies harnessed from increased collaboration opportunities may make the Group become more competitive.

Increase productivity and reduce reliance on manpower

The Group continues to explore investments in productivity management measures by increasing the use of automation and improved technologies, and improving the efficiency of its operations, so as to increase the Group's productivity and reduce its reliance on manpower.

For instance, through value engineering, the Group will review the construction design, specifications and drawings to derive cost savings through improvements in construction methods, sequence and/or material use.

Focus on higher-value projects

The Group intends to focus on higher-value projects which have higher profit margins. One way of achieving this is to develop real estate projects which have unique or innovative features which make them stand out from other property developments. In the past, the Group has developed real estate projects which have specialised themes, such as the Starville project which has an astronomy theme and was the first real estate project in Singapore to introduce a star-gazing observatory. The Group intends to continue to incorporate unique or innovative features in its projects as it believes that such features will provide the Group with a competitive advantage by differentiating its products and services from those of its competitors and by providing a unique experience to its customers. In this regard, the Group will continue with its analysis to identify property trends and consumer preferences.

Expand the Group's businesses by way of joint ventures and acquisitions of, and investments in, related business in Singapore and overseas

The Group may expand its businesses through joint ventures and acquisitions of, and investments in, related business in Singapore and overseas that the Group believes will complement its current and future businesses. The Group believes that suitable acquisitions, joint ventures and investments will bring about greater synergies and economies of scale and give the Group access to new markets and prospective clients as well as new businesses, hence providing an impetus for its future growth. The Group intends to explore investment and/or divestment opportunities, if any, that may arise from time to time which may include a spin-off and/or a separate listing (if relevant listing requirements are met) of a part of the Group's business in line with the Group's vision to increase shareholders' value.

The Group also believes that overseas expansion will enable the Group to be less dependent on the Singapore market and hence, be less adversely affected in the event that there is a downturn in the Singapore economy.

6. AWARDS AND ACCREDITATIONS

The Group has received awards and accreditations including from various statutory and industry bodies, such as the following:

- the Singapore Prestige Brand Award under the Heritage Brands category in 2013. The Singapore Prestige Brand Award is jointly organised by the Association of Small and Medium Enterprises and Lianhe Zaobao;

- the BCA Construction Excellence Award under the Civil Engineering Projects category from BCA for the Marina Barrage project in 2011 and for the construction of Holland Road / Farrer Road / Queensway Interchange in 2000;

- the Green and Gracious Builder Award (Excellent) in 2012 and the Green and Gracious Builder Award (Merit) in 2010, from BCA;

- the ISO 9001:2008 certification from BCA, which was awarded to G&W Ready-Mix Pte Ltd and to G&W Building Materials Sdn. Bhd. in 2013. The BCA ISO 9001 standard is a globally accepted standard for providing assurance about the quality of goods and services in supplier-customer relations;

- the ISO 14000:2004 Environmental Management System Certification from BCA in 2004. The BCA ISO 14000 Certification Scheme will certify firms which implement the ISO 14000 Environmental Management System at various levels of environmental maturity. Firms which demonstrate compliance with applicable environmental legislation and regulations with a commitment to continuous improvement will be awarded the certificate;

- the Occupational Health & Safety Management System Certification from BCA in 2004;

- the HDB Construction Award under the Infrastructure Category from HDB in 2012 for the Punggol Waterway Part 1 project; and

- recognised as one of the top companies by DP Information Group in its list of "Singapore 1000" companies in 2008 and 2009.

The Koh Eco Group has also been awarded various awards in Malaysia, including the following:

- the Asia Pacific Super Excellent Brand Award in 2009. This award is organised by Asia Entrepreneur Alliance; and

- the Asia Success Award 2012/2013 under the "Super Brand" and "Super Outstanding Entrepreneur" categories. This award is organised by Asia Success Inc.

7. DIRECTORS

The Board of Directors consists of nine directors, of whom four are Executive Directors, one is a Non-Executive and Non-Independent Director and four are Independent Directors.

Certain information on the business and working experience of the Directors is set out below:

Koh Tiat Meng
Executive Chairman

Mr Koh Tiat Meng is the Executive Chairman of the Issuer. He was appointed as a Director in February 1994 and was last re-appointed in April 2014. Mr Koh Tiat Meng is also the Chairman of the Executive Committee. He founded the Group in 1966 and has more than 45 years of experience in the construction industry and was the driving force in charting the strategic expansion of the Group's businesses in real estate, leisure and hospitality, construction and building materials as well as spearheading the Group's activities into the PRC, Malaysia and Indonesia. In 2009, Mr Koh Tiat Meng was awarded the Public Service Medal (PBM) by the President of Singapore for his contributions to social and community services.

Koh Teak Huat
Executive Deputy Chairman

Mr Koh Teak Huat is the Executive Deputy Chairman of the Issuer. He was appointed as a Director in February 1994 and was last re-elected in April 2011. He is also the Deputy Chairman of the Executive Committee. Mr Koh Teak Huat 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 Kehormat, D.P.M.T. by the Sultan of Terengganu, Malaysia on 29 April 1994.

Koh Keng Siang
Managing Director and Group Chief Executive Officer

Mr Koh Keng Siang is the Managing Director of the Issuer and the Group Chief Executive Officer. He is also the Non-Executive Chairman of Koh Eco, the Issuer's subsidiary which is listed on the Catalist Board of the SGX-ST. He was appointed as a Director of the Issuer in May 1994 and was last re-elected in April 2005. He is also a member of the Executive Committee and Nominating Committee of the Issuer. Mr Koh Keng Siang has been with the Group since 1987 and has held various positions in administration, finance and project management. He has been the main driving force in implementing the Group's business expansion into real estate and leisure and hospitality, and was responsible for the formulation and implementation of strategic plans to achieve the Group's goal of establishing its brand name in Singapore as a builder of quality homes. Mr Koh Keng Siang holds a Master of Business Administration degree from the National University of Singapore and a Bachelor of Engineering (Honours) degree 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 in 1997.

Koh Keng Hiong
Executive Director and Deputy Chief Executive Officer (Real Estate and Leisure and Hospitality divisions)

Mr Koh Keng Hiong is an Executive Director of the Issuer and the Deputy Chief Executive Officer of the Real Estate and Leisure and Hospitality divisions. He was appointed as a Director in February 2007 and was last re-elected in April 2012. He is also a member of the Executive Committee. He 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 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 Keng Hiong holds a Bachelor of Science degree with Honours in Business Administration, majoring in Finance, from the San Francisco State University, California, U.S.

Quek Chee Nee
Non-Executive and Non-Independent Director

Madam Quek Chee Nee is a Non-Executive and Non-Independent Director of the Issuer. She was appointed as a Director in February 1994 and was last re-appointed in April 2014. Madam Quek Chee Nee 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 corporatize its businesses and achieve major success before relinquishing her executive duties. Madam Quek Chee Nee has also more than 40 years of experience in the construction industry and contributed significantly to the growth of the Group's businesses.

Lee Khoon Choy
Lead Independent Director

Mr Lee Khoon Choy is the Lead Independent Director of the Issuer. He was appointed as a Director in July 1994 and was last re-appointed in April 2014. He was appointed as Lead Independent Director in February 2014. He is also the Chairman of the Audit and Risk Committee and a member of the Remuneration Committee and Share Purchase Committee.

Mr Lee Khoon Choy is the Chairman of Eng Lee Investments Consultants Pte Ltd. From 1959 to 1984, he held key appointments in the Singapore Parliament. He was the Minister of State for the Ministry of Culture from 1965 to 1968, Minister of State for the Prime Minister's office from 1968 to 1970 and Senior Minister of State for Foreign Affairs between 1974 and 1978. Between the period from 1978 to 1984, he was also the Senior Minister of State for the Prime Minister's office and Deputy Chairman for People's Association. Mr Lee Khoon Choy was the Ambassador to Egypt, Ethiopia, Lebanon and Yugoslavia and High Commissioner to Pakistan from 1968 to 1970, Ambassador to the Republic of Indonesia from 1970 to 1974, and Ambassador to Japan and the Republic of Korea from 1984 to 1988.

Mr Lee Khoon Choy was awarded the Meritorious Service Star (Bintang Bakti Utama, B.B.U.) by President Suharto of Indonesia in 1974 for his services rendered in promoting relations between Indonesia and Singapore and was also awarded a Scholarly Achievement Award by the Japan Institute of Oriental Philosophy in 1986 for his dedicated and outstanding achievements in the research and development of eastern philosophy, thought and culture. Mr Lee Khoon Choy was awarded the International Science and Peace Award in 2008 for his contributions in promoting relations between the PRC and Singapore. In 1988, Mr Lee Khoon Choy was further awarded the Meritorious Diplomatic Service Star (O.D.S.M.) by President Roh Tae-Woo of the Republic of Korea for his contributions towards promoting relations between the Republic of Korea and Singapore. In recognition of his contributions towards the establishment of Singapore, he was awarded the Distinguished Service Order (Darjah Utama Bakti Cemerlang, (D.U.B.C.)) by the Singapore Government in 1990. In 15 December 2011, he was awarded one of the 100 "Outstanding Chinese in the World" in Hong Kong, for his contribution in reharmonising the diplomatic relations with Indonesia, and establishing new and cordial relations with the PRC.

Ling Teck Luke
Independent Director

Mr Ling Teck Luke is an Independent Director of the Issuer. He was appointed as a Director in May 2003 and was last re-appointed in April 2014. He is also the Chairman of the Nominating Committee and a member of the Audit and Risk Committee, Remuneration Committee and Share Purchase Committee. He holds a Bachelor of Science degree in Engineering from the University of Bristol. Mr Ling Teck Luke 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 and Planning in Bangkok.

Lai Mun Onn
Independent Director

Mr Lai Mun Onn is an Independent Director of the Issuer. He was appointed as a Director in July 1994 and was last re-elected in April 2014. He is also the Chairman of the Remuneration Committee and a member of the Audit and Risk Committee, Nominating Committee and Share Purchase Committee. Mr Lai Mun Onn is the Managing Partner of Lai Mun Onn & Co., a law firm in Singapore. He graduated from the University of London with a Bachelor of Law degree with Honours and obtained his Barrister-at-Laws 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 the First Vice President of the Singapore Tennis Association and the Honorary Legal Advisor to the Basketball Association of Singapore.

Gn Hiang Meng
Independent Director

Mr Gn Hiang Meng is an Independent Director of the Issuer. He was appointed as a Director in August 2007 and was last re-elected in April 2013. He is also the Chairman of the Share Purchase Committee and a member of the Audit and Risk Committee, Remuneration Committee and Nominating Committee. Mr Gn Hiang Meng was with the United Overseas Bank Group for 28 years and till his resignation in 2001, was also 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. Mr Gn Hiang Meng graduated with a Bachelor of Business Administration degree with Honours from the then University of Singapore.

SELECTED CONSOLIDATED FINANCIAL INFORMATION

The following tables set out the Group's consolidated statement of financial position as at and for the financial years ended 31 December 2011, 31 December 2012 and 31 December 2013. The selected consolidated financial data for FY2011, FY2012 and FY2013 in the tables below are derived from the historical financial statements of the Group, which have been audited by the independent auditors, PricewaterhouseCoopers LLP, included elsewhere in this Information Memorandum and is qualified in its entirety by reference to those consolidated financial statements and notes thereto. The audited financial statements of the Group have been drawn up in accordance with the Singapore Financial Reporting Standards.

The unaudited consolidated first quarter and three months financial statements of the Group for the financial period ended 31 March 2014 is set out in Appendix V of this Information Memorandum. Such consolidated interim financial information has not been audited or reviewed. Accordingly, there can be no assurance that, had an audit or review been conducted in respect of such financial information, the information presented therein would not have been materially different, and investors should not place undue reliance upon them. Results for the interim period should not be considered indicative of results for any other period or for the full financial year.

The audited consolidated income statements of the Group for FY2011, FY2012 and FY2013 are set out below:

	FY2013	**FY2012**	**FY2011**
	S$'000	**S$'000**	**S$'000**
Sales	371,162	299,546	341,145
Cost of sales	(321,630)	(249,416)	(296,943)
Gross profit	49,532	50,130	44,202
Other gains - net	3,117	4,359	1,390
Expenses			
- Distribution and marketing	(1,830)	(10,528)	524
- Administrative	(22,423)	(18,020)	(17,426)
- Finance	(2,290)	(2,640)	(2,879)
- Other	(734)	(991)	(1,456)
Share of profit of associated companies	213	300	242
Profit before income tax	25,585	22,610	24,597
Income tax expense	(3,160)	(2,880)	(3,976)
Profit after income tax	22,425	19,730	20,621
Other comprehensive income, net of tax:			
Items that may be re-classified subsequently to profit or loss:			
Exchange differences on translating foreign operations	133	(147)	792
Total comprehensive income	22,558	19,583	21,413
Profit attributable to:			
Equity holders of the Company	21,330	19,650	19,887
Non-controlling interests	1,095	80	734
	22,425	19,730	20,612
Total comprehensive income attributable to:			
Equity holders of the Company	21,812	19,483	20,612
Non-controlling interests	746	100	801
	22,558	19,583	21,413

The audited consolidated income statements of the Group for FY2011, FY2012 and FY2013 are set out below: (continued)

	FY2013	FY2012	FY2011
	S$'000	S$'000	S$'000
Earnings per share for profit attributable to equity holders of the Company:			
- Basic earnings per share (in cents)	4.67	4.23	4.19
- Diluted earnings per share (in cents)	4.67	4.23	4.19

The consolidated statements of financial position of the Group as at 31 December 2011, 2012 and 2013 are set out below:

	As at 31 December 2013	As at 31 December 2012	As at 31 December 2011 (restated)[1]
	S$'000	S$'000	S$'000
ASSETS			
Current assets			
Cash and cash equivalents	43,165	53,981	50,521
Financial assets, at fair value through profit or loss	159	176	688
Trade receivables	77,580	69,556	51,799
Due from customers on construction contracts	12,873	7,047	4,834
Amounts due from associated companies	15	7	9
Inventories	12,577	12,526	8,836
Tax recoverable	-	-	685
Other current assets	16,339	14,420	4,115
Development properties	239,353	268,098	163,850
Properties held for sale	-	-	13
	402,061	425,811	285,350
Non-current assets			
Trade receivables	466	745	5,462
Investments in associated companies	1,510	800	675
Investment properties	208,225	204,161	205,161
Property, plant and equipment	87,065	60,019	59,151
Goodwill	5,078	-	-
	302,344	265,725	270,449
Total assets	704,405	691,536	555,799
LIABILITIES			
Current liabilities			
Trade payables	65,820	56,365	40,787
Other liabilities	42,281	39,298	35,926
Due to customers on construction contracts	42,935	34,619	21,415
Amounts due to associated companies	949	1,005	540
Current income tax liabilities	4,026	5,678	5,677
Short-term borrowings	100,431	49,808	43,652
	256,442	186,773	147,997
Non-current liabilities			
Trade payables	1,438	3,956	6,600
Finance leases	3,201	497	685
Bank term loans	204,607	287,138	202,108
Other liabilities	1,137	-	-
Deferred income tax liabilities	8,678	7,396	8,233
	219,061	298,987	217,626
Total liabilities	475,503	485,760	365,623
NET ASSETS	228,902	205,776	190,176

The consolidated statements of financial position of the Group as at 31 December 2011, 2012 and 2013 are set out below: (continued)

	As at 31 December 2013	As at 31 December 2012	As at 31 December 2011 (restated)(1)
	S$'000	**S$'000**	**S$'000**
EQUITY			
Capital and reserves attributable to equity holders of the Company			
Share capital	45,320	45,320	47,966
Treasury shares	(5,795)	(854)	(2,287)
Capital and other reserves	(375)	1,411	1,411
Retained profits	184,918	165,196	147,179
Currency translation reserve	(5,570)	(6,052)	(5,885)
	218,498	205,021	188,384
Non-controlling interests	10,404	755	1,792
Total equity	228,902	205,776	190,176

Note:

(1) Please refer to Note 2.1 to the audited financial statements of the Group for FY2011 for information on the restatement of the Group's financial data for FY2011.

REVIEW OF THE GROUP'S FINANCIAL PERFORMANCE

FY2013 compared with FY2012

The Issuer subscribed for 155 million new ordinary shares ("**Subscription Shares**") in Metax Engineering Corporation Limited (now known as Koh Brothers Eco Engineering Limited) on 28 February 2013 ("**subscription date**"). The Subscription Shares amount to 41% of the total issued share capital of Koh Eco. The Company was also issued 165 million warrants carrying the right to subscribe for 165 million new ordinary shares in Koh Eco over 3 years. The results of the Group in FY2013 include the results of Koh Eco from the subscription date.

Sales

Sales for FY2013 was S$371.2 million, which is an increase of 23.9% from S$299.5 million for FY2012. The increase was contributed by the Construction and Building Materials division and the Real Estate division.

The Construction and Building Materials division contributed S$243.2 million to the Group's revenue for FY2013, which is an increase of S$41.2 million or 20.4% from S$202.0 million for FY2012. The increase was mainly contributed by the Group's building materials business and Koh Eco.

Revenue from the Real Estate division in FY2013 was S$120.9 million, which is an increase of S$31.1 million or 34.6% from S$89.8 million for FY2012. This was due to higher revenue recognised from the ongoing residential property projects, namely Lincoln Suites and Parc Olympia.

The Leisure and Hospitality division contributed S$7.1 million, which is a decrease of S$0.6 million or 7.8% due to lower occupancy rates for the Group's hotel and service apartments.

Gross profit margin

There was a slight decrease in gross profit by S$0.6 million or 1.2% in FY2013 as compared to the previous year mainly due to more competitive pricing environment in the Construction and Building Materials division. As a result, gross profit margin decreased by 3.4% to 13.3% in FY2013 compared to 16.7% in FY2012.

Other gains-net

Other gains decreased by S$1.2 million or 28.5% to S$3.1 million in FY2013 compared to S$4.4 million in FY2012. The decrease in other gains was mainly due to a write-back of non-trade payables no longer required amounting to S$3.7 million a year ago.

Other items of expenses

Distribution and marketing expenses decreased by S$8.7 million or 82.6% from S$10.5 million in FY2012 to S$1.8 million in FY2013. The decrease was primarily because of a reduction in sales and marketing costs incurred for residential property projects and write-back of allowance made for impairment on trade receivables.

Administrative expenses increased by S$4.4 million or 24.4% from S$18.0 million in FY2012 to S$22.4 million in FY2013. The increase was due to the inclusion of such expenses from Koh Eco for the first time.

Finance expenses decreased by S$0.4 million or 13.3% from S$2.6 million in FY2012 to S$2.3 million in FY2013. The decrease was mainly due to repayment of bank borrowings in FY2013.

Other operating expenses decreased by S$0.3 million or 25.9% from S$1.0 million in FY2012 to S$0.7 million in FY2013.

Profit before tax

The Group's profit before tax increased by 13.2% to S$25.6 million from S$22.6 million a year ago. Income tax expenses increased in line with higher profit earned. The effective tax rate of 12.4% was lower than the corporate tax rate of 17% mainly due to certain income not being subject to tax and utilisation of tax incentives.

FY2012 compared with FY2011

Sales

Sales for the year ended 31 December 2012 was S$299.5 million, which is a decrease of S$41.6 million or 12.2% from S$341.1 million for the previous year. The reduction was mainly due to lower revenue generated from the Construction and Building Materials division.

The Construction and Building Materials division contributed S$202.0 million to the Group's revenue for FY2012, which is a decrease of S$66.8 million or 24.9% from S$268.8 million for FY2011. The lower revenue recognised was mainly due to substantial completion of certain construction projects in FY2011.

The Real Estate division contributed S$89.8 million in FY2012, which is an increase of S$25.3 million or 39.2% from S$64.5 million in FY2011. The increase in revenue was primarily due to the recognition of revenue from the Parc Olympia residential property development which was launched in FY2012.

The Leisure and Hospitality division contributed S$7.7 million, which is a decrease of S$0.1 million or 1.5% due to lower occupancy rates for the Group's hotel and service apartments.

Gross profit margin

Despite the decrease in revenue, gross profit increased by S$5.9 million or 13.3% from S$44.2 million in FY2011 to S$50.1 million in FY2012. Gross profit margin increased by 3.8% to 16.8% in FY2012, from 13.0% in FY2011. There was a general improvement in margin for the Construction and Building Materials division.

Other gains-net

The increase in other gains of S$4.4 million in FY2012 compared to S$1.4 million in FY2011 was mainly due to a write-back of non-trade payables no longer required amounting to S$3.7 million.

Other items of expenses

Higher distribution and marketing expenses in FY2012 was mainly due to sales and marketing costs incurred for residential property projects.

Administrative expenses increased by S$0.6 million or 3.4% from S$17.4 million in FY2011 to S$18.0 million in FY2012.

Finance expenses decreased by S$0.3 million or 10.3% from S$2.9 million in FY2011 to S$2.6 million in FY2012. The decrease was mainly due to repayment of certain loans in FY2012.

Other operating expenses decreased by S$0.5 million or 33.3% from S$1.5 million in FY2011 to S$1.0 million in FY2012.

Profit before tax

The Group's profit before income tax decreased by S$2.0 million or 8.1% to S$22.6 million from S$24.6 million a year ago. In FY2011, profit was higher mainly due to the Group's adoption of INT FRS115 Agreements for the Construction of Real Estate and revision of its accounting treatment for residential units sold under the deferred payment scheme from progressive recognition based on percentage of completion to completion of construction method. The impact of the adoption of INT FRS115 was an increase in profit of $8.2 million in FY2011. Income tax expenses decreased in line with lower profit earned. The effective tax rate of 12.7% was lower than the corporate tax rate of 17% mainly due to certain income not being subject to tax and utilisation of tax losses against taxable income by certain subsidiaries.

REVIEW OF THE GROUP'S FINANCIAL POSITION

FY2013 compared with FY2012

The main movements in assets and liabilities are as follows:

(1) Cash and cash equivalents decreased by S$10.8 million. This was mainly due to purchase of property, plant and equipment and repayment of bank borrowings. Property, plant and equipment increased by S$27.1 million and bank borrowings decreased by S$29.2 million.

(2) Increase in trade receivables was in line with the increase in the Group's revenue. Total revenue increased by S$71.6 million in FY2013.

(3) Decrease in development properties from S$268.1 million to S$239.4 million was mainly due to recognition of progress payments received.

(4) Goodwill arose from the acquisition of a subsidiary in FY2013.

(5) The net increase in amount due to/from customers on construction contracts was mainly due to progress billings in excess of construction work-in-progress.

FY2012 compared with FY2011

The movements in assets and liabilities are as follows:

(1) Increase in other current assets amounting to S$10.3 million was mainly due to expected proceeds from subsidiaries which were placed in voluntary liquidation during FY2012.

(2) Development properties increased by S$104.2 million mainly due to land acquisition and development cost incurred in FY2012.

(3) Increase in trade payables was mainly due to increase in billings from suppliers and subcontractors for construction projects.

(4) The net increase in amount due to/from customers on construction contracts was mainly due to progress billings in excess of construction work-in-progress.

(5) Total bank borrowings increased by S$91.0 million in FY2012. This was mainly due to drawdown of bank loans for development properties.

FINANCIAL RATIOS OF THE GROUP

	As at / For the financial year ended 31 December 2013	As at / For the financial year ended 31 December 2012	As at / For the financial year ended 31 December 2011 (restated)[1]
Ratio of current assets to current liabilities (times)	1.57	2.28	1.93
Ratio of earnings before interest and tax expenses to interest expenses (times)	12.17	9.56	9.54
Ratio of net debt[2] to net tangible assets (times)	1.16	1.33	0.99
Ratio of current assets to short-term borrowings (times)	4.00	8.55	6.54

Notes:

(1) Please refer to Note 2.1 to the audited financial statements of the Group for FY2011 for information on the restatement of the Group's financial data for FY2011.

(2) Net debt refers to bank borrowings less cash and cash equivalents.

INVESTMENT CONSIDERATIONS

Prior to making an investment or divestment decision, prospective investors in the Notes or existing Noteholders should carefully consider all the information set forth in this Information Memorandum including the investment considerations and risk factors set out below.

*The Issuer and the Group could be affected by a number of risks that may relate to the industries and countries in which the Issuer and the Group operate as well as those that may generally arise from, inter alia, economic, business, market and political factors, including the risks set out herein. The investment considerations and risk factors set out below do not purport to be complete or comprehensive of all the investment considerations and risk factors that may be involved in the business, assets, financial condition, performance or prospects of the Issuer and its subsidiaries or the properties owned by the Group or any decision to purchase, own or dispose of the Notes. Additional investment considerations and risk factors which the Issuer is currently unaware of may also impair its and/or the Group's business, assets, financial condition, performance or prospects. If any of the following investment considerations or risk factors develops into actual events, the business, operations, result of operations, assets, financial condition, performance, net sales, revenues, cash flow, profitability, liquidity, capital resources and/or prospects of the Issuer and/or the Group (the "**Business**") could be materially and adversely affected. In such cases, the ability of the Issuer to comply with its obligations under the Trust Deed and the Notes may be adversely affected. Further, the market price of the Notes could decline, and investors may lose all or part of their investments in the Notes. The investment considerations and risk factors discussed below also include forward-looking statements and the Issuer's and the Group's actual results may differ substantially from those discussed in these forward-looking statements. Sub-headings are for convenience only and investment considerations and risk factors that appear under a particular sub-heading may also apply to one or more other sub-headings.*

Limitations of this Information Memorandum

This Information Memorandum does not purport to nor does it contain all information that a prospective investor in or existing holder of the Notes may require in investigating the Issuer or the Group, prior to making an investment or divestment decision in relation to the Notes issued under the Programme.

Neither this Information Memorandum nor any document or information (or any part thereof) delivered or supplied under or in relation to the Programme or the Notes (or any part thereof) is intended to provide the basis of any credit or other evaluation and should not be considered as a recommendation by the Issuer, the Arranger or any of the Dealers that any recipient of this Information Memorandum or any such other document or information (or such part thereof) should subscribe for or purchase or sell any of the Notes.

This Information Memorandum is not, and does not purport to be, investment advice. A prospective investor should make an investment in the Notes only after it has determined that such investment is suitable for its investment objectives. Determining whether an investment in the Notes is suitable is a prospective investor's responsibility, even if the investor has received information to assist it in making such a determination. Each person receiving this Information Memorandum acknowledges that such person has not relied on the Issuer, its subsidiaries and/or its associated companies (if any), the Arranger, any of the Dealers or any person affiliated with each of them in connection with its investigation of the accuracy or completeness of the information contained herein or of any additional information considered by it to be necessary in connection with its investment or divestment decision. Any recipient of this Information Memorandum contemplating subscribing for or purchasing or selling any of the Notes should determine for itself the relevance of the information contained in this Information Memorandum and any such other document or information (or any part thereof) and its investment or divestment should be, and shall be deemed to be, based solely on its own independent investigation of the financial condition and affairs, and its own appraisal of the creditworthiness, of the Issuer and the Group, the terms and conditions of the Notes and any other factors relevant to its decision, including the merits and risks involved. A prospective investor should consult with its legal, tax and financial and other advisers prior to deciding to make an investment in the Notes.

RISKS RELATING TO NOTES

Limited liquidity of the Notes issued under the Programme

There can be no assurance regarding the future development of the market for the Notes issued under the Programme or the ability of the Noteholders, or the price at which the Noteholders may be able, to sell their Notes. The Notes may have no established trading market when issued, and one may never develop. Even if a market for the Notes does develop, it may not be very liquid. Therefore, investors may not be able to sell their Notes easily or at prices that will provide them with a yield comparable to similar investments that have a developed secondary market. This is particularly the case for Notes that are especially sensitive to interest rate, currency or market risks, are designed for specific investment objectives or strategies or have been structured to meet the investment requirements of limited categories of investors. These types of Notes generally would have a more limited secondary market and more price volatility than conventional debt securities.

Liquidity may have a severely adverse effect on the market value of the Notes. Although the issue of additional Notes may increase the liquidity of the Notes, there can be no assurance that the price of such Notes will not be adversely affected by the issue in the market of such additional Notes.

Fluctuation of the market value of the Notes

Trading prices of the Notes are influenced by numerous factors, including the operating results and/or financial condition of the Issuer, its subsidiaries and/or its associated companies (if any), political, economic, financial and any other factors that can affect the capital markets, the industry, the Issuer, its subsidiaries and/or its associated companies (if any) generally. Adverse economic developments, in Singapore as well as countries in which the Issuer, its subsidiaries and/or its associated companies (if any) operate or have business dealings, could have a material adverse effect on the operating results and/or the financial condition of the Issuer, its subsidiaries and/or its associated companies (if any).

Interest rate risk

Noteholders may suffer unforeseen losses due to fluctuations in interest rates. Generally, a rise in interest rates may cause a fall in bond prices, resulting in a capital loss for the Noteholders. However, the Noteholders may reinvest the interest payments at higher prevailing interest rates. Conversely, when interest rates fall, bond prices may rise. The Noteholders may enjoy a capital gain but interest payments received may be reinvested at lower prevailing interest rates.

Global financial turmoil has resulted in substantial and continuing volatility in international capital markets. Any further deterioration in global financial conditions could have a material adverse effect on worldwide financial markets, which may also adversely affect the market price of the Notes.

Inflation risk

Noteholders may suffer erosion on the return of their investments due to inflation. Noteholders would have an anticipated rate of return based on expected inflation rates on the purchase of the Notes. An unexpected increase in inflation could reduce the actual returns.

Singapore taxation risk

The Notes to be issued from time to time under the Programme, during the period from the date of this Information Memorandum to 31 December 2018 are, pursuant to the ITA and the MAS Circular FSD Cir 02/2013 entitled “Extension and Refinement of Tax Concessions for Promoting the Debt Market” issued by MAS on 28 June 2013, intended to be “qualifying debt securities” for the purposes of the ITA, subject to the fulfillment of certain conditions more particularly described in “Singapore Taxation” herein.

However, there is no assurance that such Notes will continue to enjoy the tax concessions in connection therewith should the relevant tax laws or MAS circulars be amended or revoked at any time.

The Notes are not secured

The Notes and the Coupons relating to them constitute direct, unconditional, unsubordinated and unsecured obligations of the Issuer and shall at all times rank *pari passu*, without any preference or priority among themselves. The payment obligations of the Issuer under the Notes and the Coupons relating to them shall, save for such exceptions as may be provided by applicable legislation, rank at least equally with all other unsecured and unsubordinated indebtedness and monetary obligations of the Issuer, present or future.

Accordingly, on a winding-up of the Issuer at any time prior to maturity of any Notes, the Noteholders will not have recourse to any specific assets of the Issuer and its subsidiaries and/or associated companies (if any) as security for outstanding payment or other obligations under the Notes and/or Coupons owed to the Noteholders and there can be no assurance that there would be sufficient value in the assets of the Issuer after meeting all claims ranking ahead of the Notes, to discharge all outstanding payment and other obligations under the Notes and/or Coupons owed to the Noteholders.

The Notes may be represented by Global Notes and holders of a beneficial interest in a Global Note must rely on the procedures of the relevant Clearing System(s)

Notes issued under the Programme may be represented by one or more Global Notes. Such Global Notes will be deposited with a common depositary for Euroclear, Clearstream, Luxembourg, CDP and/or any other clearing system (a "**Clearing System**"). Except in the circumstances described in the relevant Global Note, investors will not be entitled to receive Definitive Notes. The relevant Clearing System(s) will maintain records of their direct account holders in relation to the Global Notes.

While the Notes are represented by one or more Global Notes, investors will be able to trade their beneficial interests only through the Clearing Systems. While the Notes are represented by one or more Global Notes, the Issuer will discharge its payment obligations under the Notes by making payments to CDP or such other clearing system, as the case may be, for distribution to their account holders. A holder of beneficial interest in the Global Notes must rely on the procedures of the relevant Clearing System(s) to receive payments under the relevant Notes. The Issuer has no responsibility or liability for the records relating to, or payments made in respect of, beneficial interests in the Global Notes.

Holders of beneficial interests in the Global Notes will not have a direct right to vote in respect of the relevant Notes. Instead, such holders will be permitted to act only to the extent that they are enabled by the relevant Clearing System(s) to appoint appropriate proxies. Similarly, holders of beneficial interests in the Global Notes will not have a direct right under the Global Notes to take enforcement action against the Issuer in the event of a default under the relevant Notes but will have to rely upon their rights under the Trust Deed.

The Notes may not be a suitable investment for all investors

Each potential investor in the Notes must determine the suitability of that investment in light of its own circumstances. In particular, each potential investor should:

(i) have sufficient knowledge and experience to make a meaningful evaluation of the relevant Notes, the merits and risks of investing in the relevant Notes and the information contained or incorporated by reference in this Information Memorandum or any applicable supplement to this Information Memorandum;

(ii) have access to, and knowledge of, appropriate analytical tools to evaluate, in the context of its particular financial situation, an investment in the relevant Notes and the impact such investment will have on its overall investment portfolio;

(iii) have sufficient financial resources and liquidity to bear all of the risks of an investment in the relevant Notes, including Notes with principal or interest payable in one or more currencies, or where the currency for principal or interest payments is different from the potential investor's currency;

(iv) understand thoroughly the terms of the relevant Notes and be familiar with the behaviour of any relevant indices and financial markets; and

(v) be able to evaluate (either alone or with the help of a financial adviser) possible scenarios for economic, interest rate and other factors that may affect its investment and its ability to bear the applicable risks.

Some Notes are complex financial instruments and such instruments may be purchased as a way to reduce risk or enhance yield with an understood, measured, appropriate addition of risk to their overall portfolios. A potential investor should not invest in Notes which are complex financial instruments unless it has the expertise (either alone or with a financial adviser) to evaluate how the Notes will perform under changing conditions, the resulting effects on the value of such Notes and the impact this investment will have on the potential investor's overall investment portfolio.

Performance of contractual obligations by the Issuer is dependent on other parties

The ability of the Issuer to make payments in respect of the Notes may depend upon the due performance by the other parties to the Programme Agreement, the Trust Deed and the Agency Agreement of their obligations thereunder including the performance by the Trustee, the Paying Agents and/or the Calculation Agent of their respective obligations. Whilst the non-performance of any relevant parties will not relieve the Issuer of its obligations to make payments in respect of the Notes, the Issuer may not, in such circumstance, be able to fulfill its obligations to the Noteholders and the Couponholders.

The Trustee may request Noteholders to provide an indemnity and/or security and/or pre-funding to its satisfaction

In certain circumstances (pursuant to Condition 10), the Trustee may (at its sole discretion) request Noteholders to provide an indemnity and/or security and/or pre-funding to its satisfaction before it takes action on behalf of Noteholders. The Trustee shall not be obliged to take any such action if not indemnified and/or secured and/or pre-funded to its satisfaction. Negotiating and agreeing to an indemnity and/or security and/or pre-funding can be a lengthy process and may impact on when such actions can be taken. The Trustee may not be able to take action, notwithstanding the provision of an indemnity or security or pre-funding to it, in breach of the terms of the Trust Deed and in circumstances where there is uncertainty or dispute as to the applicable laws or regulations and, to the extent permitted by the agreements and the applicable law, it will be for the Noteholders to take such action directly.

The Notes may be subject to optional redemption by the Issuer

An optional redemption feature is likely to limit the market value of Notes. During any period when the Issuer may elect to redeem Notes, the market value of such Notes generally will not rise substantially above the price at which they can be redeemed. This also may be true prior to any redemption period. The Issuer may be expected to redeem Notes when its cost of borrowing is lower than the interest rate on the Notes. At those times, an investor generally would not be able to reinvest the redemption proceeds at an effective interest rate as high as the interest rate on the Notes being redeemed and may only be able to do so at a significantly lower rate. Potential investors should consider reinvestment risk in light of other investments available at that time.

The Notes may be issued at a substantial discount or premium

The market values of securities issued at a substantial discount or premium from their principal amount tend to fluctuate more in relation to general changes in interest rates than do prices for conventional interest-bearing securities. Generally, the longer the remaining term of the securities, the greater the price volatility as compared to conventional interest-bearing securities with comparable maturities.

Exchange rate risks and exchange controls may result in Noteholders receiving less interest, distributions or principal than expected

The Issuer will pay principal and interest on the Notes in the currency specified in the relevant Pricing Supplement (the "**Specified Currency**"). This presents certain risks relating to currency conversions if Noteholder's financial activities are denominated principally in a currency or currency unit (the "**Investor's Currency**") other than the Specified Currency. These include the risk that exchange rates may significantly change (including changes due to devaluation of the Specified Currency or revaluation of the Investor's Currency) and the risk that authorities with jurisdiction over the Investor's Currency may impose or modify exchange controls. An appreciation in the value of the Investor's Currency relative to the currency in which the Notes are denominated would decrease (i) the Investor's Currency equivalent yield on the Notes, (ii) the Investor's Currency equivalent value of the principal payable on the Notes and (iii) the Investor's Currency equivalent market value of the Notes.

Provisions in the Trust Deed and the Conditions of the Notes may be modified

The Conditions of the Notes contain provisions for calling meetings of Noteholders to consider matters affecting their interests generally. These provisions permit defined majorities to bind all Noteholders including Noteholders who did not attend and vote at the relevant meeting and Noteholders who voted in a manner contrary to the majority.

The Conditions of the Notes also provide that the Trustee may, without the consent of the Noteholders, agree to (i) any modification of any of the provisions of the Trust Deed which is in the opinion of the Trustee is of a formal, minor or technical nature or is made to correct a manifest error or to comply with mandatory provisions of Singapore law or is required by Euroclear, Clearstream, Luxembourg, the Depository and/or any other clearing system in which the Notes may be held and (ii) any other modification (except as mentioned in the Trust Deed), and any waiver or authorisation of any breach or proposed breach, of any of the provisions of the Trust Deed which is in the opinion of the Trustee not materially prejudicial to the interests of the Noteholders.

Variable Rate Notes may have a multiplier or other leverage factor

Notes with variable interest rates can be volatile investments. If they are structured to include multipliers or other leverage factors, or caps or floors, or any combination of those features or other similar related features, their market values may be even more volatile than those for securities that do not include those features.

The Issuer's ability to comply with its obligation to repay the Notes may be dependent upon the earnings of, and distributions by, the members of the Group and future performance of the Group

The Issuer's ability to comply with its obligation to repay the Notes may depend on the earnings of the Group and the distribution of funds amongst members of the Group, primarily in the form of dividends. Whether or not the members of the Group can make distributions to the Issuer will depend on distributable earnings, cash flow conditions, restrictions that may be contained in the debt instruments of its members, applicable law and other arrangements. These restrictions could reduce the amount of distributions that the Issuer receives from its members, which would restrict the Issuer's ability to fund its business operations and to comply with its payment obligations under the Notes.

Further, the ability of the Issuer to make scheduled principal or interest payments on its indebtedness, including the Notes, and to fund its growth aspirations, will depend on the Group's future performance and its ability to generate cash, which to a certain extent is subject to general economic, financial, competitive, legislative, legal, regulatory and other factors, as well as other factors discussed in this section "Investment Considerations", many of which are beyond the control of the Issuer. If the Issuer's future cash flow from operations and other capital resources are insufficient to pay its debt obligations, including the Notes, or to fund its other liquidity needs, it may be forced to sell assets, attempt to restructure or refinance its existing indebtedness. No assurance can be given that the Issuer would be able to accomplish any of these measures on a timely basis or on satisfactory terms or at all.

Notes issued under the Programme have no current active trading market and may trade at a discount to their initial offering price and/or with limited liquidity

Notes issued under the Programme will be new Notes which may not be widely distributed and for which there is currently no active trading market (unless in the case of any particular Tranche, such Tranche is to be consolidated with and form a single series with a Tranche of Notes which is already issued). If the Notes are traded after their initial issuance, they may trade at a discount to their initial offering price, depending upon prevailing interest rates, the market for similar Notes, general economic conditions and the financial condition of the Issuer. If the Notes are trading at a discount, investors may not be able to receive a favourable price for their Notes, and in some circumstances investors may not be able to sell their Notes at their fair market value or at all.

Although an application has been made for the Notes issued under the Programme to be admitted to listing on the SGX-ST, there is no assurance that such application will be accepted, that any particular Tranche of Notes will be so admitted or that an active trading market will develop. In addition, the market for investment grade and crossover grade debt has been subject to disruptions that have caused volatility in prices of notes similar to the Notes to be issued under the Programme. Accordingly, there is no assurance as to the development or liquidity of any trading market, or that disruptions will not occur, for any particular Tranche of Notes.

The Issuer may be required to withhold U.S. tax and a holder of the Notes may become subject to U.S. withholding tax

With respect to Notes in global form that are held within Euroclear or Clearstream, Luxembourg (together, the "**ICSDs**"), in all but the most remote circumstances, it is not expected that the reporting regime and potential withholding tax imposed by Sections 1471 to 1474 of the U.S. Internal Revenue Code of 1986 ("**FATCA**") will affect the amount of any payment received by the ICSDs.

However, FATCA may affect payments made to custodians or intermediaries (including any clearing system other than Euroclear or Clearstream, Luxembourg) in the payment chain leading to the ultimate investor if any such custodian or intermediary generally is unable to receive payments free of FATCA withholding. It also may affect payments to any ultimate investor that is a financial institution that is not entitled to receive payments free of withholding under FATCA, or an ultimate investor that fails to provide its broker (or other custodian or intermediary from which it receives a payment) with any information, forms, other documentation or consents that may be necessary for the payments to be made free of FATCA withholding. Investors should choose the custodians or intermediaries with care (to ensure each is compliant with FATCA or other laws or agreements related to FATCA, including any legislation implementing intergovernmental agreements relating to FATCA, if applicable), and provide each custodian or intermediary with any information, forms, other documentation or consents that may be necessary for such custodian or intermediary to make a payment free of FATCA withholding. Investors should consult their own tax adviser to obtain a more detailed explanation of FATCA and how FATCA may affect them. The Issuer's obligations under the Notes are discharged once it has paid a common depositary or common safekeeper for the ICSDs (as bearer of the Notes) and the Issuer has therefore no responsibility for any amount thereafter transmitted through hands of the ICSDs and custodians or intermediaries.

FATCA IS PARTICULARLY COMPLEX AND ITS APPLICATION TO THE ISSUER, THE NOTES AND NOTEHOLDERS IS UNCERTAIN AT THIS TIME. EACH NOTEHOLDER SHOULD CONSULT ITS OWN TAX ADVISOR TO OBTAIN A MORE DETAILED EXPLANATION OF FATCA AND TO LEARN HOW THIS LEGISLATION MIGHT AFFECT EACH HOLDER IN ITS PARTICULAR CIRCUMSTANCE.

RISKS RELATING TO THE ISSUER'S AND THE GROUP'S BUSINESS, FINANCIAL CONDITION AND/OR RESULTS OF OPERATIONS

(1) Risks relating to the Group's businesses

The Group is dependent on the construction industry and the property market in Singapore and the countries in which the Group operates

The Group is dependent on the construction industry and the property market in the countries in which the Group operates. The performance of the construction industry and the property market in Singapore and the countries in which the Group operates is generally dependent on the general economic conditions in such countries including employment levels, availability of financing, interest rates, consumer confidence and demand for developed residential, commercial and industrial properties. A downturn in those economies or a dampening of the general sentiments of, or a correction in, the property market may result in reduced demand for the Group's business activities. In addition, such downturn may also erode the profit margins for any construction activities due to keen competition. Accordingly, the Group's construction and property development businesses may be subject to cyclical fluctuations of the general economies in such countries in which the Group operates. Further, any downturn in the construction industry and the property market in Singapore and the countries in which the Group operates may have a material and adverse effect on the Group's Business.

The Singapore Government has in recent years implemented a series of measures to cool the Singapore residential property market and ensure a stable and sustainable property market where prices move in line with economic fundamentals. Such measures may affect the purchasing power of potential buyers of residential properties and dampen the general sentiments of the residential property market, resulting in reduced demand for construction activities. Please see the risk factor "Risks relating to the Group's real estate business – The Group is subject to governmental regulations and approvals in the countries where it operates". There is no assurance that the Singapore Government will not introduce further measures to regulate the growth of the Singapore residential property market. Such measures and the introduction of any new measures may have a material and adverse effect on the Group's Business.

The relevant authorities may also adjust monetary and other economic policies from time to time to prevent and curtail the overheating of the economy as a whole and the local economies. Such economic adjustments may affect the construction industry and property market in the regions where the Group operates. Such policies may lead to changes in market conditions, including price instability and imbalance of supply and demand, which may materially and adversely affect the Business. Further, there is no assurance that there will not be over-development in the property sector in the areas where the Group's properties are located in the future, which may result in an over-supply of properties and a fall in property prices which could materially and adversely affect the Business.

The Group faces keen competition in all its businesses

The Group faces keen competition in its construction and property development businesses from new and existing competitors based in Singapore and elsewhere, while pitching for a limited number of large scale projects. Some of these competitors are established global players in the construction industry and the property market. For the Group's construction business, in order to secure tenders, the Group may have to compete aggressively in its bid price. If the Group needs to lower its bid prices, its profit margins may be adversely affected.

In respect of its property development business, the Group needs to continue to identify land suitable for property development in order to maintain and grow its property development business. The Group replenishes and sources for new plots of land mostly by participating in public tenders and acquiring plots of land from private owners. The Group faces competition from other property developers in its acquisition of plots of land for its property development business.

Competition between property developers is intense and the Group competes with both domestic and international groups. Intense and/or intensified competition may result in, amongst others, increased costs of acquisition of land for development, over-supply of developed properties, decrease in property prices, slowdown in the rate at which new property developments will be approved and/or reviewed by the relevant government authorities, increase in construction costs, lower profit margins and difficulty in obtaining quality contractors and qualified employees. The occurrence of any such events may materially and adversely affect the Business. Domestic companies have extensive knowledge of the local real estate market and longer operational track records in their respective domestic markets. International companies are able to capitalise on their overseas experience and greater financial resources to compete in the markets in which the Group has an overseas presence. As a result, there can be no assurance that the Group will be able to compete successfully in the future against its existing or potential competitors or that increased competition with respect to the Group's activities may not have a material and adverse effect on the Business. Furthermore, such competition may reduce the opportunities for the Group to invest in projects in the future.

With respect to the Group's building materials business, while there are relatively high barriers to entry for the pre-cast concrete products and equipment rental and sale operations due to the high capital investment amounts involved, the barriers to entry into the ready-mixed concrete operations are relatively low. As such, it is relatively easy for new entrants to set up shop and supply ready-mixed concrete. This could result in increased competition and may cause the Business to be materially and adversely affected.

The hospitality industry in Singapore is also highly competitive. The level of competition in the Singapore hospitality industry is affected by various factors, including changes in economic conditions, both locally and regionally, changes in local and regional populations, the supply of and demand for hotel rooms, changes in travel patterns and preferences and new supply of hotels in the locations which the Group operates in, which could negatively affect the occupancy rates of its hotel and service apartments, and materially and adversely affect its Business.

The Group offers reasonably-priced accommodation at convenient locations. However, the Group's competitors also have hotels and/or service apartments located in these areas. Some of these hotels and/or service apartments offer more facilities at their premises at similar or more competitive prices. Some of the Group's competitors may also significantly lower their rates or offer greater convenience, services or amenities, to attract more guests. If their efforts are successful, the Group's Business may be materially and adversely affected. Hospitality establishments that may be developed in the future may also pose competition to the Group's hotel and service apartments.

Competition in the market for water and wastewater treatment systems is also intense. Some of the competitors may have long operating histories, better technical expertise, better customer service, better pricing, larger clientele, larger teams of professional staff and greater financial, technical, marketing and other resources and be in a better position to develop and expand their range of services and market share. In addition, many of the Group's customers engage the Group on a project basis. Therefore, there is no guarantee that the Group's existing or future customers will engage the Group for subsequent projects. Due to the nature of the business, the number and value of the projects that the Group is able to secure fluctuates from year to year. There is no assurance that the Group will continue to be able to secure new projects that are profitable. If the Group is unable to secure new projects, its Business may be materially and adversely affected. Furthermore, as the industry is competitive, and often projects are subject to tender, the Group may be forced to lower its tender prices in order to secure the projects, and this may materially and adversely affect the Business.

There is no assurance that the Group will be able to compete effectively against its new and existing competitors and adapt quickly to changing market conditions and trends. In the event that the Group's competitors are able to provide comparable services at lower prices or respond to changes in market conditions more swiftly or effectively than the Group, the Group's Business may be materially and adversely affected.

The Group may be subject to risks of disputes, claims and variation orders

Under the terms of certain engineering, construction and building materials contracts entered into by the Group, in the event of a breach by the Group of the terms of such contracts, its clients may be entitled to claim for liquidated damages for delay in completion or other losses suffered by them by off-setting the same from retention monies or enforcing performance bonds furnished by the Group. Disputes may also arise between the Group, its contractors, sub-contractors, suppliers, construction companies, purchasers, tenants, clients and other partners in relation to the development, operation, sale and purchase, and/or lease of its properties. For example, disputes may arise because of defective works, delays in the completion of a project and disputes over contract specifications and the final amount payable for work done on a project. Claims may be made against the Group from time to time arising from such disputes. The resolution of claims and disputes may be protracted. While the Group seeks to manage such risks through project management and negotiation, in the event that such claims succeed, the Business may be materially and adversely affected. Any legal proceedings relating to such claims may also have an adverse impact on the Group's market reputation and integrity.

From time to time, after work on a project has started, the Group's clients may request for alterations to the agreed specifications or additional works which were not originally specified. Notwithstanding that the costs for such variations may have been agreed with the clients, such costs may still be disputed by the clients. Where a dispute involves a substantial amount, such dispute may result in the final value of the variations being lower than that initially agreed as well as a delay in payment by the clients, and may therefore materially and adversely affect the Business.

Where the developer or the main contractor of a project in which the Group is involved in withholds an agreed percentage of the contract sum as retention monies, the Group may sometimes encounter difficulties in collecting the full sum or any part of the retention monies due and may run the risk of incurring additional costs to make good the rectification or reconstruction of works under dispute to the extent that its profit margin is eroded or losses are incurred for the project.

The Group may face risks relating to labour shortages and dependence on foreign workers in respect of its operations in Singapore

The Group is highly dependent on foreign workers in its various businesses and are vulnerable to the shortage and high employment cost of foreign workers. Depending on Singapore's immigration policy limiting the supply of foreign labour, the Group may not be able to employ sufficient workers. The Group is also required to bear the levy of employing foreign workers. Any changes in the labour policy in Singapore or the countries of origin of foreign workers may affect the supply of or cost of employing foreign workers and cause disruptions to the operations of the Group. In the event of a shortage of foreign workers, an increase in the cost of hiring foreign workers, or the Group being barred from employing foreign workers by the Ministry of Manpower of Singapore ("**MOM**"), the Business may be materially and adversely affected.

In general, manpower costs in Singapore have increased and this has arisen primarily from shortage of labour and an increase in levy for employing foreign workers. If manpower costs continue to rise and the Group is unable to pass on the additional costs to its customers, the Business may be materially and adversely affected.

Fluctuations in the prices and disruptions in the supply, of construction materials may affect the Group's earnings and operations

The materials used in the Group's construction and property development businesses include concrete, sand, cement, tiles, steel, copper and aluminium. With respect to the Group's water and wastewater management and hydro-engineering business, one of the key materials required is steel. The prices of these materials may fluctuate due to changes in the supply and demand conditions. The Group does not typically enter into long term supply contracts with any of its suppliers. Any sudden shortage or disruption of supply of materials to the Group from its suppliers for any reason, such as the recent shortage of granite due to a ban imposed by the Indonesian Government on the export of raw or unprocessed granite, may materially and adversely affect the Group's operations or result in the Group having to pay a higher cost for these materials. If the Group is unable to procure the materials from alternative sources or is only able to procure the materials at a higher cost and the Group is unable to pass the additional costs to its customers, the Business may be materially and adversely affected.

Furthermore, a typical construction project generally spans more than one year. As a result, the Group's costs may increase beyond its initial projections and this may result in a reduction in its previously estimated profit margins or the Group incurring a loss. In the event of any significant increase in the costs of such construction materials and the Group failing to find a cheaper source of supply or pass on such increases in raw material prices to its customers, its Business may be materially and adversely affected.

The Group also requires raw materials such as cement for the manufacture of its ready-mixed concrete and concrete products. Shortages in the supply of the materials the Group uses in its business may result in an increase in the price of these materials. In the event of an increase in the price of materials and the Group is unable to find a cheaper source of supply or pass these price increases to its customers in its existing and new contracts, the Business may be materially and adversely affected.

The Group is subject to government legislation, regulations and policies which affect the Group's businesses and requires various licences and permits for its operations

The Group is subject to government legislation, regulations and policies governing, among other things, employment of workers (including foreign workers), licensing of builders, approval and execution of plans of building works, workplace safety and health, and environmental matters such as public health and noise pollution. In the event that the Group contravenes any of these laws, regulations and policies, the Group, its employees and/or its directors may face statutory penalties such as fines imposed by the relevant authorities or the Group may have to modify, suspend or discontinue its operations. Hence, any conviction for such contravention may have a material and adverse effect on the Business.

The Group also requires various licences and permits for its operations. The Group's licences and permits may be granted for fixed periods of time after the expiry of which these need to be renewed from time to time. There is no assurance that upon expiration of such licences and permits, the Group will be able to successfully renew them in a timely manner or at all, or that the renewal of such licences and permits will not be attached with conditions which the Group may find difficult to comply with, or that if the relevant authorities enact new laws and regulations, the Group will be able to successfully meet their requirements.

Failure by the Group to obtain, renew or maintain the required licences and permits, or cancellation, suspension or revocation of any of the Group's licences and permits may result in the interruption of its operations and may have a material and adverse effect on the Business.

Government legislation, regulations and policies affecting the Group's businesses are also subject to amendments from time to time. Any such changes could adversely affect the Group's business operations and/or have a negative effect on the demand for the Group's products and services. The compliance with such changes may also increase the Group's costs and any significant increase in compliance costs arising from such changes may materially and adversely affect the Business. Additionally, there may be some uncertainty in the interpretation or application of certain laws and regulations and such uncertainty may also materially and adversely affect the Business.

The Group is subject to environmental regulations

The Group's operations are subject to various environmental laws in the countries where it operates. These relate mainly to the storage, discharge, handling, emission, generation, manufacture, use and disposal of chemicals, solid and hazardous waste and other toxic and hazardous materials used for example, in the Group's construction division and in the manufacture of its ready-mix cement and concrete products. Changes to environmental laws and regulations in the countries in which the Group operates may lead to increased compliance costs. Further, the costs of remedying potential violations or resolving enforcement actions that might be initiated by governmental entities could be substantial.

Environmental laws require the Group to maintain and comply with a number of permits, authorisations and approvals and to maintain and update training programmes and safety data for materials used in the Group's manufacturing processes.

In the event of a violation, the Group may be required to halt one or more segments of the Group's operations until remedial actions are implemented. The costs of remedying violations or resolving enforcement actions that may be initiated by governmental authorities could be substantial, which may materially and adversely affect the Business. In addition, the Group cannot predict the nature, scope or effect of future regulatory requirements to which the Group's operations may be subject or the manner in which existing or future laws will be administered or interpreted. Compliance with more stringent local laws or regulations, as well as more vigorous enforcement policies of the operating countries' regulatory agencies, could require substantial expenditure by the Group and could materially and adversely affect the Business.

In addition, violation of environmental regulatory requirements may occur at the sites for the Group's projects even though the Group has put in place certain measures as may be required. The Group may incur fines and penalties imposed in relation to any breaches of environmental regulations on worksites. In such an event, the Business may be materially and adversely affected. In the event that the Group is issued such stop-work orders or has its business licences revoked in the future, this may severely disrupt its operations and lead to a delay in the completion of a project. These circumstances may generate negative publicity and adversely affect the Group's market reputation, and may also have a material and adverse impact on its Business.

(2) <u>Risks relating to the Group's construction and building materials businesses</u>

The Group may be adversely affected by any cost overruns and/or increases in costs

The contract value quoted in the tenders submitted by the Group is determined based on internal costing and budgetary evaluations on costs such as labour costs and material costs, including the indicative pricing of the various suppliers and sub-contractors. However, the time taken and the costs involved in completing the Group's projects may be adversely affected by several factors including fluctuations in costs of building materials, equipment and/or labour, accidents, delay in approvals from the relevant authorities, mismanagement of projects, unfavourable weather conditions, unanticipated construction constraints and other unforeseen circumstances. Any of these factors could delay the completion of the Group's projects and could result in cost overruns. It is also possible that incorrect and/or inaccurate estimations of costs may be made during the tender submission or for delays to arise during the execution of projects. These circumstances may erode the Group's profit margin for the project or may result in losses for the Group.

Further, for delays in projects mainly due to factors attributable to the Group, the Group may be liable for liquidated damages, which are pre-determined sums payable in the event of for example, non-completion of a project within a stipulated period of time and delays in meeting specified milestones. Delays in the completion of projects could also result in a loss of income from the delay in receipt of proceeds from purchasers or, as the case may be, loss of rental income from lessees, as well as potential claims for compensation and termination of lease agreements by lessees. Such events may have a material and adverse impact on the Business.

The Group's financial performance is dependent on the Group's successful bidding for new projects and the non-cancellation of secured projects

As most of the Group's projects are undertaken on a non-recurring basis, it is critical that the Group is able to regularly and consistently secure new projects of similar value and volume. There is no assurance that the Group will be able to do so. In the event that the Group is not able to regularly and consistently secure new projects of similar or higher value and on terms and conditions that are favourable to the Group, the Business may be materially and adversely affected. In addition, the scope of work in a project, which is dependent on its scale and complexity, will affect the profit margin of the project and the Group's financial performance. In the event that the Group has to sub-contract a material portion of the project work to a third-party subcontractor, its profit margins from such projects may be reduced.

Cancellation or delays in the commencement of secured projects due to factors such as changes in the Group's customers' businesses, poor market conditions and/or lack of funds on the part of the project owners may materially and adversely affect the Business. In addition, there may be a lapse of time between the completion of the Group's projects and the commencement of its subsequent projects. Any cancellation of or delay in projects could lead to idle or excess capacity, and in the event that the Group is unable to secure replacement projects on a timely basis, this may materially and adversely affect the Business.

The Group may face risks relating to potential loss or downgrade of the Group's BCA Grades

In Singapore, the BCA administers a contractors' registry to serve the procurement needs of government departments, statutory bodies and other public sector organisations. Contractors registered with the BCA are accorded grades ("**BCA Grades**") by the BCA, taking into consideration factors such as the contractor's resources, experience and technical expertise to undertake contracts of the relevant nature and size.

These BCA Grades have to be renewed on an annual basis. To maintain their existing BCA Grades, the Group's subsidiaries are required to comply with the prescribed requirements relating to financial capacity, personnel resources and track record. In the event that the Group's subsidiaries fail to maintain their BCA Grades because of inability to comply with any of the prescribed requirements, their BCA Grades would be revoked or downgraded accordingly. As such, the Group would not be able to tender for public sector projects as well as some private sector projects which require contractors to possess A1 or A2 BCA Grades. The above would also apply to the Koh Eco Group in respect of its ME11 L6 grading for mechanical engineering and SY08 L5 grading for mechanical equipment, plant and machinery. In any such event, the Business may be materially and adversely affected.

The Group's ability to secure new projects may depend on the Group being able to secure performance bond guarantees and other bank facilities

In line with the industry practice, certain of the Group's projects and projects in which the Group acts as the main contractor require a performance bond to be furnished by a bank or an acceptable financial institution to guarantee the Group's contractual performance in the project. In the event that the Group defaults in its contractual obligations, the project owner would be entitled to call on the bond with the bank or financial institution and the Group's liquidity and financial position may be materially and adversely affected.

There is no assurance that the Group can continue to secure performance bonds for its new projects in the future or that the performance bonds may be secured on terms that are acceptable to the Group or on terms as favourable as those previously obtained. If the Group is unable to secure performance bond guarantees from banks or financial institutions including as a result of factors which are beyond its control such as general economic and political conditions, the Group may be unable to secure new projects, and this would have a material and adverse effect on the Business.

The Group relies on independent contractors

The Group engages independent third-party contractors to provide various services, including design, construction, piling and foundation, building and property fit-out works, installation of air-conditioning units and elevators, and interior decoration. There is no assurance that the services rendered by independent third-party contractors will be satisfactory or that it will match the quality that the Group requires.

In the event that third-party contractors terminate their contracts with the Group, the Group may not be able to seek alternative third-party contractors in a timely manner and/or at reasonable prices. This may cause an increase in the costs relating to the Group's construction and property development projects and/or cause a delay in the completion of such projects, and this may materially and adversely affect the Business.

Moreover, these third-party contractors may experience financial or other difficulties that may affect their ability to carry out the work for which they were contracted, thus delaying the completion of the Group's projects or resulting in additional costs for the Group. The occurrence of any of these factors could materially and adversely affect the Group's Business.

Additionally, the Koh Eco Group is highly reliant on sub-contractors for the fabrication of customized equipment and the installation of the equipment at project worksites. The Koh Eco Group outsources the fabrication work for customised equipment required for the projects and engages the services of local sub-contractors to supply labour to carry out the installation of the equipment in the project worksites. In the event that any of the Koh Eco Group's sub-contractors are unable to fabricate the customised equipment and/or supply the labour for installation work according to their specifications and time schedule, and the Koh Eco Group is unable to find suitable alternative sub-contractors in a timely manner and at comparable commercial terms, the Koh Eco Group may be unable to complete projects within the budget and time scheduled. As a result, there may be cost overruns or liquidated damages may be incurred and the Group's Business may be materially and adversely affected.

The Group is exposed to risks in changes of relevant government expenditure on infrastructure and building projects from the public sector

The Group has secured and completed infrastructure and building contracts from the public sector for many years and some of the Group's customers include LTA, PUB, HDB and URA. A significant proportion of the Group's business is derived from infrastructure and building projects from the public sector and these public projects have contributed significantly to the Group's turnover. Any change in the policy of the Singapore Government in its expenditure on these infrastructure and building projects may materially and adversely affect the Business.

The Group may be affected by accidents at its work sites

Accidents or mishaps may occur at the work sites of the Group's projects. Such accidents or mishaps may severely disrupt operations of the Group and lead to delays in the completion of projects, and in the event of such delay, the Group may be liable to pay liquidated damages to its clients. In such event, the Business may be materially and adversely affected. Further, such accidents or mishaps may subject the Group to claims from workers or other persons involved in such accidents or mishaps for damages, and any claims which are not covered by the Group's insurance policies may materially and adversely affect the Business.

In addition, in Singapore, a Demerit Point Scheme for the construction industry has been introduced by the MOM to measure workplace safety. If the Group or contractor engaged by the Group is found to have breached the Workplace Safety and Health Act, Chapter 354A of Singapore, and the relevant subsidiary legislation, it will be given demerit points. The number of demerit points given will depend on the severity of the violation. Any contractor who has received more than the prescribed number of demerit points within a certain duration will receive a formal warning letter. If the contractor has received a formal warning letter from the MOM and continues to accumulate demerit points, the MOM will impose more stringent corrective actions, for instance, the work site will have limited access to work permit holders from non-traditional sources and the PRC for six months and applications for new and renewal of all types of work passes for all foreign employees will be rejected by the MOM.

Further, in the event that the Group's work sites contravene the requisite safety standards imposed by the regulatory authorities, the Group may be subject to penalties which include being fined, or issued with partial or full stop-work orders. The issuance of such stop-work orders may disrupt operations and lead to a delay in the completion of a project. These circumstances may have a material and adverse impact on the Business.

Scarcity of land to locate its batching plants and pre-cast yards may affect the Group's building materials business

As at the Latest Practicable Date, the Group has three batching plants in Singapore and one each in Malaysia and the PRC. Ready-mixed concrete, which is a basic construction material, is mixed at batching plants. It is important that batching plants are located near the project sites to maximize efficiency. Failure to secure land for the setting up of batching plants may materially and adversely affect the Group's building materials business.

Additionally, the Group currently has three pre-cast yards in Singapore and one in Malaysia. The Group produces pre-cast components such as facades, household shelters, columns and planks in its pre-cast yards. Subject to the overall master plan of the relevant authorities, the Group may or may not be able to retain its present pre-cast yards or find an alternative location for its pre-cast concrete activities. In the scenario that there is a scarcity of pre-cast yards, the Group may not be able to fulfil its contracts. This may have a material and adverse impact on the Group's Business.

The Group is dependent on HDB policy on the use of pre-cast elements as well as overall HDB housing policy

The Group's building materials business consists in part of the sale of pre-cast concrete products. The Group supplies a substantial amount of its pre-cast concrete product to HDB's contractors. As such, the Group is dependent on HDB policy on the use of pre-cast elements as well as the overall HDB housing policy. Any significant reduction in building by HDB or any major delay or cancellation may have a material and adverse effect on the Group's Business.

The Group is exposed to risks relating to the substantial or extended decrease in the selling prices of the Group's ready-mixed cement and concrete products

The Group's building materials business also consists of the sale of ready-mixed cement. Many factors may affect the selling price of the Group's ready-mixed cement products that could cause these prices to decrease. Some of these factors are beyond the Group's control including the level of demand and supply in the primary markets, the nature and extent of governmental regulation and taxation, the number and strength of the Group's competitors, the availability, proximity and capacity of transportation facilities and general economic conditions. Accordingly, the average unit selling prices of the Group's ready-mixed cement products might increase or decrease. Any substantial or prolonged decrease in the selling price of the Group's ready-mixed cement products may materially and adversely affect the Group's Business.

The Group's business is dependent on the conditions of the bio-fuel industry

The Koh Eco Group's customers that are in the bio-fuel industry may be affected by fluctuations in the prices of bio-fuel or the demand for equipment or services for the processing of bio-fuel or bio-fuel based products due to factors such as the state of the world economy, environmental regulations, tariffs, natural disasters, forest fires, weather conditions and labour unrest. A slowdown in the businesses of the Koh Eco Group's customers will affect the demand for the Koh Eco Group's plant construction services and result in a decline in new plant construction orders and this may materially and adversely affect the Group's Business.

The Group is exposed to various risks relating to water and wastewater treatment and hydro-engineering projects

The water and wastewater treatment and hydro-engineering projects undertaken by the Group may be delayed due to unforeseen circumstances including delays by the customers themselves. The complexity and scope required to complete the installation of the water and wastewater treatment systems varies from customer to customer. As such, installation may require more time than anticipated which may result in a delay in commissioning the systems.

Project delays will affect the Group's profit margins as time spent negotiating and resolving issues will delay the recognition of revenue. Additional costs may also be incurred as a result of these project delays. Timely completion of the Group's projects will allow the Group's project teams to commence work on other projects and thereby maximize the use of the Group's resources. As such, the Group's inability to turnaround and complete a project as scheduled may also materially and adversely affect the Business.

The Group's waste treatment business requires employees to handle materials that may be infectious or hazardous to life and property. While the Group seeks to put in place measures for employees to handle such materials with care, the possibility of accidents, leaks, spills and natural disasters remains. Human beings and animals may be injured or sickened and property may be damaged by exposure to waste. This in turn could expose the Group to claims. In the event that such claims are successful, the Business may be materially and adversely affected.

The Group's inability to adapt to rapid technological changes may adversely affect competitiveness and business

The Group's water and wastewater treatment and hydro-engineering business is characterized by rapidly evolving technology such as the advent of advanced membrane technology and changing market trends. As a provider of water and wastewater treatment systems, the Group's future success and continued growth will be dependent upon its ability to adapt and enhance its technical expertise, especially in the area of design and conceptualization so as to meet the requirements and expectations of the Group's customers.

If the Group fails to adapt to new technologies or keep pace with new developments in the market in a timely manner, its ability to compete effectively in the market may be affected and this may have a material and adverse impact on the Business.

Risks associated with the collection, treatment and disposal of wastewater creates unique risks

The wastewater collection, treatment and disposal operations of the Group providing water and wastewater services are subject to substantial regulation and invoke significant environmental risks. If collection or sewage systems fail, overflow or do not operate properly, untreated wastewater or other contaminants could spill onto nearby properties or into nearby streams and rivers, causing damage to persons or property, injury to aquatic life and economic damages, which may not be recoverable in fees.

The risk is most acute during periods of substantial rainfall or flooding, which are the main causes of sewer overflow and system failure. Liabilities resulting from such damage could adversely and materially affect the Group's Business. In the event that the Group is deemed liable for any damage caused by overflow, its losses might not be covered by insurance policies or it may be difficult to secure insurance for this business in the future at acceptable rates.

The Koh Eco Group is dependent on a few major customers

Revenue from public sector projects in Singapore account for a highly substantial percentage of the Koh Eco Group's total revenue. As such, Koh Eco is highly dependent on the Singapore Government's policies relating to expenditure on public infrastructure, especially that relating to water and wastewater treatment.

There is no assurance that the Singapore Government will continue to pursue water and sanitation infrastructure development plans or to pursue such plans on the same scale. If the Singapore Government formulates policies that reduce expenditure on water and wastewater treatment infrastructure, the Group's Business may be materially and adversely affected.

The nature of the business of the Koh Eco Group and the tenure of their contracts subject the Group to the risk of cancellations of orders from its customers (notwithstanding contractual penalties or breaches in contracts or claims or settlements) and such cancellations may occur at various stages of the contracts and in instances where progress billings or payments may not have been made or claimed for the full amount of the services or works provided. There is likewise no assurance that the Koh Eco Group can on occurrence of such cancellations deploy or "re-sell" or "re-use" the work-in-progress or inventories for such projects or clients for other customers.

(3) Risks relating to the Group's real estate business

The Group is subject to governmental regulations and approvals in the countries where it operates

The real estate industry in the countries where the Group operates is subject to significant government regulation and approvals over, amongst other things, land and title acquisition, development planning and design, construction and mortgage financing and refinancing, obtaining real estate development and sale licences, obtaining certificates of completion for its development projects and issuance of individual titles following completion of construction. Such regulations are at times ambiguous and their interpretation and application can be inconsistent and may be potentially detrimental to the Group. In some instances, governments of the countries where the Group operates may adopt restrictive policies and impose onerous or unfavourable conditions with respect to the issuance of certain licences, permits or approvals. The Group's business may also be affected by changes in policies relating to immigration and/or foreign ownership of residential housing, polices adopted and/or actions taken by public housing authorities, and policies relating to land sales by the relevant government.

For example in Singapore, the Singapore Government has sought to ensure a stable and sustainable property market through measures such as removing the deferred payment and interest absorption schemes. Loan-to-Value ("**LTV**") limits on housing loans have been tightened for certain individuals as well as to non-individuals such as companies. Besides tighter LTV limits, the minimum cash down payment for certain individuals has also been raised. Additional buyer's stamp duty rates have also been imposed and raised. In 2013, the MAS introduced a total debt-servicing ratio framework for all property loans granted by financial institutions to individuals under which financial institutions are required to take into consideration borrowers' other outstanding debt obligations when granting property loans. Such property cooling measures have a material and adverse impact on the Group's Business.

There is no assurance that the Singapore Government will not introduce further measures to regulate the growth of the Singapore residential property market, which could materially and adversely affect the Business.

Regulation of land supply through availability of sites for tender under the Government's Land Sales Programme, which is reviewed on a half yearly basis, and changes in en bloc legislation for example, may also affect land supply and pricing.

Under the Residential Property Act, Chapter 274 of Singapore, housing developers are required to apply to the Controller of Residential Property for its approval to acquire land for development. The Controller of Residential Property may grant its approval subject to certain terms and conditions, as set out in a qualifying certificate ("**Qualifying Certificate**"), which may require a developer to, *inter alia*, (i) sell all the units in the housing development within a prescribed period and (ii) furnish a bankers' guarantee ("**Bankers' Guarantee**") for the sum of 10 per cent. of the purchase price of the land acquired. In the event that a developer fails to sell the units within the prescribed period, it may have to apply for an extension of the Qualifying Certificate and incur extension charges, or forfeit the Bankers' Guarantee for failure to comply with the terms of the Qualifying Certificate.

The Group may be affected by changes in consumer preferences

The Group's real estate development properties are dependent on consumer preferences, the popularity of its properties in terms of design and consumer spending trends. Consumer preferences and spending trends are influenced by external factors including, amongst others, the income level of consumers and the markets' demographic profiles. The design of the properties which appeal to some customers may not appeal to others. It is therefore important that the Group is able to produce designs with sufficient market appeal to attract customers with different preferences. In the event that the Group's competitors are able to introduce more innovative and/ or more functional designs or properties that can better cater to customers' needs or that are better accepted by the market, the Group may not be able to maintain its competitive edge and this may materially and adversely affect the Group's Business.

The Group's property investments are relatively illiquid

Certain of the Group's real estate investments, particularly investments in high value properties, are relatively illiquid. Such illiquidity limits the ability of an owner or a developer to convert real estate assets into cash at short notice or may require a substantial reduction in the price that may otherwise be sought for such asset, in order to effect a quick sale. Such illiquidity also limits the ability of the Group to vary its portfolio in response to changes in economic, real estate market or other conditions. Moreover, the Group may face difficulties in securing timely and commercially favourable financing in asset-based lending transactions secured by real estate due to its illiquidity. Several of the Group's property investments are held through joint ventures with other partners. The Group may not always be able to reach a consensus with its joint venture partners. The above could have a material and adverse effect on the Business.

The Group is dependent on the quality of its title to its properties

The quality, nature and extent of the title to and interests in the land and properties held by the Group varies, depending on a number of factors, including:

- the country and location of the property;
- the laws and regulations that apply to the property;
- the extent to which the contract pursuant to which the property interest was acquired has been performed, the extent to which the terms and conditions thereunder have been complied with and the amount of the purchase consideration which has been paid;
- the extent of compliance by the Group or any other relevant party (including previous owners, the vendor of the property and the entity in which the Group has invested that has acquired or is acquiring the property) with the relevant laws and regulations relating to the ownership, use, sale, development or construction of the property;
- the manner under which the interest in the property is held, whether through a joint venture, a development or joint operation agreement, under a master lease or otherwise; and
- the capacity, power, authority and general creditworthiness of the counterparties to the contractual and other arrangements through which the Group has acquired an interest in the property.

There is potential for disputes over the quality of title and/or quality of the assets purchased and delays in acquiring properties required for the Group's development activities could materially and adversely affect the Business. The Group's acquisition of properties and/or assets is dependent on the due diligence as to, *inter alia*, title, which in turn is dependent on the quality of professional advice and the availability of reliable, accurate, complete and up-to-date information in the relevant countries. The quality and extent of the title to the Group's property interest may be challenged or adversely impacted or may adversely affect the Group's ability to deal with its property interests and in turn the value of the Group's investment in these properties.

Rental income from the Group's properties could decrease

If a significant number of the Group's tenants are unable to meet their rental payment obligations, the Group's operating results may be adversely affected. The Group is also subject to the risk that, upon the expiration of leases for the properties, existing tenants may not renew their leases, and the Group may be unable to re-let vacant properties to new tenants except on commercially less favourable terms compared to previous lease terms or on commercially unfavourable terms. If a significant number of the Group's tenants default on their leases, the Group would likely experience delays in collecting rental payments and re-letting its facilities, and incur substantial costs in enforcing its rights as landlord. The Group's tenants are exposed to their own business and other risks, and if one or more significant tenants were to experience downturns in their businesses, the tenant may fail to make rental payments when due and/or require a restructuring of rental payments that might reduce the Group's cash flows from the lease. A tenant may also seek the protection of bankruptcy, insolvency or similar laws, which could result in the rejection and termination of such tenant's lease or a delay by the Group in enforcing its rights to terminate the lease and finding a new tenant, thereby reducing the Group's available cash flow. The Group's properties could, in the absence of a renewal from an existing tenant or a lease by a new tenant upon the expiry of an existing lease, be subject to the risk of remaining vacant and not generating income while the Group is sourcing for new tenants to lease the affected property.

The occurrence of any of the above events could have a material and adverse effect on the Business.

The Group faces risks before realising any benefits from its property developments

Property development typically requires substantial capital outlay during the land acquisition and construction phases and may take one or more years before positive cash flows may be generated through pre-sales or sale of a completed property development. Depending on the size of the development, the time span for completing a property development usually lasts for more than a year. Consequently, changes in the business environment during the length of the project may affect the revenue and cost of the development, which in turn have a direct impact on whether or not the project is profitable.

Factors that may affect the profitability of a project include the failure to complete construction according to original specifications, schedule or budget, and lacklustre sales. The sales and value of a development project may be adversely affected by a number of factors, including but not limited to the international, regional and local economic climate, local real estate conditions, perceptions of property buyers, businesses, retailers or shoppers in terms of the convenience and attractiveness of the projects, competition from other available properties, changes in market rates for comparable sales and increased business and operating costs. If any property development risks materialise, the Group's returns on investments from property development may be lower than originally expected and the Business may be materially and adversely affected.

The Group is subject to risks in relation to its pre-sold properties

In the event the Group pre-sells any property prior to completion of construction, it may be liable for potential losses that purchasers may suffer if there is a failure or delay in the delivery of such pre-sold properties. Failure to complete a property development on time may be attributed to factors such as the time taken and the costs involved in completing construction, which may in turn be adversely affected by factors such as delays in obtaining requisite licences, permits or approvals from government agencies or authorities, shortages of labour, adverse weather conditions, natural disasters, labour disputes, disputes with contractors, accidents and changes in government priorities and policies. If the delay in delivery extends beyond the contractually specified period, the purchasers may also be entitled to terminate the pre-sale agreements and claim refunds of monies paid, damages and/or compensation for late delivery. There is no assurance that the Group will not experience significant delays in completion or delivery.

Furthermore, there is a risk that due to conditions in financial markets or difficult economic conditions, purchasers of such pre-sold properties may not be able to obtain credit to finance their purchases and/or might become insolvent. The ability of purchasers to obtain credit to finance their purchases may also be affected by changes in government policies, laws and regulations. This may result in such purchasers delaying or being unable to meet their payment obligations in respect of such pre-sold properties, which may materially and adversely affect the Business.

The Group may be unable to identify or acquire land for development at commercially acceptable prices

The Group believes that maintaining a sizeable and high-quality land bank for future development is critical in order to sustain the growth of its property business. There is no assurance that the Group will be able to identify and acquire attractive sites in the future at commercially acceptable prices, if at all.

The Group's ability to acquire land use rights and their corresponding acquisition costs may be affected by government policies toward land supply, development and pricing. Please also refer to the risk factor "Risks relating to the Group's real estate business – The Group is subject to governmental regulations and approvals in the countries where it operates". The Group may be unable to identify and/or acquire attractive new sites at commercially acceptable prices and this could impair the Group's ability to compete with other property developers and have an adverse effect on the Group's property business including its ability to grow its property business.

Some or all of the Group's existing and planned projects may not be completed

The Group's success and financial performance will depend on the ability of the Group to identify, develop, market and sell its developments in a timely and cost-effective manner. The Group's development activities are subject to the risk of changes in regulations, delays in obtaining required approvals or clearances whether from regulatory authorities or otherwise (for example, from the Strata Titles Board in an en bloc transaction), availability of raw materials, increases in construction costs, financial difficulties faced by the Group's business partners, natural disasters, any reliance on third party contractors as well as the risk of decreased market demand during the development of a project. As a result of these and other factors described herein, no assurance can be given as to whether or when existing and planned projects will be successfully completed. Furthermore, new projects may pose unforeseen challenges and demands on the Group's managerial and financial resources. Non-completion of such developments, or any of the Group's other developments, may have a material and adverse effect on the Business.

The Group's land and/or real property may be subject to compulsory acquisition or forfeiture by the governments of the countries in which they are located

Real property and/or land owned by the Group may be compulsorily acquired for public use or in the public interest or for any residential, commercial or industrial purposes, by the governments of the countries in which they are located. The owner of such real property that has been compulsorily acquired may be compensated in accordance with the laws of the respective jurisdictions. In the event that any of the Group's land and/or real property is compulsorily acquired, the compensation paid to the Group in respect of the acquired land and/or real property could be less than its market value, which could materially and adversely affect the Business.

(4) Risks relating to the Group's leisure and hospitality business

The Group's acquisition of its current hospitality-related properties or future acquisitions may be subject to risks associated with the acquisition of real estate

While the Group believes that reasonable due diligence has been and will be conducted with respect to its acquisition of hospitality-related properties, there can be no assurance that properties acquired or future acquisitions will not have defects or deficiencies which will require significant capital expenditure, repair or maintenance expenses, or payment or other obligations to third parties.

The reports, which the Group may have relied upon as part of its due diligence on the acquired properties, may contain inaccuracies and deficiencies. Certain building defects and deficiencies may be difficult or impossible to ascertain due to the limitations inherent in the scope of the inspections, the technologies or techniques used and other factors.

In addition, laws and regulations (including those relating to real estate) may have been breached and certain regulatory requirements in relation to the current properties or future acquisitions may not be or have not been complied with, which the Group's due diligence did not or might not uncover. As a result, the Group may incur financial or other obligations in relation to such breaches or non-compliance. In such an event, the Group's Business could be materially and adversely affected.

In particular, the representations, warranties and indemnities granted in the Group's favour by the vendors of the acquired properties or future acquisitions are subject to limitations as to their scope and as to the amount and timing of claims which can be made thereunder. There can be no assurance that the Group would be entitled to compensation for all losses or liabilities suffered or incurred by the Group as a result of its acquisition of the properties or future acquisitions. Should the Group be unable to recover all such losses or liabilities suffered or incurred by it, the Group's Business could be materially and adversely affected.

The Group may be subject to additional risks in expanding its hospitality business

The Group's ability to expand its hospitality business successfully will depend on a number of factors including the ability to identify a site, land, and/or existing building, the ability to obtain financing on competitive terms, the ability to control construction costs and the ability to obtain the necessary licences and approvals from the relevant authorities. There is no assurance that the Group's expansion plans will be successful or that its existing resources will be able to cope with the additional demands arising from the expansion.

If the Group is unable to meet the demands of expansion, such as retaining or recruiting sufficient staff to service additional hotels and/or service apartments, the Group's results of operations may be affected. In addition, should occupancy rates of the Group's new hotels and/or service apartments be significantly lower than projected, its Business may be materially and adversely affected.

In order to grow its business, the Group may expand its operations or explore strategic alliances, acquisitions or hotel investment opportunities. Any expansion involves numerous risks, such as the costs of setting up operations and increased working capital requirements. There is no assurance that the Group's expansion, if it materialises, will achieve a sufficient level of revenue and if the Group fails to manage its costs, the Group's Business may be materially and adversely affected. Additionally, participation in strategic alliances, acquisitions or hotel investment opportunities involves numerous risks, such as difficulties in the assimilation of the management, operations and personnel and the possible diversion of management attention from the Group's existing business concerns.

The Group is subject to risks associated with developing new hotels

New project developments are subject to a number of risks, many of which are outside the Group's control, including:

- market or site deterioration after acquisition;

- the possibility of discovering previously undetected defects or problems at a site; and

- the possibility of construction delays or cost overruns due to delayed regulatory approvals, adverse weather, labour or material shortages, work stoppages and the unavailability of construction and/or long-term financing.

A period of one to two years normally elapses between the acquisition of the site and the project's completion. Between the acquisition of the site and the project's completion, travel preferences, political or social conditions of the location or other conditions critical to the success of the hotel may change, such that the Group is unable to commence operations of the hotel, repay its debt financing and/or achieve its projected returns. In such an event, the Group's Business could be materially and adversely affected.

The Group usually finances the development of hotels by way of loans from financial institutions in addition to internally generated funds. As a significant amount of funds is required in hotel development projects, the Group would typically seek financing for a substantial proportion of the cost of the hotel developments. Such financing is usually secured by a mortgage over the hotel development. The Group's ability to engage in new developments would depend on its ability to secure such financing at favourable terms.

In planning for the financing of its hotel development projects, the Group takes into consideration various factors, including potential operating yield, the timing of the completion, the expected interest charges to be incurred for the entire duration of the project, the risk of recall of loans and the possibility that financial institutions may require that the Group provide additional security for its loans. A change in any of the factors may cause the Group's Business to be materially and adversely affected.

Furthermore, there can be no assurance that the Group will be able to obtain approval from the relevant authorities, including, without limitation, planning approval from URA, to develop hotels on sites that the Group may acquire. Should this occur, the Group may choose to dispose of the site. The price realised on such disposal will depend on, *inter alia*, market conditions prevailing at the time of the sale, and may be lower than the price the Group paid to acquire the site. In such an event, the Group's Business could be materially and adversely affected.

The hospitality industry is service-oriented and the Group may be adversely affected if it is unable to compete effectively for skilled hospitality employees

The hospitality industry is a service-oriented industry and is labour intensive. Competitors may compete for skilled hospitality employees, which may increase the operating costs of the Group's hospitality arm. The Group's hospitality staff may also be poached by existing or new competitors in the market, which may have a material and adverse effect on the Business. A shortage of manpower and compressed work procedures may translate to lower service quality, which may in turn affect guests' lodging experience and lead existing customers to prefer alternative accommodation from competitors of the Group.

The Group's hospitality arm may be affected by changes in travel patterns resulting from increases in transportation or fuel costs, strikes among workers in the transportation industry and adverse weather patterns

Changes in travel patterns can be erratic and this may materially and adversely affect the revenue and financial performance of the Group's hospitality arm, which may in turn materially and adversely affect the Business.

Furthermore, increases in transportation or fuel costs, strikes among workers in the transportation industry and adverse weather patterns may deter travellers. Any sustained or material decline in the number of travellers to Singapore may materially and adversely affect the Business.

The Group's hospitality operations are subject to the laws and regulations and require licensing

The operation of hotels is subject to various laws and regulations, such as the Hotels Act, Chapter 127 of Singapore (the "**Hotels Act**"). For example, the Group presently requires hotel licences issued under the Hotels Act for the operation of its hotel. The withdrawal, suspension or non-renewal of any of these licences may have a material and adverse impact on the Group's Business. Also, if the Group is unable to obtain such licences for any new hotels, its Business could be materially and adversely affected. Further, any changes in such laws and regulations may also have an impact on the Group's business and result in higher costs of compliance. In addition, any failure to comply with these laws and regulations could result in the imposition of fines or other penalties by the relevant authorities. This could have an adverse impact on the Group's Business.

The Group faces risks associated with illegal activities which may be carried out in its hotel

The holder of the hotel-keeper's licence granted in respect of the Group's hotel is required to ensure that the prescribed requirements and conditions under the Hotel Licensing Regulations of the Hotels Act are strictly adhered to. Under the Hotels Act, no licensee shall knowingly permit any person who is a prostitute or of bad character to occupy a room in the hotel or frequent the premises. In addition, gaming, drunkenness, drug abuse or disorderly conduct of any kind is also a prohibited activity under the Hotels Act. The Group has adopted various measures to enforce strict adherence to the requirements and conditions of the Hotel Licensing Regulations but there can be no assurance that there will be no such illegal activities being carried out in the Group's hotel. In the event that such illegal activities are carried out in the Group's hotel and the Group's hotel-keeper's licence holder is convicted of contravening the provisions of the Hotel Licensing Regulations, it will be liable to certain fines. In addition to any other penalty imposed, the court may, pursuant to the Hotels Licensing Regulations, cancel the licence and also cancel or suspend any certificate of registration granted in relation to the Group's hotel. In the event that the hotel-keeper's licence and/or the certificate of registration for the Group's hotel (which are essential to the Group's operations) is cancelled, the Group's Business could be materially and adversely affected.

(5) <u>Other risks relating to the Group's businesses</u>

The Group's businesses are capital intensive and the Group may be unable to obtain financing on terms which are acceptable

The Group's businesses are capital intensive. The availability of adequate financing is crucial for example to the Group's ability to acquire land to complete its development projects according to plan. The Group's water and wastewater treatment and hydro-engineering projects also require the Group to make substantial financial capital outlay during the construction phase of the build, operate and transfer projects, and the Group only receives regular payments from its customers during the concession term after completion of the construction and commencement of commercial operations of the relevant facilities. Further, to remain competitive, the Group must continue to make significant investments in capital equipment, facilities and technological improvements for its businesses. The Group expects that substantial capital will be required to expand its manufacturing capacity and fund working capital for anticipated growth for its businesses. The Group also finances its property investment and development projects and capital expenditure through internal funds, loans from financial institutions, accessing the debt capital markets, and, in the case of property development projects, through sale proceeds. In the event that such projects are financed through borrowings or other debt, the aggregate borrowings of the Group will increase. Please refer to the risk factor "Other risks relating to the Group's businesses – The Group may face risks arising from its indebtedness".

The Group's ability to arrange adequate financing (if at all) on terms which are acceptable to the Group depends on a number of factors that are beyond its control, including general economic and political conditions, the terms on which financial institutions are willing to extend credit to the Group and the availability of other sources of debt or equity financing. Uncertainty in the capital and credit markets may adversely affect the Group's ability to obtain financing on terms which are acceptable to the Group. Such an event may have a material and adverse impact on the Business.

If the Group is unable to obtain financing on terms which are acceptable to the Group, it may have to curtail its capital expenditure and/or defer its projects. Any curtailment of capital expenditure could result in a reduction in net sales, reduced quality of products, increased manufacturing costs for products, harm to reputation, reduced manufacturing efficiencies or other material and adverse effects to the Business.

The Group is subject to interest rate fluctuations

The Group is subject to the effects of interest rate fluctuations on its borrowings from financial institutions. Some of the Group's existing borrowings are on a floating rate basis, and the Group's future borrowings may also be on a floating rate basis. Consequently, the interest cost to the Group will be subject to fluctuations in interest rates.

Although the Group may enter into hedging transactions to mitigate the risk of such interest rate fluctuations, such hedging may not adequately cover the Group's exposure to interest rate fluctuations. As a result, the Business could potentially be materially and adversely affected by interest rate fluctuations.

The Group is subject to foreign exchange risks

The Group is subject to foreign exchange risks as a result of transactions denominated in currencies other than the respective functional currencies of its subsidiaries, arising from business operations and investment activities, mainly by movements in exchange rates for United States Dollar, Malaysian Ringgit, Indonesian Rupiah and PRC Renminbi against the Singapore Dollar. The Group also holds cash and cash equivalents denominated in foreign currencies for working capital purposes.

In addition to transactional exposure, the Group is exposed to currency translation risk arising from net investments in its foreign operations, as its consolidated financial statements are denominated in Singapore Dollar while the financial statements of its subsidiaries in foreign countries are prepared in their respective functional currencies. Any significant fluctuation of the Singapore Dollar against the respective foreign currencies may materially and adversely affect the Business.

The Group may not be able to successfully implement its future plans

The Group's future plans involve numerous risks, including but not limited to, the incurrence of working capital requirements. Further, these plans will also require substantial capital expenditure and financial resources. There is no assurance that these plans will achieve revenue that will be commensurate with the Group's investment costs, or that it will be successful in securing more projects. If the Group fails to achieve a sufficient level of revenue or if it fails to manage its costs efficiently, it will not be able to recover its investment. Any plans for a spin-off and/or a separate listing of a part of the Group's business so as to increase shareholders' value may not materialise or be successful. If such events occur, its Business may be materially and adversely affected.

There is no assurance on the sustainability of the growth of the Group

Apart from the Group's development plans and business strategies, other factors, like intense market competition and consumers' preferences, which are beyond its control, may also affect the growth of the Group. The past results of the Group should not be used as an indicator of its future performance. There is no assurance that the Group will continue to be able to achieve or maintain similar levels of growth in its revenue and profits in the future.

The Group may be involved in legal and other proceedings arising from its operations from time to time

The Group may be involved from time to time in disputes with various parties involved in the real estate development and construction projects and distribution activities that it undertakes. These parties include contractors, sub-contractors, suppliers, construction companies, purchasers and other partners. These disputes may lead to legal and other proceedings. In relation to the Group's real estate development and construction business, the Group may also have disagreements with regulatory bodies in the countries it operates in and these may subject it to administrative proceedings. In the event that unfavourable decrees are determined by the courts or the regulatory bodies, the Group may suffer not only financial losses but also a delay in the construction or completion of the Group's projects. In addition, as the main contractor of residential developments such as condominium projects and commercial projects, the Group is exposed to the risk of legal suits, by either the management corporation or the Group's clients who in turn are being sued by the management corporation in respect of defective works in common areas and common property. In such an event, the Group may be liable for damages and incur legal costs, which may materially and adversely affect its Business.

The Group faces risks from changes to its accounting policies

From time to time, the Group may be required to make changes to its accounting policies due to, amongst others, changes in applicable financial reporting standards. As of 1 January 2014, the Group has adopted the equity-accounting method under Singapore Financial Reporting Standard 111 ("**FRS 111**") in its accounting treatment of Canberra Development Pte Ltd, Buildhome Pte Ltd and Phileap Pte. Ltd., which are joint venture companies in which the Group has shareholding interests. Previously, the Group proportionally consolidated these entities in its financial statements. Upon the adoption of FRS 111, the Group regards the aggregate of the carrying amounts of the proportionately-consolidated assets and liabilities (including any goodwill arising from acquisitions) as its equity-accounted investment in joint ventures.

There can be no assurance that the adoption of the above and other new accounting policies will not have a significant impact on the Group's financial condition and results of operations.

The Group is subject to revenue and profit volatility

The Group is vulnerable to revenue volatility which is characteristic of real estate development and construction companies. The amount of revenue to be recognised in a financial year is dependent on the number, value and stage of completion of projects undertaken by the Group, which in turn depends on various factors, such as the availability of the Group's resources, market sentiment, market competition and general economic conditions.

Thus, there is no assurance that the amount of revenue from the sale of real estate development projects will remain comparable every year. Should there be any reasons that cause the Group to undertake fewer or no new real estate development projects or should there be any delay in the progress of any of the projects in the Group's portfolio, its revenue recognised in a particular year will be adversely affected.

For most of the Group's projects, revenue and profits from the sale of real estate development projects is recognised using the percentage of completion method. Under the percentage of completion method, revenue is recognised by reference to the stage of completion as certified by the independent architects or quantity surveyors for the individual units sold. For certain projects (for example, executive condominium projects), the recognition of revenue and profits is on a completion method.

The Group has no intention of changing its accounting policy in the immediate future. However, if the Group is required to change its accounting policy in relation to revenue and profits recognition from the percentage of completion method to the completion method (arising from changes in the financial reporting standards or otherwise) or if the revenue and profits recognition for most of the Group's projects are on a completion method, the Group's revenue on a year-to-year basis will be more volatile as a result of the different number of completed projects in different financial years.

For the Group's construction business, revenues are generated by way of contracts secured through the competitive process of tenders and there is no guarantee that the Group will be able to secure a tender every time it submits a bid. Therefore, there may be fluctuations in the number and value of projects it undertakes and there is no assurance that it will be able to continuously secure new projects of similar value and volume as the projects undertaken by its construction business are non-recurring. In the event that the Group is not able to continually and consistently secure new projects, its Business may be materially and adversely affected.

The Group is dependent on key management personnel and other skilled personnel

The Group is dependent on the continued services of executive officers and management, as well as other skilled personnel such as project managers and engineers. Having a team of experienced management staff and skilled personnel is critical in fulfilling the Group's contractual obligations and maintaining its relationships with its clients. The Group's continued success depends to a significant extent on its strong management team and skilled personnel. The loss of any of these personnel without timely and suitable replacement, and the inability to attract and retain qualified and experienced personnel may have a material and adverse impact on the Business.

The Group is exposed to the credit risks of its customers

The Group's financial performance and position are dependent, to a certain extent, on the creditworthiness of its customers. If there are any unforeseen circumstances affecting the ability or willingness of the Group's customers to pay the Group, the Group may experience payment delays or non-payment. In any of such events, the Business may be materially and adversely affected.

The Group's insurance coverage may not be adequate

The Group maintains insurance policies covering both its assets and employees. Risks insured include fire and public liability. There are, however, certain types of losses such as from wars, acts of terrorism or acts of God that generally are not insured because they are either uninsurable or not economically insurable. Should an uninsured loss or a loss in excess of insured limits occur or insurers fail to fulfil their obligation for the sum insured, the Group may be required to pay compensation, cover the shortfall for such amounts claimed and/or may lose capital invested in the affected property or equipment, as well as anticipated future returns from such property or equipment. Any such loss could materially and adversely affect the Business.

The Group is subject to risks associated with joint ventures

The Group may have interests in joint ventures in connection with its business plans. Political uncertainties or new governmental regulations such as restrictions on ownership could result in a decline in the Group's investments in these joint ventures or a loss in the Group's ability to influence the management, directors and decisions made by these entities. Additionally, disagreements may occur between the Group and its joint venture partners regarding the business and operations of these entities which may not be resolved amicably, or in a manner that will be in the Group's best interests. The Group's joint venture partners may also have economic or business interests or goals that are inconsistent with those of the Group, take actions contrary to the Group's instructions, requests, policies or objectives, be unable or unwilling to fulfil their obligations, have financial difficulties or have disputes with the Group as to the scope of their responsibilities and obligations. The occurrence of these events may materially and adversely affect the performance of the joint ventures and in turn could have a material and adverse impact on the Business.

Although the Group generally seeks to maintain a sufficient level of control over its projects through ownership of a controlling interest and/or management in order to impose established financial, management and supervisory controls, property investment and development in certain countries in which the Group operates may often involve the participation of local partners in these countries. Joint ventures in these countries may involve specific risks or problems associated with joint venture partners.

Additionally, in light of changes in prevailing economic and/or financial conditions, the Group's joint venture partners (i) may not be able to fulfill their respective contractual obligations with the Group (for example they may default in making payments during future capital calls or capital raising exercises); or (ii) may experience a decline in their creditworthiness. Although joint venture agreements generally contain terms that govern the treatment of such events to the detriment of the defaulting party and the Group would generally seek to enforce its rights as enumerated within these legal agreements, the occurrence of any of these events may materially and adversely affect the performance of the Group's joint ventures, which may in turn materially and adversely affect the Business.

The Issuer is exposed to certain risks because it is a holding company

As a holding company, the level of the Issuer's income and ability to service any debt obligations and to pay dividends may depend upon receipt of dividends and distributions from the Issuer's subsidiaries and equity investments. The payment of dividends by the Issuer's subsidiaries and equity investments is contingent upon many factors, including its earnings and cash flows, and may be subject to legal, contractual and/or tax and accounting requirements in the relevant jurisdiction and other restrictions on the payment of dividends under the terms of certain agreement(s). Any limitation on the amount of dividends which the Issuer may receive as a holding company may materially and adversely affect the Business.

The Group may face risks arising from its indebtedness

The Group, which had total assets of approximately S$704.4 million as at 31 December 2013, had aggregate borrowings of approximately S$308.2 million as at such date, including approximately S$100.4 million which is repayable in one year or less. While the Group has unutilised facilities and funds available for use, there can be no assurance that the Group will be able to refinance its borrowings as it becomes due on commercially reasonable terms, or at all. The Group may be required to meet its funding needs by procuring financing on terms which restrict it in certain ways, including by limiting its ability to pay dividends or requiring it to procure consents before it can pay dividends to holders of shares. Additionally, the Group's level of indebtedness means that a material portion of its expected cash flow may be required to be dedicated to the payment of interest on its indebtedness, thereby reducing the funds available to the Group for use in its general business operations. The Group's level of indebtedness may also restrict its ability to obtain additional financing for capital expenditure, acquisitions or general corporate purposes and may cause it to be particularly vulnerable in the event of a general economic downturn.

The Group's bank facilities contain restrictive covenants that, if not satisfied or waived, could impact the Group's ability to borrow money under these facilities and could result in acceleration of the Group's debt obligations under these facilities that may be outstanding from time to time

The Group's failure to comply with restrictive covenants in the Group's bank facilities could result in an event of default which, if not satisfied or waived, could preclude the Group from borrowing money under one or more of these facilities or may result in the Group being required to repay any borrowings it may have under the Group's facilities. If the Group is unable to borrow under these facilities to finance its operations or if it is unable to refinance borrowings under the Group's facilities that may fall due, the Business may be materially and adversely affected.

If the Group fails to secure or protect its intellectual property rights, competitors may be able to use the Group's technologies, which could weaken the Group's competitive position, reduce the Group's revenue or increase costs

The Group relies on trade secrets and its intellectual property rights for its manufacturing processes. The Group's efforts to protect its intellectual property may not be effective and may be challenged by third parties. In addition, other parties may independently develop similar or competing technologies. The Group competes in industries with rapid development and technological innovation. If the Group fails to protect its proprietary rights adequately, competitors could offer similar products using processes or technologies developed by the Group and thereby potentially harm the Group's competitive position and financial condition.

The Group is exposed to disruption in the global credit markets

The global economic downturn in late 2008 resulted in negative developments in the global financial markets including the failure of a number of financial institutions in the U.S., the downgrading by major international credit rating agencies of credit ratings of some of the European Union member countries and financial institutions and the difficult conditions in the global credit and capital markets. These factors, combined with declining business and consumer confidence and increased unemployment in the U.S., United Kingdom and European Union, resulted in a global economic slowdown. These challenging market conditions gave rise to reduced liquidity, greater volatility, widening of credit spreads, lack of price transparency in credit markets, a reduction in available financing and lack of market confidence. These developments had also resulted in the failure of a number of financial institutions in the U.S. and unprecedented actions by governmental authorities and central banks around the world.

Although the global economy has to some extent recovered from the downturn in late 2008, there is no assurance that such a global economic slowdown may not occur again. Effects of a global economic slowdown on the Group may include decrease in valuations of assets, insolvency of counterparties with whom the Group deals and increase in counterparty risks, delays in projects undertaken, constraints on the Group's ability to raise funds for its businesses and higher financing costs. Accordingly, the foregoing could materially and adversely affect the Business. Furthermore, it is not possible to predict what structural and/or regulatory changes may result from a global economic slowdown or whether such changes may have a material and adverse effect on the Business.

The Group faces legal and regulatory risks in developing markets

The Group operates in some developing markets such as Malaysia, Indonesia and the PRC where the legal and regulatory regimes may be less certain than in more developed markets and may be subject to unforeseen changes. At times, the interpretation or application of laws and regulations may be unclear and the content of applicable laws and regulations may not be immediately available to the public. The legal systems of these countries are evolving and in ways that may not always coincide with market developments, resulting in ambiguities, inconsistencies, and anomalies, and in investment risks that would not exist in more developed legal and judicial systems.

Further, the principles and interpretation of the laws and regulations relating to matters such as corporate governance practices may be unclear and the application and enforcement of such corporate governance practices may be subject to uncertainty and considerable discretion. The lack of certainty in the interpretation, implementation and enforcement of the laws and regulations may affect the Business. Additionally, the rights of shareholders and the responsibilities of the board of directors of companies incorporated in these developing markets may be different from those applicable to a company incorporated in another jurisdiction. The shareholders of such companies may have more difficulty in protecting their interests in connection with actions taken by members of the board of directors or by the major shareholders than they would as shareholders of a company incorporated in another jurisdiction.

Certain other risks associated with the legal systems in these developing markets include (i) the untested nature of judicial independence and the judiciary's insulation from economic, political or nationalistic influences; (ii) inconsistencies between and among laws; (iii) the possibility that laws coming into force in the future may have a retrospective effect; (iv) insufficient funding and staffing of courts compared to levels in developed countries; (v) difficulties in predicting or anticipating future developments in the legal system; (vi) cultural differences and differences in corporate governance practices; and (vii) the relative unfamiliarity of judges and courts with complex commercial or financial transactions.

The financial performance, financial condition and future growth of the Group's operations may be susceptible to changes in the political, economic and social conditions of the countries in which it operates

The Group has operations in Singapore and countries outside Singapore, including Malaysia, Indonesia and the PRC. The Group's overseas operations and Business may be materially and adversely affected by changes in the legal, political, economic and social conditions in those countries where it operates or distributes its products, including but not limited to:

- political unrest and economic instability;
- changes in laws and regulations;
- imposition of restrictions on currency conversion and overseas remittance;
- imposition of restrictions on foreign participation;

- uncertainty related to developing legal and regulatory systems;
- increase in protectionist measures;
- changes in the rate and method of taxation;
- difficulties in enforcing agreements and collecting receivables;
- inadequate local infrastructure and utilities supply;
- difficulties in managing distribution channels; and
- employment and labour issues.

Tax positions which the Group has taken may be challenged and the Group is subject to the risk of changing income tax rates and laws

From time to time, the Group may be subject to various types of tax audits (including routine and special audits) in connection with which tax positions which have been taken may be challenged and overturned. If this were to occur, the Group's tax rates could significantly increase and the Group may be required to pay significant back taxes, interests and/or penalties. The outcome of tax audits cannot be predicted with certainty. If any issues addressed in the Group's tax audits are resolved in a manner not consistent with the Group's expectations, the Group could be required to adjust its provision for income tax in the period such resolution occurs. Any significant proposed adjustments could have a material and adverse effect on the Business.

In addition, a change in tax laws, treaties or regulations, or their interpretation, of any country in which the Group operates could result (including with retrospective effect) in a higher tax rate or have a material impact on the Group's tax exposure. While the Group may seek tax advice or opinions from external advisers from time to time in relation to its operations, there is no assurance that a tax position adopted by the Group (with or without such tax advice or opinion) will not be successfully challenged by the tax authorities in the countries that the Group operates in.

Also, a number of countries in which the Group is located allow for tax holidays or provide other tax incentives to attract and retain business. However, any tax holiday or incentive the Group has could be challenged, modified or even eliminated by taxing authorities or changes in law. In addition, the tax laws and rates in certain jurisdictions in which the Group operates can change with little or no notice, and any such change may even apply retroactively. Any of such changes could adversely affect the Group's effective tax rate and therefore materially and adversely affect the Business.

The Group may be affected by outbreaks of severe communicable diseases, epidemics, acts of God, war and terrorist attacks

The outbreak of communicable diseases in the countries in which the Group operates, if uncontrolled, could have an adverse effect on the overall business sentiments and environment in these countries, which may materially and adversely affect the Business. In addition, in the event of an outbreak of epidemic in these countries, if any of the Group's employees are infected with such diseases, the Business may be materially and adversely affected.

Natural disasters and other acts of God which are beyond the Group's control may adversely affect the economy, infrastructure and livelihood of the people of the countries in which the Group operates. The Business may be materially and adversely affected if such natural disasters occur. War and terrorist attacks may cause damage or disruption to the Group and its employees, facilities and customers, any of which may materially and adversely affect the Business. Furthermore, war or hostility between countries (for example, the current developments involving Russia regarding Ukraine and Crimea) may result in a drop in the value of global stock markets and have a negative impact on the global economy. The above may have a material and adverse impact on the Business.

PURPOSE OF THE PROGRAMME AND USE OF PROCEEDS

The net proceeds arising from the issue of the Notes under the Programme (after deducting issue expenses) will be used for the Group's general corporate purposes, including financing investments, repayment of borrowings, general working capital and capital expenditure requirements of the Issuer and/or its subsidiaries or such other purposes as may be specified in the relevant Pricing Supplement.

CLEARING AND SETTLEMENT

Clearance and Settlement under the Depository System

In respect of Notes which are accepted for clearance by CDP in Singapore, clearance will be effected through an electronic book-entry clearance and settlement system for the trading of debt securities ("**Depository System**") maintained by CDP. Notes that are to be listed on the SGX-ST may be cleared through CDP.

CDP, a wholly-owned subsidiary of Singapore Exchange Limited, is incorporated under the laws of Singapore and acts as a depository and clearing organisation. CDP holds securities for its accountholders and facilitates the clearance and settlement of securities transactions between accountholders through electronic book-entry changes in the securities accounts maintained by such accountholders with CDP.

In respect of Notes which are accepted for clearance by CDP, the entire issue of the Notes is to be held by CDP in the form of a Global Note for persons holding the Notes in securities accounts with CDP ("**Depositors**"). Delivery and transfer of Notes between Depositors is by electronic book-entries in the records of CDP only, as reflected in the securities accounts of Depositors. Although CDP encourages settlement on the third business day following the trade date of debt securities, market participants may mutually agree on a different settlement period if necessary.

Settlement of over-the-counter trades in the Notes through the Depository System may only be effected through certain corporate depositors ("**Depository Agents**") approved by CDP under the Companies Act to maintain securities sub-accounts and to hold the Notes in such securities sub-accounts for themselves and their clients. Accordingly, Notes for which trade settlement is to be effected through the Depository System must be held in securities sub-accounts with Depository Agents. Depositors holding the Notes in direct securities accounts with CDP, and who wish to trade Notes through the Depository System, must transfer the Notes to be traded from such direct securities accounts to a securities sub-account with a Depository Agent for trade settlement.

CDP is not involved in money settlement between Depository Agents (or any other persons) as CDP is not a counterparty in the settlement of trades of debt securities. However, CDP will make payment of interest and repayment of principal on behalf of issuers of debt securities.

Although CDP has established procedures to facilitate transfer of interests in the Notes in global form among Depositors, it is under no obligation to perform or continue to perform such procedures, and such procedures may be discontinued at any time. None of the Issuer, the Issuing and Paying Agent or any other agent will have the responsibility for the performance by CDP of its obligations under the rules and procedures governing its operations.

Clearance and Settlement under Euroclear and/or Clearstream, Luxembourg

Euroclear and Clearstream, Luxembourg each holds securities for participating organisations and facilitates the clearance and settlement of securities transactions between their respective participants through electronic book-entry changes in the accounts of such participants, thereby eliminating the need for physical movements of certificates and any risks from lack of simultaneous transfer. Euroclear and Clearstream, Luxembourg provide to their respective participants, among other things, services for safekeeping, administration, clearance and settlement of internationally-traded securities and securities lending and borrowing. Euroclear and Clearstream, Luxembourg each also deals with domestic securities markets in several countries through established depository and custodial relationships. The respective systems of Euroclear and Clearstream, Luxembourg have established an electronic bridge between their two systems which enables their respective participants to settle trades with one another. Euroclear and Clearstream, Luxembourg participants are financial institutions throughout the world, including underwriters, securities brokers and dealers, banks, trust companies, clearing corporations and certain other organisations. Indirect access to Euroclear or Clearstream, Luxembourg is also available to other financial institutions, such as banks, brokers, dealers and trust companies which clear through or maintain a custodial relationship with a Euroclear or Clearstream, Luxembourg participant, either directly or indirectly.

A participant's overall contractual relations with either Euroclear or Clearstream, Luxembourg are governed by the respective rules and operating procedures of Euroclear or Clearstream, Luxembourg and any applicable laws. Both Euroclear and Clearstream, Luxembourg act under those rules and operating procedures only on behalf of their respective participants, and have no record of, or relationship with, persons holding any interests through their respective participants. Distributions of principal with respect to book-entry interests in the Notes held through Euroclear or Clearstream, Luxembourg will be credited, to the extent received by the Issuing and Paying Agent or, as the case may be, the Non-CDP Paying Agent, to the cash accounts of the relevant Euroclear or Clearstream, Luxembourg participants in accordance with the relevant system's rules and procedures.

SINGAPORE TAXATION

The statements below are general in nature and are based on certain aspects of current tax laws in Singapore and administrative guidelines and circulars issued by MAS in force as at the date of this Information Memorandum and are subject to any changes in such laws, administrative guidelines or circulars, or the interpretation of those laws, guidelines or circulars, occurring after such date, which changes could be made on a retroactive basis. These laws, guidelines and circulars are also subject to various interpretations and the relevant tax authorities or the courts could later disagree with the explanations or conclusions set out below. Neither these statements nor any other statements in this Information Memorandum are intended or are to be regarded as advice on the tax position of any holder of the Notes or of any person acquiring, selling or otherwise dealing with the Notes or on any tax implications arising from the acquisition, sale or other dealings in respect of the Notes. The statements made herein do not purport to be a comprehensive or exhaustive description of all the tax considerations that may be relevant to a decision to subscribe for, purchase, own or dispose of the Notes and do not purport to deal with the tax consequences applicable to all categories of investors, some of which (such as dealers in securities or financial institutions in Singapore which have been granted the relevant Financial Sector Incentive(s)) may be subject to special rules or tax rates. Prospective holders of the Notes are advised to consult their own professional tax advisers as to the Singapore or other tax consequences of the acquisition, ownership of or disposal of the Notes, including, in particular, the effect of any foreign, state or local tax laws to which they are subject. It is emphasised that none of the Issuer, the Arranger and any other persons involved in the Programme accepts responsibility for any tax effects or liabilities resulting from the subscription for, purchase, holding or disposal of the Notes.

1. Interest and Other Payments

Subject to the following paragraphs, under Section 12(6) of the ITA, the following payments are deemed to be derived from Singapore:

(a) any interest, commission, fee or any other payment in connection with any loan or indebtedness or with any arrangement, management, guarantee, or service relating to any loan or indebtedness which is (i) borne, directly or indirectly, by a person resident in Singapore or a permanent establishment in Singapore (except in respect of any business carried on outside Singapore through a permanent establishment outside Singapore or any immovable property situated outside Singapore) or (ii) deductible against any income accruing in or derived from Singapore; or

(b) any income derived from loans where the funds provided by such loans are brought into or used in Singapore.

Such payments, where made to a person not known to the paying party to be a resident in Singapore for tax purposes, are generally subject to withholding tax in Singapore. The rate at which tax is to be withheld for such payments (other than those subject to the 15.0 per cent. final withholding tax described below) to non-resident persons (other than non-resident individuals) is currently 17.0 per cent. The applicable rate for non-resident individuals is currently 20.0 per cent. However, if the payment is derived by a person not resident in Singapore otherwise than from any trade, business, profession or vocation carried on or exercised by such person in Singapore and is not effectively connected with any permanent establishment in Singapore of that person, the payment is subject to a final withholding tax of 15.0 per cent. The rate of 15.0 per cent. may be reduced by applicable tax treaties.

However, certain Singapore-sourced investment income derived by individuals from financial instruments is exempt from tax, including:

(a) interest from debt securities derived on or after 1 January 2004;

(b) discount income (not including discount income arising from secondary trading) from debt securities derived on or after 17 February 2006; and

(c) prepayment fee, redemption premium and break cost from debt securities derived on or after 15 February 2007, except where such income is derived through a partnership in Singapore or is derived from the carrying on of a trade, business or profession.

In addition, as the Programme as a whole is arranged by The Hongkong and Shanghai Banking Corporation Limited, Singapore Branch, which is a Financial Sector Incentive (Bond Market) Company, Financial Sector Incentive (Standard Tier) Company or Financial Sector Incentive (Capital Market) Company (as defined in the ITA), any tranche of the Notes (the "**Relevant Notes**") issued as debt securities under the Programme during the period from the date of this Information Memorandum to 31 December 2018 would be, pursuant to the ITA and the MAS Circular FSD Cir 02/2013 entitled "Extension and Refinement of Tax Concessions for Promoting the Debt Market" issued by MAS on 28 June 2013 (the "**MAS Circular**"), qualifying debt securities ("**QDS**") for the purposes of the ITA, to which the following treatment shall apply:

(i) subject to certain prescribed conditions having been fulfilled (including the furnishing of a return on debt securities for the Relevant Notes in the prescribed format within such period as the relevant authorities may specify and such other particulars in connection with the Relevant Notes as the relevant authorities may require to MAS and such other relevant authorities as may be prescribed, and the inclusion by the Issuer in all offering documents relating to the Relevant Notes of a statement to the effect that where interest, discount income, prepayment fee, redemption premium or break cost from the Relevant Notes is derived by a person who is not resident in Singapore and who carries on any operation in Singapore through a permanent establishment in Singapore, the tax exemption for qualifying debt securities shall not apply if the non-resident person acquires the Relevant Notes using funds from that person's operations through the Singapore permanent establishment), interest, discount income (not including discount income arising from secondary trading), prepayment fee, redemption premium and break cost (collectively, the "**Qualifying Income**") from the Relevant Notes derived by a holder who is not resident in Singapore and who (aa) does not have any permanent establishment in Singapore or (bb) carries on any operation in Singapore through a permanent establishment in Singapore but the funds used by that person to acquire the Relevant Notes are not obtained from such person's operation through a permanent establishment in Singapore, are exempt from Singapore tax;

(ii) subject to certain conditions having been fulfilled (including the furnishing of a return on debt securities for the Relevant Notes in the prescribed format within such period as the relevant authorities may specify and such other particulars in connection with the Relevant Notes as the relevant authorities may require to MAS and such other relevant authorities as may be prescribed), Qualifying Income from the Relevant Notes derived by any company or body of persons (as defined in the ITA) in Singapore is subject to income tax at a concessionary rate of 10.0 per cent. (except for holders of the relevant Financial Sector Incentive(s) who may be taxed at different rates); and

(iii) subject to:

    (aa) the Issuer including in all offering documents relating to the Relevant Notes a statement to the effect that any person whose interest, discount income, prepayment fee, redemption premium or break cost derived from the Relevant Notes is not exempt from tax shall include such income in a return of income made under the ITA; and

    (bb) the furnishing to MAS and such other relevant authorities as may be prescribed of a return on debt securities for the Relevant Notes in the prescribed format within such period as the relevant authorities may specify and such other particulars in connection with the Relevant Notes as the relevant authorities may require,

    payments of Qualifying Income derived from the Relevant Notes are not subject to withholding of tax by the Issuer.

Notwithstanding the foregoing:

(A) if during the primary launch of any tranche of Relevant Notes, the Relevant Notes of such tranche are issued to fewer than four persons and 50.0 per cent. or more of the issue of such Relevant Notes is beneficially held or funded, directly or indirectly, by related parties of the Issuer, such Relevant Notes would not qualify as QDS; and

(B) even though a particular tranche of Relevant Notes are QDS, if, at any time during the tenure of such tranche of Relevant Notes, 50.0 per cent. or more of the issue of such Relevant Notes is held beneficially or funded, directly or indirectly, by any related party(ies) of the Issuer, Qualifying Income derived from such Relevant Notes held by:

(i) any related party of the Issuer; or

(ii) any other person where the funds used by such person to acquire such Relevant Notes are obtained, directly or indirectly, from any related party of the Issuer,

shall not be eligible for the tax exemption or concessionary rate of tax as described above.

The term "**related party**", in relation to a person, means any other person who, directly or indirectly, controls that person, or is controlled, directly or indirectly, by that person, or where he and that other person, directly or indirectly, are under the control of a common person.

The terms "**prepayment fee**", "**redemption premium**" and "**break cost**" are defined in the ITA as follows:

"prepayment fee", in relation to debt securities and qualifying debt securities, means any fee payable by the issuer of the securities on the early redemption of the securities, the amount of which is determined by the terms of the issuance of the securities;

"redemption premium", in relation to debt securities and qualifying debt securities, means any premium payable by the issuer of the securities on the redemption of the securities upon their maturity; and

"break cost", in relation to debt securities and qualifying debt securities, means any fee payable by the issuer of the securities on the early redemption of the securities, the amount of which is determined by any loss or liability incurred by the holder of the securities in connection with such redemption.

References to "prepayment fee", "redemption premium" and "break cost" in this Singapore tax disclosure have the same meaning as defined in the ITA.

Where interest, discount income, prepayment fee, redemption premium or break cost (i.e. the Qualifying Income) is derived from the Relevant Notes by any person who is not resident in Singapore and who carries on any operations in Singapore through a permanent establishment in Singapore, the tax exemption available for QDS under the ITA (as mentioned above) shall not apply if such person acquires such Relevant Notes using the funds and profits of such person's operations through a permanent establishment in Singapore. Any person whose interest, discount income, prepayment fee, redemption premium or break cost (i.e. the Qualifying Income) derived from the Relevant Notes is not exempt from tax (including for the reasons described above) shall include such income in a return of income made under the ITA.

Notwithstanding that the Issuer is permitted to make payments of interest, discount income, prepayment fee, redemption premium and break cost (i.e. the Qualifying Income) in respect of the Relevant Notes without deduction or withholding for tax under Section 45 or Section 45A of the ITA, any person whose interest, discount income, prepayment fee, redemption premium or break cost (i.e. the Qualifying Income) derived from the Relevant Notes is not exempt from tax (including for the reasons described above) shall include such income in a return of income made under the ITA.

Under the Qualifying Debt Securities Plus Scheme ("**QDS Plus Scheme**"), subject to certain conditions having been fulfilled (including the submission of a return on debt securities in respect of the QDS in the prescribed format within such period as the relevant authorities may specify and such other particulars in connection with the QDS as the relevant authorities may require to MAS and such other relevant authorities as may be prescribed), income tax exemption is granted on Qualifying Income derived by any investor from QDS (excluding Singapore Government Securities) which:

(a) are issued during the period from 16 February 2008 to 31 December 2018;

(b) have an original maturity of not less than 10 years;

(c) cannot be redeemed, called, exchanged or converted within 10 years from the date of their issue; and

(d) cannot be re-opened with a resulting tenure of less than 10 years to the original maturity date.

However, even if a particular tranche of the Relevant Notes are QDS which qualify under the QDS Plus Scheme, if, at any time during the tenure of such tranche of Relevant Notes, 50.0 per cent. or more of the issue of such Relevant Notes is beneficially held or funded, directly or indirectly, by any related party(ies) of the Issuer, Qualifying Income from such Relevant Notes derived by:

(aa) any related party of the Issuer; or

(bb) any other person where the funds used by such person to acquire such Relevant Notes are obtained, directly or indirectly, from any related party of the Issuer,

shall not be eligible for the tax exemption under the QDS Plus Scheme as described above.

The MAS Circular states that, with effect from 28 June 2013, the QDS Plus Scheme will be refined to allow QDS with certain standard early termination clauses (as prescribed in the MAS Circular) to qualify for the QDS Plus Scheme at the point of issuance of such debt securities. MAS has also clarified that if such debt securities are subsequently redeemed prematurely pursuant to such standard early termination clauses before the 10th year from the date of issuance of such debt securities, the tax exemption granted under the QDS Plus Scheme to Qualifying Income accrued prior to such redemption will not be clawed back. Under such circumstances, the QDS Plus status of such debt securities will be revoked prospectively for such outstanding debt securities (if any), and holders thereof may still enjoy the tax benefits under the QDS Scheme if the QDS conditions continue to be met.

MAS has stated that, notwithstanding the above, QDS with embedded options with economic value (such as call, put, conversion or exchange options which can be triggered at specified prices or dates and are built into the pricing of such debt securities at the onset) which can be exercised within ten years from the date of issuance of such debt securities will continue to be excluded from the QDS Plus Scheme from such date of issuance.

2. Capital Gains

Any gains considered to be in the nature of capital made from the sale of the Notes will not be taxable in Singapore. However, any gains derived by any person from the sale of the Notes which are gains from any trade, business, profession or vocation carried on by that person, if accruing in or derived from Singapore, may be taxable as such gains are considered revenue in nature.

Holders of the Notes who apply or who are required to apply Singapore Financial Reporting Standard 39 ("**FRS 39**") may, for Singapore income tax purposes, be required to recognise gains or losses (not being gains or losses in the nature of capital) on the Notes, irrespective of disposal, in accordance with FRS 39. Please see the section below on "Adoption of FRS 39 Treatment for Singapore Income Tax Purposes".

3. Adoption of FRS 39 Treatment for Singapore Income Tax Purposes

The Inland Revenue Authority of Singapore has issued a circular entitled "Income Tax Implications Arising from the Adoption of FRS 39 - Financial Instruments: Recognition and Measurement" (the "**FRS 39 Circular**"). The ITA has since been amended to give effect to the FRS 39 Circular.

The FRS 39 Circular generally applies, subject to certain "opt-out" provisions, to taxpayers who are required to comply with FRS 39 for financial reporting purposes.

Holders of the Notes who may be subject to the tax treatment under the FRS 39 Circular should consult their own accounting and tax advisers regarding the Singapore income tax consequences of their acquisition, holding or disposal of the Notes.

4. Estate Duty

Singapore estate duty has been abolished with respect to all deaths occurring on or after 15 February 2008.

SUBSCRIPTION, PURCHASE AND DISTRIBUTION

The Programme Agreement provides for Notes to be offered from time to time through one or more Dealers. The price at which a Series or Tranche will be issued will be determined prior to its issue between the Issuer and the relevant Dealer(s). The Issuer may also from time to time agree with the relevant Dealer(s) that the Issuer may pay certain third party commissions including, without limitation, rebates to private bank investors in the Notes. The obligations of the Dealers under the Programme Agreement will be subject to certain conditions set out in the Programme Agreement. Each Dealer (acting as principal) will subscribe, or procure subscribers, for Notes from the Issuer pursuant to the Programme Agreement.

United States

The Notes have not been and will not be registered under the Securities Act, and the Notes may not be offered or sold within the United States or to, or for the account or benefit of, U.S. persons except in certain transactions exempt from the registration requirements of the Securities Act. Terms used in this section have the meanings given to them by Regulation S under the Securities Act ("**Regulation S**").

The Notes are subject to U.S. tax law requirements and may not be offered, sold or delivered within the United States or its possessions or to a United States person, except in certain transactions permitted by U.S. tax regulations. Terms used in this paragraph have the meanings given to them by the U.S. Internal Revenue Code of 1986, as amended, and regulations thereunder.

Each Dealer has agreed that, and each further Dealer appointed under the Programme will be required to agree that, except as permitted by the Programme Agreement, it will not offer, sell or deliver the Notes, (i) as part of their distribution at any time or (ii) otherwise until 40 days after the completion of the distribution of an identifiable tranche of which such Notes are a part, as determined and certified to the Issuing and Paying Agent by such Dealer (or, in the case of an identifiable tranche of Notes sold to or through more than one Dealer, by each of such Dealers with respect to Notes of an identifiable tranche purchased by or through it, in which case the Issuing and Paying Agent shall notify such Dealer when all such Dealers have so certified), within the United States or to, or for the account or benefit of, U.S. persons, and it will have sent to each Dealer to which it sells Notes during the distribution compliance period a confirmation or other notice setting out the restrictions on offers and sales of the Notes within the United States or to, or for the account or benefit of, U.S. persons.

In addition, until 40 days after the commencement of the offering of any identifiable tranche of Notes, an offer or sale of Notes within the United States by any dealer that is not participating in the offering of such Notes may violate the registration requirements of the Securities Act.

Hong Kong

Each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that:

(i) it has not offered or sold and will not offer or sell in Hong Kong, by means of any document, any Notes other than (a) to "professional investors" as defined in the Securities and Futures Ordinance (Cap. 571) of Hong Kong and any rules made under that Ordinance; or (b) in other circumstances which do not result in the document being a "prospectus" as defined in the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Cap. 32) of Hong Kong or which do not constitute an offer to the public within the meaning of that Ordinance; and

(ii) it has not issued or had in its possession for the purposes of issue, and will not issue or have in its possession for the purposes of issue, whether in Hong Kong or elsewhere, any advertisement, invitation or document relating to the Notes, which is directed at, or the contents of which are likely to be accessed or read by, the public of Hong Kong (except if permitted to do so under the securities laws of Hong Kong) other than with respect to Notes which are or are intended to be disposed of only to persons outside Hong Kong or only to "professional investors" as defined in the Securities and Futures Ordinance (Cap. 571) of Hong Kong and any rules made under that Ordinance.

Singapore

Each Dealer has acknowledged that this Information Memorandum has not been registered as a prospectus with the MAS. Accordingly, each Dealer has represented, warranted and agreed that it has not offered or sold any Notes or caused the Notes to be made the subject of an invitation for subscription or purchase and will not offer or sell any Notes or cause the Notes to be made the subject of an invitation for subscription or purchase, and has not circulated or distributed, nor will it circulate or distribute, this Information Memorandum or any other document or material in connection with the offer or sale, or invitation for subscription or purchase, of the Notes, whether directly or indirectly, to persons in Singapore other than (i) to an institutional investor under Section 274 of the SFA, (ii) to a relevant person pursuant to Section 275(1), or to any person pursuant to Section 275(1A), and in accordance with the conditions specified in Section 275, of the SFA or (iii) otherwise pursuant to, and in accordance with the conditions of, any other applicable provision of the SFA.

General

Each Dealer has agreed that it will comply with all applicable securities laws, regulations and directives in each jurisdiction in which it subscribes for, purchases, offers, sells or delivers Notes or any interest therein or rights in respect thereof or has in its possession or distributes, this Information Memorandum or any other document or any Pricing Supplement. No Dealer will directly or indirectly offer, sell or deliver Notes or any interest therein or rights in respect thereof or distribute or publish any prospectus, circular, advertisement or other offering material (including, without limitation, this Information Memorandum) in any country or jurisdiction except under circumstances that will result in compliance with any applicable laws and regulations, and all offers, sales and deliveries of Notes or any interest therein or rights in respect thereof by it will be made on the foregoing terms.

Any person who may be in doubt as to the restrictions set out in the SFA or the laws, regulations and directives in each jurisdiction in which it subscribes for, purchases, offers, sells or delivers the Notes or any interest therein or rights in respect thereof and the consequences arising from a contravention thereof should consult his own professional adviser(s) and should make his own inquiries as to the laws, regulations and directives in force or applicable in any particular jurisdiction at any relevant time.

GENERAL AND OTHER INFORMATION

INFORMATION ON DIRECTORS

1. The name and position of each of the Directors are set out below:

Name	Position
Koh Tiat Meng	Executive Chairman
Koh Teak Huat	Executive Deputy Chairman
Koh Keng Siang	Managing Director and Group Chief Executive Officer
Koh Keng Hiong	Executive Director and Deputy Chief Executive Officer (Real Estate and Leisure and Hospitality divisions)
Quek Chee Nee	Non-Executive and Non-Independent Director
Lee Khoon Choy	Lead Independent Director
Ling Teck Luke	Independent Director
Lai Mun Onn	Independent Director
Gn Hiang Meng	Independent Director

2. Save as disclosed below, the Directors are not related by blood or marriage to one another nor are they related to any substantial shareholder of the Issuer:

   (a) Mr Koh Tiat Meng and Mr Koh Teak Huat are siblings;

   (b) Madam Quek Chee Nee is the spouse of Mr Koh Tiat Meng; and

   (c) Mr Koh Keng Siang and Mr Koh Keng Hiong are siblings and are the children of Mr Koh Tiat Meng and Madam Quek Chee Nee.

3. No Director of the Issuer is or was involved in any of the following events:

   (a) a petition under any bankruptcy laws filed in any jurisdiction against such person or any partnership in which he was a partner or any corporation of which he was a director or an executive officer;

   (b) a conviction of any offence, other than a traffic offence, or judgment, including findings in relation to fraud, misrepresentation or dishonesty, given against him in any civil proceedings in Singapore or elsewhere, or being a named subject to any pending proceedings which may lead to such a conviction or judgment, or so far as such person is aware, any criminal investigation pending against him; or

   (c) the subject of any order, judgment or ruling of any court of competent jurisdiction, tribunal or government body, permanently or temporarily enjoining him from acting as an investment adviser, dealer in securities, director or employee of a financial institution and engaging in any type of business practice or activity.

4. As at the date of this Information Memorandum, there is no outstanding option to subscribe for shares in the Issuer by any Director or employees of the Group.

5. The interests of the Directors and the substantial shareholders of the Issuer in the Shares as at the Latest Practicable Date are as follows:

Directors

	Direct Interest		Deemed Interest	
	Number of Shares	**%[1]**	**Number of Shares**	**%[1]**
Koh Tiat Meng[2]	61,308,654	13.89	-	-
Koh Teak Huat[2]	32,213,088	7.30	325,000[3]	0.07
Koh Keng Siang[2]	62,422,535	14.14	27,420,000[4]	6.21
Koh Keng Hiong[2]	30,260,100	6.86	25,010,000[5]	5.67
Quek Chee Nee[2]	25,896,814	5.87	-	-
Lee Khoon Choy	-	-	-	-
Ling Teck Luke	200,000	0.05	-	-
Lai Mun Onn	100,000	0.02	-	-
Gn Hiang Meng	-	-	-	-

Notes:

(1) Based on the issued share capital of 441,430,400 Shares (excluding 25,045,000 Shares being held as treasury shares by the Issuer) as at the Latest Practicable Date.

(2) Mr Koh Tiat Meng and Mr Koh Teak Huat are brothers. Mr Koh Keng Siang and Mr Koh Keng Hiong are the sons of Mr Koh Tiat Meng and Madam 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 wife, Madam Quek Siew Lang.

(4) Mr Koh Keng Siang is deemed interested in (i) 20,000 Shares held by his wife, Madam 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 wife, Madam 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.

Substantial Shareholders

	Direct Interest		Deemed Interest	
	Number of Shares	**%[1]**	**Number of Shares**	**%[1]**
Koh Tiat Meng	61,308,654	13.89	-	-
Koh Teak Huat	32,213,088	7.30	325,000[2]	0.07
Koh Keng Siang	62,422,535	14.14	27,420,000[3]	6.21
Koh Keng Hiong	30,260,100	6.86	25,010,000[4]	5.67
Quek Chee Nee	25,896,814	5.87	-	-

Notes:

(1) Based on the issued share capital of 441,430,400 Shares (excluding 25,045,000 Shares being held as treasury shares by the Issuer) as at the Latest Practicable Date.

(2) Mr Koh Teak Huat is deemed interested in the Shares held by his wife, Madam Quek Siew Lang.

(3) Mr Koh Keng Siang is deemed interested in (i) 20,000 Shares held by his wife, Madam 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.

(4) Mr Koh Keng Hiong is deemed interested in (i) 10,000 Shares held by his wife, Madam 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.

6. As announced by the Issuer on 12 May 2014, the Issuer has received notification that there are share pledging arrangements in favour of financial institutions in respect of (i) the deemed interest of Mr Koh Keng Siang in Mr Koh Tiat Meng's 27,400,000 Shares and (ii) the deemed interest of Mr Koh Keng Hiong in Mr Koh Tiat Meng's 25,000,000 Shares.

SHARE CAPITAL

7. As at the date of this Information Memorandum, there is only one class of ordinary shares in the Issuer. The rights and privileges attached to the Shares are stated in the Articles of Association of the Issuer.

8. No shares of the Issuer have been issued, as fully or partly paid up, for cash or for a consideration other than cash, within the two years preceding the date of this Information Memorandum.

9. The issued share capital of the Issuer as at the Latest Practicable Date is as follows:

Share Designation	**Issued Share Capital**	
	Number of Shares	**Amount**
Ordinary Shares	466,475,400[(1)]	S$45,320,629.73

Note:

(1) Including 25,045,000 shares being held as treasury shares by the Issuer.

BORROWINGS

10. Save as disclosed in Appendix II, the Group had as at 31 December 2013 no other borrowings or indebtedness in the nature of borrowings including bank overdrafts and liabilities under acceptances (other than normal trading bills) or acceptance credits, mortgages, charges, hire purchase commitments, guarantees or other material contingent liabilities.

WORKING CAPITAL

11. The Directors are of the opinion that, after taking into account the present banking facilities and the net proceeds of the issue of the Notes, the Issuer will have adequate working capital for its present requirements.

CHANGES IN ACCOUNTING POLICIES

12. Save as set out below and elsewhere in this Information Memorandum, there has been no significant change in the accounting policies of the Issuer since its audited consolidated financial statements for the financial year ended 31 December 2013.

    As of 1 January 2014, the Group has adopted the equity-accounting method under FRS 111 in its accounting treatment of Canberra Development Pte Ltd, Buildhome Pte Ltd and Phileap Pte. Ltd., which are joint venture companies in which the Group has shareholding interests. Previously, the Group proportionally consolidated these entities in its financial statements. Upon the adoption of FRS 111, the Group regards the aggregate of the carrying amounts of the proportionately-consolidated assets and liabilities (including any goodwill arising from acquisitions) as its equity-accounted investment in joint ventures.

LITIGATION

13. There are no legal or arbitration proceedings pending or, to the best of the Issuer's knowledge and belief having made reasonable enquiries, threatened against the Issuer or any of its subsidiaries the outcome of which may have or have had during the 12 months prior to the date of this Information Memorandum a material adverse effect on the financial position of the Issuer or the Group taken as a whole.

MATERIAL ADVERSE CHANGE

14. Save as disclosed in this Information Memorandum, there has been no material adverse change in the financial condition or business of the Issuer or the Group taken as a whole since 31 December 2013.

CONSENTS

15. PricewaterhouseCoopers LLP has given and has not withdrawn its written consent to the issue of this Information Memorandum with the references herein to its name and, where applicable, reports in the form and context in which they appear in this Information Memorandum.

INFORMATION TO TRUSTEE

16. Under the Trust Deed, the Trustee shall not (unless ordered to do so by a court of competent jurisdiction in which case the Issuer shall be notified as soon as practicable of the receipt of such order by the Trustee) be required to disclose to any Noteholder or Couponholder any confidential, financial, price sensitive or other information made available to the Trustee by the Issuer or its subsidiaries in connection with any of the Issue Documents (as defined in the Trust Deed) and no Noteholder or Couponholder shall be entitled to take any legal action to obtain from the Trustee any such information.

DOCUMENTS AVAILABLE FOR INSPECTION

17. Copies of the following documents may be inspected at the registered office of the Issuer at 11 Lorong Pendek, Koh Brothers Building, Singapore 348639 during normal business hours for a period of six months from the date of this Information Memorandum:

    (a) the Memorandum and Articles of Association of the Issuer;

    (b) the Trust Deed;

    (c) the letter of consent referred to in paragraph 15 above;

    (d) the audited consolidated financial statements of the Issuer and its subsidiaries for the financial years ended 31 December 2011, 31 December 2012 and 31 December 2013; and

    (e) the unaudited consolidated first quarter and three months financial statements of the Issuer and its subsidiaries for the financial period ended 31 March 2014.

FUNCTIONS, RIGHTS AND OBLIGATIONS OF THE TRUSTEE

18. The functions, rights and obligations of the Trustee are set out in the Trust Deed.

AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF KOH BROTHERS GROUP LIMITED AND ITS SUBSIDIARIES FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2013

The information in this Appendix II has been reproduced from the annual report of Koh Brothers Group Limited for the financial year ended 31 December 2013 and has not been specifically prepared for inclusion in this Information Memorandum. Investors should read the consolidated financial data in conjunction with the related notes.

KOH BROTHERS GROUP LIMITED
(Incorporated in Singapore. Registration Number: 199400775D)
AND ITS SUBSIDIARIES

ANNUAL REPORT
For the financial year ended 31 December 2013

KOH BROTHERS GROUP LIMITED
(Incorporated in Singapore)
AND ITS SUBSIDIARIES

ANNUAL REPORT
For the financial year ended 31 December 2013

Contents

DIRECTORS' REPORT

For the financial year ended 31 December 2013

The directors present their report to the members together with the audited financial statements of the Group for the financial year ended 31 December 2013 and the balance sheet of the Company as at 31 December 2013.

1. Directors

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

Mr Koh Tiat Meng
Mr Koh Teak Huat
Mr Koh Keng Siang
Mr Koh Keng Hiong
Mdm Quek Chee Nee
Mr Lee Khoon Choy
Mr Lai Mun Onn
Mr Ling Teck Luke
Mr Gn Hiang Meng

2. 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 in paragraph 3 of this report.

3. 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 2014 had any interest in the shares or debentures of the Company or its related corporations, except as follows:

	Holdings registered in name of director or nominee			Holdings in which a director is deemed to have an interest		
	At 21.1.2014	At 31.12.2013	At 1.1.2013	**At 21.1.2014**	At 31.12.2013	At 1.1.2013
Company						
(Ordinary shares)						
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	**325,000**	325,000	325,000
Mr Koh Keng Siang	**62,422,535**	62,422,535	62,422,535	**20,000**	20,000	20,000
Mr Koh Keng Hiong	**30,260,100**	30,260,100	30,260,100	**10,000**	10,000	10,000
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	**-**	-	-

4. Directors' contractual benefits

Since the end of the previous financial year, no director has received or become entitled to receive a benefit by reason of a contract made by the Company or a related corporation with the director or with a firm of which he is a member or with a company in which he has a substantial financial interest, except as disclosed in the accompanying financial statements and in this report.

5. 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.

6. Audit and Risk Committee

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

Mr Lee Khoon Choy (Chairman)
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

DIRECTORS' REPORT
For the financial year ended 31 December 2013

6. **Audit and Risk Committee** (continued)

- the balance sheet of the Company and the consolidated financial statements of the Group for the financial year ended 31 December 2013 before their submission to the Board of Directors, as well as the Independent Auditor's Report on the balance sheet of the Company and the consolidated financial statements of the Group.

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.

7. **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

25 March 2014

STATEMENT BY DIRECTORS
For the financial year ended 31 December 2013

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 6 to 89 are drawn up so as to give a true and fair view of the state of affairs of the Company and of the Group as at 31 December 2013 and of the results of the business, changes in equity and cash flows of the Group for the financial year then ended; 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.

On behalf of the directors

Koh Keng Siang
Director

Koh Keng Hiong
Director

25 March 2014

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 6 to 89, which comprise the consolidated balance sheet of the Group and balance sheet of the Company as at 31 December 2013, 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 profit and loss accounts and balance sheets 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 state of affairs of the Group and of the Company as at 31 December 2013, and of the results, 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 subsidiaries 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, 25 March 2014

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the financial year ended 31 December 2013

	Note	Group 2013 S$'000	Group 2012 S$'000
Sales	4	**371,162**	299,546
Cost of sales	6	**(321,630)**	(249,416)
Gross profit		**49,532**	50,130
Other gains - net	5	**3,117**	4,359
Expenses			
- Distribution and marketing	6	**(1,830)**	(10,528)
- Administrative	6	**(22,423)**	(18,020)
- Finance	8	**(2,290)**	(2,640)
- Other	6	**(734)**	(991)
Share of profit of associated companies	20	**213**	300
Profit before income tax		**25,585**	22,610
Income tax expense	9(a)	**(3,160)**	(2,880)
Profit after income tax		**22,425**	19,730
Other comprehensive income, net of tax:			
Items that may be reclassified subsequently to profit or loss:			
Exchange differences on translating foreign operations	30(d)	**133**	(147)
Total comprehensive income		**22,558**	19,583
Profit attributable to:			
Equity holders of the Company		**21,330**	19,650
Non-controlling interests		**1,095**	80
		22,425	19,730
Total comprehensive income attributable to:			
Equity holders of the Company		**21,812**	19,483
Non-controlling interests		**746**	100
		22,558	19,583
Earnings per share for profit attributable to equity holders of the Company:			
- Basic earnings per share (in cents)	10	**4.67**	4.23
- Diluted earnings per share (in cents)	10	**4.67**	4.23

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

BALANCE SHEETS
As at 31 December 2013

	Note	Group 2013	Group 2012	Company 2013	Company 2012
		S$'000	S$'000	**S$'000**	S$'000
ASSETS					
Current assets					
Cash and cash equivalents	11	**43,165**	53,981	**464**	863
Financial assets, at fair value through profit or loss	12	**159**	176	**1,149**	-
Trade receivables	13	**77,580**	69,556	**-**	-
Due from customers on construction contracts	14	**12,873**	7,047	**-**	-
Amounts due from subsidiaries	15	**-**	-	**9,379**	6,863
Amounts due from associated companies	16	**15**	7	**-**	-
Inventories	17	**12,577**	12,526	**-**	-
Development properties	18	**239,353**	268,098	**-**	-
Other current assets	19	**16,339**	14,420	**-**	-
		402,061	425,811	**10,992**	7,726
Non-current assets					
Trade receivables	13	**466**	745	**-**	-
Amounts due from subsidiaries	15	**-**	-	**2,405**	2,405
Investments in associated companies	20	**1,510**	800	**-**	-
Investment in subsidiaries	15	**-**	-	**91,015**	84,469
Investment properties	22	**208,225**	204,161	**-**	-
Property, plant and equipment	23	**87,065**	60,019	**-**	-
Goodwill	24	**5,078**	-	**-**	-
		302,344	265,725	**93,420**	86,874
Total assets		**704,405**	691,536	**104,412**	94,600
LIABILITIES					
Current liabilities					
Trade payables	25	**65,820**	56,365	**-**	-
Other liabilities	26	**42,281**	39,298	**610**	622
Due to customers on construction contracts	14	**42,935**	34,619	**-**	-
Amounts due to subsidiaries	15	**-**	-	**3,040**	2,819
Amounts due to associated companies	16	**949**	1,005	**-**	-
Current income tax liabilities	9(b)	**4,026**	5,678	**10**	-
Short-term borrowings	27	**100,431**	49,808	**-**	-
		256,442	186,773	**3,660**	3,441
Non-current liabilities					
Trade payables	25	**1,438**	3,956	**-**	-
Other liabilities	26	**1,137**	-	**39**	105
Amounts due to subsidiaries	15	**-**	-	**9,464**	9,339
Finance leases	28	**3,201**	497	**-**	-
Bank term loans	29	**204,607**	287,138	**-**	-
Deferred income tax liabilities	9(d)	**8,678**	7,396	**-**	-
		219,061	298,987	**9,503**	9,444
Total liabilities		**475,503**	485,760	**13,163**	12,885
NET ASSETS		**228,902**	205,776	**91,249**	81,715

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

BALANCE SHEETS
As at 31 December 2013

	Note	Group 2013	Group 2012	Company 2013	Company 2012
		S$'000	S$'000	**S$'000**	S$'000
EQUITY					
Capital and reserves attributable to equity holders of the Company					
Share capital	30	**45,320**	45,320	**45,320**	45,320
Treasury shares	30(a)	**(5,795)**	(854)	**(5,795)**	(854)
Capital and other reserves	30(b)	**(375)**	1,411	**-**	-
Retained profits	30(c)	**184,918**	165,196	**51,724**	37,249
Currency translation reserve	30(d)	**(5,570)**	(6,052)	**-**	-
		218,498	205,021	**91,249**	81,715
Non-controlling interests		**10,404**	755	**-**	-
Total equity		**228,902**	205,776	**91,249**	81,715

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the financial year ended 31 December 2013

		← Attributable to equity holders of the Company →							
Group (S$'000)	Note	Share capital	Treasury shares	Capital and other reserves	Retained profits	Currency translation reserve	Total	Non-controlling interests	Total equity
Balance at 1 January 2013		45,320	(854)	1,411	165,196	(6,052)	205,021	755	205,776
Total comprehensive income for the year		-	-	-	21,330	482	21,812	746	22,558
Purchase of treasury shares	30(a)	-	(4,941)	-	-	-	(4,941)	-	(4,941)
Dividend paid relating to 2012	31	-	-	-	(1,608)	-	(1,608)	(325)	(1,933)
Acquisition of a subsidiary	39	-	-	-	-	-	-	7,442	7,442
Warrants issued by a subsidiary	30b(ii)	-	-	(1,786)	-	-	(1,786)	1,786	-
Balance at 31 December 2013		**45,320**	**(5,795)**	**(375)**	**184,918**	**(5,570)**	**218,498**	**10,404**	**228,902**
Balance at 1 January 2012		47,966	(2,287)	1,411	147,179	(5,885)	188,384	1,792	190,176
Total comprehensive income for the year		-	-	-	19,650	(167)	19,483	100	19,583
Purchase of treasury shares	30(a)	-	(1,213)	-	-	-	(1,213)	-	(1,213)
Dividend paid relating to 2011	31	-	-	-	(1,633)	-	(1,633)	-	(1,633)
Cancellation of shares held in treasury	30	(2,646)	2,646	-	-	-	-	-	-
Subsidiaries in the process of liquidation		-	-	-	-	-	-	(1,137)	(1,137)
Balance at 31 December 2012		**45,320**	**(854)**	**1,411**	**165,196**	**(6,052)**	**205,021**	**755**	**205,776**

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

CONSOLIDATED STATEMENT OF CASH FLOWS
For the financial year ended 31 December 2013

	Group	
	2013	2012
	S$'000	S$'000
Cash flows from operating activities		
Profit after income tax	**22,425**	19,730
Adjustments for:		
- Income tax expense	**3,160**	2,880
- Depreciation of property, plant and equipment	**4,265**	3,794
- Property, plant and equipment written off	**135**	47
- Gain on disposal of property, plant and equipment	**(182)**	(388)
- Gain on disposal of property held for sale	**-**	(20)
- Impairment loss on property, plant and equipment	**501**	-
- Fair value (gain)/loss on long-term financial assets and financial liabilities	**(321)**	415
- Fair value loss/(gain) on financial assets at fair value through profit or loss	**17**	(384)
- Fair value (gain)/loss on investment properties	**(800)**	1,000
- Dividend income	**(6)**	(5)
- Share of profit of associated companies	**(213)**	(300)
- Finance expense	**2,290**	2,640
- Interest income	**(83)**	(443)
- Unrealised translation differences	**307**	624
	31,495	29,590
Change in working capital, net of effects from acquisition of a subsidiary:		
- Trade and other receivables	**(4,741)**	(21,559)
- Inventories	**251**	(3,690)
- Due from/to customers on construction contracts	**2,524**	15,066
- Development properties	**32,433**	(99,592)
- Properties held for sale	**-**	32
- Trade and other payables	**(5,109)**	15,735
Cash generated from/(used in) operations	**56,853**	(64,418)
Income tax paid	**(4,252)**	(3,760)
Interest paid	**(6,900)**	(6,399)
Net cash provided by/(used in) operating activities	**45,701**	(74,577)
Cash flows from investing activities		
Acquisition of subsidiaries, net of cash acquired [Note 39]	**11,845**	-
Purchase of property, plant and equipment [Note (a)]	**(23,283)**	(6,779)
Proceeds from financial assets at fair value through profit or loss	**-**	896
Proceeds from disposal of property, plant and equipment	**510**	481
Additions to investment properties	**(3,264)**	-
Proceeds from liquidation of subsidiaries, net of cash	**-**	(4,243)
Dividend received from other investments	**6**	5
Interest received	**83**	1,027
Net cash used in investing activities	**(14,103)**	(8,613)

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

CONSOLIDATED STATEMENT OF CASH FLOWS
For the financial year ended 31 December 2013

	Group	
	2013	2012
	S$'000	S$'000
Cash flows from financing activities		
Proceeds from bank borrowings	**33,168**	137,407
Repayment of bank borrowings	**(67,366)**	(43,185)
Payment of finance lease instalments	**(3,128)**	(4,366)
Deposit pledged	**(2,075)**	-
Purchase of treasury shares	**(4,941)**	(1,213)
Dividends paid to equity holders of the Company	**(1,608)**	(1,633)
Dividend paid to non-controlling interests	**(325)**	-
Net cash (used in)/provided by financing activities	**(46,275)**	87,010
Net (decrease)/increase in cash and cash equivalents	**(14,677)**	3,820
Beginning of financial year [Note (b)]	**53,781**	50,321
Effects of currency translation on cash and cash equivalents	**350**	(360)
End of financial year [Note (b)]	**39,454**	53,781

(a) Purchase of property, plant and equipment

During the financial year the Group acquired property, plant and equipment with an aggregate cost of S$30,605,000 (2012: S$9,016,000) of which S$7,196,000 (2012: S$1,140,000) was acquired by means of finance lease and S$126,000 (2012: S$1,097,000) on credit terms. Cash payments of S$23,283,000 (2012: S$6,779,000) were made to purchase property, plant and equipment.

(b) Cash and cash equivalents

For the purpose of presenting the consolidated statement of cash flows, cash and cash equivalents comprise cash on hand and balance with banks:

		Group	
	Note	**2013**	2012
		S$'000	S$'000
Cash and bank balances	11	**43,165**	53,981
Restricted cash	11(iii)	**(3,711)**	(200)
		39,454	53,781

The accompanying 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 36 of the financial statements.

The Group obtained control of Metax Engineering Corporation Limited and its subsidiaries during the financial year (Note 39).

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 2013

On 1 January 2013, 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:

2. Significant accounting policies (continued)

2.1 Basis of preparation (continued)

Amendment to FRS 1 *Presentation of Items of Other Comprehensive Income*

The Group adopted the amendment to FRS 1 *Presentation of Items of Other Comprehensive Income* on 1 January 2013. The amendment is applicable for annual periods beginning on or after 1 July 2012 (with early adoption permitted). It requires items presented in other comprehensive income to be separated into two groups, based on whether or not they may be recycled to profit or loss in the future.

FRS 113 *Fair Value Measurement*

FRS 113 aims to improve consistency and reduce complexity by providing a precise definition of fair value and a single source of fair value measurement and disclosure requirements for use across FRSs.

The requirements do not extend the use of fair value accounting but provide guidance on how it should be applied where its use is already required or permitted by other standards within FRSs.

The adoption of FRS 113 does not have any material impact on the accounting policies of the Group. The Group has incorporated the additional disclosures required by FRS 113 into 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 by the Group, the sale of development properties and properties held for sale, 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 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 a Group entity has delivered the products to the customer, the customer has accepted the products and the collectability of the related receivables is reasonably assured.

2. Significant accounting policies (continued)

2.2 Revenue recognition (continued)

(b) *Rendering of services*

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

(c) *Contracts revenue*

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

(d) *Revenue from property development*

Revenue from development properties is recognised as disclosed in Note 2.9 “Development properties”.

(e) *Dividend income*

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

(f) *Interest income*

Interest income is recognised using the effective interest method.

(g) *Rental income*

Rental income is recognised as disclosed in Note 2.13(b) “Leases - when the Group is the lessor”.

2.3 Government grant

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 as income 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 assets are deducted against the carrying amount of the assets.

2. Significant accounting policies (continued)

2.4 Group accounting

(a) *Subsidiaries*

(i) *Consolidation*

Subsidiaries are entities (including special purpose entities) over which the Group has power to govern the financial and operating policies so as to obtain benefits from its activities, generally accompanied by a shareholding giving rise to a majority of the voting rights. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group controls another entity. Subsidiaries are consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date on which 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 are that part of the net results of operations and of net assets of a subsidiary attributable to the interests which are not owned directly or indirectly by the equity holders of the Company. They are shown separately in the consolidated statement of comprehensive income, statement of changes in equity and balance sheet. Total comprehensive income is attributed to the non-controlling interests based on their respective interests in a subsidiary, even if this results in the non-controlling interests having a deficit balance.

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

2.4 Group accounting (continued)

(a) *Subsidiaries* (continued)

(ii) *Acquisitions*

The acquisition method of accounting is used to account for business combinations 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 the fair value of any contingent consideration arrangement.

If the business combination is achieved in stages, the acquisition date carrying value of the acquirer's previously held equity interest in the acquiree is re-measured to fair value at the acquisition date; any gains or losses arising from such re-measurement are recognised in profit or loss.

Acquisition-related costs are expensed as incurred.

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

On an acquisition-by-acquisition basis, the Group recognises any 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 previously-held equity interest in the acquiree over the (b) fair values of the identifiable assets acquired net of the fair values of the liabilities and any contingent liabilities assumed, is recorded as goodwill. Please refer to Note 2.6 "Goodwill" for the accounting policy on goodwill subsequent to initial recognition.

2. Significant accounting policies (continued)

2.4 Group accounting (continued)

(a) *Subsidiaries* (continued)

(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.

2. Significant accounting policies (continued)

2.4 Group accounting (continued)

(c) *Joint ventures*

The Group's joint ventures are entities over which the Group has contractual arrangements to jointly share control over the economic activity of the entities with one or more parties. The Group's interest in joint ventures is accounted for in the consolidated financial statements using proportionate consolidation.

Proportionate consolidation involves combining the Group's share of joint ventures' income and expenses, assets and liabilities and cash flows of the jointly-controlled entities on a line-by-line basis with similar items in the Group's financial statements.

When the Group sells assets to a joint venture, the Group recognises only the portion of gains or losses on the sale of assets that is attributable to the interest of the other venturers. The Group recognises the full amount of any loss when the sale provides evidence of a reduction in the net realisable value of current assets or an impairment loss.

When the Group purchases assets from a joint venture, it does not recognise its share of the profits of the joint ventures arising from the Group's purchase of assets until it resells the assets to an independent party. However, a loss on the transaction is recognised immediately if the loss provides evidence of a reduction in the net realisable value of current assets or an impairment loss.

The accounting policies of joint ventures have been changed where necessary to ensure consistency with the accounting policies adopted by the Group.

Please refer to Note 2.10 "Investments in subsidiaries, joint ventures and associated companies" for the accounting policy on investments in joint ventures in the separate financial statements of the Company.

2. Significant accounting policies (continued)

2.4 Group accounting (continued)

(d) Associated companies

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%. Investments in associated companies are accounted for in the consolidated financial statements using the equity method of accounting less impairment losses.

(i) Acquisitions

Investments in associated companies 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 represents the excess of the cost of acquisition of the associate over the Group's share of the fair value of the identifiable net assets of the associate 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' 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 are adjusted against the carrying amount of the investments. When the Group's share of losses in an associated company equals to or exceeds its interest in the associated company, including any other unsecured non-current receivables, the Group does not recognise further losses, unless it has obligations to make or has made payments on behalf of the associated company.

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

2. Significant accounting policies (continued)

2.4 Group accounting (continued)

(d) Associated companies (continued)

(iii) Disposals

Investments in associated companies are derecognised when the Group loses significant influence. Any retained equity interest in the entity is remeasured at its fair value. The difference between the carrying amount of the retained interest at the date when significant influence is lost and its fair value is recognised in profit or loss.

Gains and losses arising from partial disposals or dilutions in investment in associated companies in which significant influence is retained are 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 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. Freehold land is subsequently carried at the revalued amount less 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. Increases in carrying amounts arising from revaluation 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.

2. Significant accounting policies (continued)

2.5 Property, plant and equipment (continued)

(b) *Depreciation*

Freehold land is 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 – 99 years
Plant and machinery	2 – 20 years
Motor vehicles and trucks	3.5 – 10 years
Furniture, fittings, office equipment and computers	1 – 10 years
Hotel equipment	5 – 10 years

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

(c) *Subsequent expenditure*

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

(d) *Disposal*

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

2. Significant accounting policies (continued)

2.6 Goodwill

Goodwill on acquisitions of subsidiaries and businesses on or after 1 January 2010 represents the excess of (a) the aggregate of the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previously-held equity interest in the acquiree over (b) the fair value of the identifiable assets acquired net of the fair values of the liabilities and any contingent liabilities assumed.

Goodwill on acquisition of subsidiaries prior to 1 January 2010 and on acquisition of joint ventures and associated companies represent 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 and joint ventures is recognised separately as intangible assets and carried at cost less accumulated impairment losses.

Goodwill on associated companies 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.

2. Significant accounting policies (continued)

2.7 Construction contract (continued)

The stage of completion is measured either by reference to the professional'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.

At the balance sheet date, the cumulative costs incurred plus recognised profit (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".

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

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.

The cost of major renovations and improvements is capitalised and the carrying amounts of the replaced components are recognised in profit or loss. The cost of maintenance, repairs and minor improvements is recognised in profit or loss when incurred.

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

2. Significant accounting policies (continued)

2.9 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 properties are delivered to the buyers, except for cases where the control and risks and rewards of the property are transferred to the buyers as construction 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. Significant accounting policies (continued)

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.

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 and associated companies

Property, plant and equipment, investments in subsidiaries 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.

2. Significant accounting policies (continued)

2.11 Impairment of non-financial assets (continued)

(b) *Property, plant and equipment,*
Investments in subsidiaries and associated companies (continued)

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

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

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

2.12 Financial assets

(a) *Classification*

The Group classifies its financial assets in the following categories: at fair value through profit or loss and loans and receivables. 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.

2. Significant accounting policies (continued)

2.12 Financial assets (continued)

(a) Classification (continued)

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”, “amount due from associated companies” and “cash and cash equivalents” on the balance sheet.

(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.

2. Significant accounting policies (continued)

2.12 Financial assets (continued)

(b) Recognition and derecognition (continued)

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

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.

(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.

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.

2. Significant accounting policies (continued)

2.12 Financial assets (continued)

(e) Impairment (continued)

Loans and receivables (continued)

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.

2.13 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.

2. Significant accounting policies (continued)

2.13 Leases (continued)

(b) When the Group is the lessor:

i. Lessor - Operating leases

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

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

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

2.14 Financial guarantees

The Company has issued corporate guarantees to banks for borrowings of its subsidiaries. These guarantees are financial guarantees as they require the Company to reimburse the banks if the subsidiaries 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' 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. Significant accounting policies (continued)

2.15 Borrowings

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

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

2.16 Trade and other payables

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

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

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

2.18 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. Significant accounting policies (continued)

2.19 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.

2. Significant accounting policies (continued)

2.20 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.

2.21 Employee compensation

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

(a) *Defined contribution plans*

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

(b) *Employee leave entitlement*

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

2.22 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. Significant accounting policies (continued)

2.23 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 translation 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 that relate to borrowings are presented in the income statement within “finance expenses”. All other 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.

2. Significant accounting policies (continued)

2.23 Currency translation (continued)

(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 of the entity giving rise to such reserve.

2.24 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.

2.25 Cash and cash equivalents

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

2. Significant accounting policies (continued)

2.26 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 carrying amounts are netted off 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.

When treasury shares are subsequently sold or reissued, the cost of treasury shares is reversed from the treasury share account and the realised gain or loss on sale or reissue, net of any directly attributable incremental transaction costs and related income tax, is recognised in the capital reserve.

2.27 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) 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 24). Management is of the view that no impairment of the CGU was required as at 31 December 2013.

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

3.1 Critical accounting estimates and assumptions (continued)

(a) *Impairment of goodwill* (continued)

If the management's estimated pre-tax discount rate applied to the discounted cash flows for the cash-generating unit at 31 December 2013 had been higher/lower by 1%, the recoverable amount will decrease/increase by S$300,000.

(b) *Construction contracts*

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

Significant assumptions are required to estimate the total contract costs which affect the contract cost recognised to-date based on the percentage of completion. 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% (2012: 5%) from management estimates, the Group's profit before income tax will decrease/increase by approximately S$4,539,000 and S$4,985,000 (2012: decrease/increase by approximately S$3,278,000).

(c) *Valuation of investment properties*

Investment properties are stated at fair value based on valuations performed by management on the recommendation of independent professional valuers. In determining fair value, the valuers have used valuation methods which involve certain estimates (Note 22).

The fair values are determined using the income 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. Critical accounting estimates, assumptions and judgements (continued)

3.2 Critical judgement in applying the entities, accounting policies

(a) 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 33(b) for analysis of the Group's credit risk profile.

4. Revenue

	Group 2013 S$'000	Group 2012 S$'000
Contract revenue	**123,331**	97,709
Revenue from sale of products	**119,823**	104,317
Revenue from services rendered	**7,541**	7,846
Revenue from property development	**108,169**	76,643
Rental income from investment properties (Note 22)	**12,298**	13,031
Total revenue	**371,162**	299,546

5. Other gains - net

	Group 2013 S$'000	Group 2012 S$'000
Dividend income	**6**	5
Fair value (loss)/gain on financial assets at fair value through profit or loss (Note 12)	**(17)**	384
Fair value gain/(loss) on long-term financial assets and financial liabilities	**321**	(415)
Fair value gain/(loss) on investment properties (Note 22)	**800**	(1,000)
Gain on disposal of property held for sale	**-**	20
Gain on disposal of property, plant and equipment	**182**	388
Interest income	**83**	443
Write-back of non-trade payables no longer required	**-**	3,732
Forfeiture income	**1,078**	-
Net foreign exchange loss	**(314)**	(157)
Other income	**978**	959
	3,117	4,359

6. Expenses by nature

	Group	
	2013	2012
	S$'000	S$'000
Advertising and promotion	**782**	8,277
Allowance for impairment of non-trade receivables	**257**	48
(Write-back of)/allowance for impairment of trade receivables included in "distribution and marketing expenses" [Note 13(i)]	**(4,296)**	1,809
Changes in inventories of raw material, work-in-progress and finished goods	**(51)**	(3,690)
Contractor and material costs net of changes in work-in-progress included in "cost of sales"	**192,636**	144,189
Commission expenses	**4,896**	3,720
Depreciation of property, plant and equipment [Note 23(i)]	**4,265**	3,794
Employee compensation (Note 7)	**31,290**	25,866
Foreign worker and other government levies	**968**	1,206
Freight, shipping, transport and travelling expenses	**6,510**	2,312
Impairment loss on property, plant and equipment	**501**	-
Legal and professional fees	**5,188**	1,974
Property, plant and equipment written off	**135**	47
Property tax	**1,655**	1,615
Purchases of raw material, finished goods and consumables	**79,515**	68,608
Rental expenses	**5,957**	3,820
Repair and maintenance expenses	**7,309**	6,361
Utilities	**3,809**	5,583
Other expenses	**5,291**	3,416
Total cost of sales, distribution and marketing, administrative and other expenses	**346,617**	278,955

7. Employee compensation

	Group	
	2013	2012
	S$'000	S$'000
Wages and salaries	**25,230**	21,605
Employer's contribution to defined contribution plans including Central Provident Fund	**2,303**	1,338
Other staff benefits	**3,757**	2,923
	31,290	25,866

Included in the cost of sales is employee compensation amounting to S$14,456,000 (2012: S$11,629,000). Compensation to key management personnel, including directors' remuneration, is separately disclosed in Note 34(b).

8. Finance expenses

	Group	
	2013	2012
	S$'000	S$'000
Interest expenses		
- Banking facilities	**2,212**	2,474
- Finance lease	**78**	166
	2,290	2,640

9. Income taxes

(a) Income tax expense

	Group	
	2013	2012
	S$'000	S$'000
Tax expense attributable to profit is made up of:		
- Current income tax [Note 9(b)]	**2,436**	1,939
- Deferred income tax [Note 9(c)]	**1,154**	89
	3,590	2,028
(Over)/under provision in preceding financial years		
- Current income tax [Note 9(b)]	**(496)**	(12)
- Deferred income tax [Note 9(c)]	**66**	864
	3,160	2,880

9. 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	
	2013	2012
	S$'000	S$'000
Profit before income tax	**25,585**	22,610
Share of profit of associated companies	**(213)**	(300)
Profit before tax and share of profit of associated companies	**25,372**	22,310
Tax calculated at a tax rate of 17% (2012: 17%)	**4,313**	3,793
Effects of:		
Expenses not deductible for tax purposes	**180**	310
Income not subject to tax	**(335)**	(1,422)
Tax benefits not recognised	**277**	163
Tax incentives	**(189)**	(409)
Utilisation of previously unrecognised:		
- Tax losses	**(600)**	(357)
- Capital allowances	**(63)**	(12)
Effect of different tax rates in other countries	**64**	(25)
Others	**(57)**	(13)
Tax charge	**3,590**	2,028

(b) Movement in current income tax liabilities

	Group		Company	
	2013	2012	**2013**	2012
	S$'000	S$'000	**S$'000**	S$'000
Balance at 1 January	**5,678**	5,677	**-**	-
Acquisition of a subsidiary [Note 39(c)]	**670**	-	**-**	-
Currency translation differences	**(10)**	44	**-**	-
Income tax paid	**(4,252)**	(3,760)	**-**	-
Current financial year's income tax [Note 9(a)]	**2,436**	1,939	**-**	-
(Over)/under provision in preceding financial years [Note 9(a)]	**(496)**	(12)	**10**	-
Transfer from deferred income tax [Note 9(c)]	**-**	1,790	**-**	-
Balance at 31 December	**4,026**	5,678	**10**	-

9. **Income taxes** (continued)

(c) Deferred income tax

The movement in the deferred income tax is as follows:

	2013 S$'000	2012 S$'000
Balance at 1 January	**7,396**	8,233
Acquisition of a subsidiary [Note 39(c)]	**63**	-
Currency translation differences	**(1)**	-
Current financial year's deferred tax [Note 9(a)]	**1,154**	89
Under provision in preceding financial years [Note 9(a)]	**66**	864
Transfer to current income tax liabilities [Note 9(b)]	**-**	(1,790)
Balance at 31 December	**8,678**	7,396

(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:

Deferred income tax liabilities	**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**
Balance at 1 January 2013	1,714	373	5,108	216	7,411
Acquisition of a subsidiary [Note 39(c)]	53	-	-	10	63
Currency translation difference	(1)	-	-	-	(1)
Current financial year's tax	156	-	(144)	1,142	1,154
Under /(over) provision in preceding financial years	72	-	(6)	-	66
Balance at 31 December 2013	**1,994**	**373**	**4,958**	**1,368**	**8,693**

9. Income taxes (continued)

(d) Movements in deferred income tax (continued)

Deferred income tax liabilities	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
Balance at 1 January 2012	1,671	373	5,258	958	8,260
Current financial year's tax	(16)	-	(150)	255	89
Under provision in preceding financial years	-	-	-	852	852
Transfer to current income tax liabilities	59	-	-	(1,849)	(1,790)
Balance at 31 December 2012	**1,714**	**373**	**5,108**	**216**	**7,411**

Group	**Provisions S$'000**	**Total S$'000**
Deferred income tax assets		
Balance at 1 January 2013 and 31 December 2013	**(15)**	**(15)**
Balance at 1 January 2012	(27)	(27)
Over provision in preceding financial years	12	12
Balance at 31 December 2012	**(15)**	**(15)**

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	
	2013 S$'000	2012 S$'000
Deferred income tax liabilities	**8,693**	7,411
Deferred income tax assets	**(15)**	(15)
	8,678	7,396

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

9. Income taxes (continued)

(e) Unutilised tax losses and capital allowances

As at 31 December 2013, the Group has unutilised tax losses of approximately S$19,832,000 (2012: S$3,182,000) and unabsorbed capital allowances of approximately S$1,173,000 (2012: S$303,000) 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.

10. 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	
	2013	2012
Net profit attributable to equity holders of the Company (S$'000)	**21,330**	19,650
Weighted average number of ordinary shares in issue for computation of basic earnings per share ('000)	**456,840**	464,607
Basic earnings per share (in cents)	**4.67**	4.23

(b) Diluted earnings per share

There is no dilution of earnings per share for the financial years ended 2013 and 2012.

11. Cash and cash equivalents

	Group		Company	
	2013	2012	**2013**	2012
	S$'000	S$'000	**S$'000**	S$'000
Fixed deposits	**9,999**	10,835	**-**	-
Cash and bank balances	**33,166**	43,146	**464**	863
	43,165	53,981	**464**	863

(i) 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.

(ii) Included in the fixed deposits and cash and bank balances of the Group are amounts held under the Housing Developers' (Project Account) Rules 1985, totalling S$13,465,000 (2012: S$25,176,000), withdrawals from which are specific to payments for expenditure incurred on specified projects.

(iii) Included in the fixed deposits of the Group is an amount of S$3,711,000 (2012: S$200,000) pledged to banks for credit facilities granted.

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

	Group		Company	
	2013	2012	**2013**	2012
	S$'000	S$'000	**S$'000**	S$'000
Balance at 1 January	**176**	688	**-**	5
Acquisition [Note 39(a)]	**-**	-	**3,015**	-
Disposal	**-**	(896)	**-**	(8)
Fair value (loss)/gain during the financial year (Note 5)	**(17)**	384	**(1,866)**	3
Balance at 31 December	**159**	176	**1,149**	-

12. Financial assets, at fair value through profit or loss (continued)

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

	Group		Company	
	2013	2012	**2013**	2012
	S$'000	S$'000	**S$'000**	S$'000
At fair value:				
- Quoted equity shares	**159**	176	**-**	-
- Unquoted warrants in a subsidiary	**-**	-	**1,149**	-
	159	176	**1,149**	-

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, Metax Engineering Corporation Ltd ("Metax"). Each warrant carries the right to subscribe for one new ordinary share in the capital of Metax 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 2013.

13. Trade receivables

	Group	
	2013	2012
	S$'000	S$'000
Current		
Due from non-related parties	**80,144**	76,477
Less: Allowance for impairment of trade receivables		
- Non-related parties	**(2,564)**	(6,921)
Trade receivables – net	**77,580**	69,556
Non-current		
Due from non-related parties	**466**	745

(i) Write-back of allowance for impairment of trade receivables amounted to S$4,296,000 (2012: allowance for impairment of trade receivables of S$1,809,000) is recognised as a (credit)/expense and included in "distribution and marketing expenses".

(ii) Included in current and non-current trade receivables are retentions on construction contracts of S$1,144,000 (2012: S$745,000) (Note 14).

(iii) 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% (2012: 4%) per annum.

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

	Group	
	2013	2012
	S$'000	S$'000
Aggregate costs incurred and profits recognised (less losses recognised) to date on uncompleted construction contracts	**1,340,174**	1,095,224
Less: Progress billings	**(1,370,236)**	(1,122,796)
	(30,062)	(27,572)
Presented as:		
Current assets		
– Due from customers on construction contracts	**12,873**	7,047
Current liabilities		
– Due to customers on construction contracts	**(42,935)**	(34,619)
Construction contract work-in-progress includes the following:		
Depreciation of property, plant and equipment:		
Balance at 1 January	**2,126**	1,252
Capitalised during the financial year [Note 23(i)]	**4,546**	4,075
Less: Recognised on projects during financial year	**(3,421)**	(3,201)
Balance at 31 December	**3,251**	2,126
Retentions on construction contracts		
- Trade receivables [Note 13(ii)]	**1,144**	745
- Trade payables [Note 25(i)]	**8,927**	8,998
Advances received on construction contract [Note 25(i)]	**777**	-

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

	Company	
	2013	2012
	S$'000	S$'000
Investment in subsidiaries		
Balance at 1 January		
- Unquoted equity shares, at cost	**73,439**	68,068
- Financial guarantee contracts	**11,030**	9,839
	84,469	77,907
Increase in quoted equity shares, at cost	**5,200**	5,371
Increase in financial guarantee contracts	**1,346**	1,191
Balance at 31 December	**91,015**	84,469
Amounts due from subsidiaries (non-trade) [Note 15(i)]		
- Current	**9,379**	6,863
- Non-current	**2,405**	2,405
	11,784	9,268
Amounts due to subsidiaries (non-trade) [Note 15(i)]		
- Current	**(3,040)**	(2,819)
- Non-current	**(9,464)**	(9,339)
	(12,504)	(12,158)

(i) The current and non-current amounts due from and to subsidiaries are unsecured and interest-free. The current amounts due from and to subsidiaries are repayable on demand. The non-current amounts due from and to subsidiaries are not expected to be repaid within 12 months from the balance sheet date and their fair values approximate their carrying amounts.

(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 36. The fair values of identifiable net assets of these subsidiaries amounted to S$11,652,000 (2012: S$10,652,000). Details of the identifiable net assets of these subsidiaries as at 31 December 2013 are as follows:

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

	Carrying amount	
	2013	2012
	S$'000	S$'000
Carrying amounts of assets and liabilities		
Cash and cash equivalents	**4,715**	4,715
Trade and other receivables	**9,216**	8,214
Total assets	**13,931**	12,929
Trade and other payables	**(88)**	(86)
Shareholder's loan	**(1,054)**	(1,054)
Total liabilities	**(1,142)**	(1,140)
Net assets in liquidation	**12,789**	11,789
Less: Non-controlling interests	**(1,137)**	(1,137)
Increase in sundry receivables (Note 19)	**11,652**	10,652

16. Amounts due from/(to) associated companies

The carrying amounts of trade balances due from/(to) associated companies approximate their fair values.

17. Inventories

	Group	
	2013	2012
	S$'000	S$'000
Raw materials	**5,932**	5,860
Work-in-progress	**60**	95
Finished goods	**6,585**	6,571
	12,577	12,526

The cost of inventories recognised as an expense and included in "cost of sales" amounted to S$79,464,000 (2012: S$64,918,000).

18. Development properties

	Group	
	2013	2012
	S$'000	S$'000
Cost of land	**272,452**	272,452
Development cost	**164,793**	131,005
Add: Attributable profits recognised	**56,196**	44,557
Less: Progress billings	**(254,088)**	(179,916)
	239,353	268,098
Interest capitalised during the financial year	**3,729**	4,446

Details of development properties are set out in Note 38.

As at 31 December 2013, development properties with a carrying value of S$239,353,000 (2012: S$268,098,000) are mortgaged to banks for credit facilities granted (Notes 27 and 29).

19. Other current assets

	Group	
	2013	2012
	S$'000	S$'000
Deposits	**1,614**	2,430
Prepayments	**1,284**	510
Staff advances	**8**	71
Tax recoverable	**27**	25
Sundry receivables	**13,500**	11,531
	16,433	14,567
Less: Allowance for impairment of sundry receivables – third parties	**(94)**	(147)
	16,339	14,420

Included in the sundry receivables of the Group are amounts expected to be received upon liquidation of subsidiaries of S$11,652,000 (2012: S$10,652,000).

20. Investment in associated companies

	Group	
	2013	2012
	S$'000	S$'000
Balance at 1 January	**800**	675
Addition through acquisition of a subsidiary [Note 39(c)]	**777**	-
Share of profits	**213**	300
Dividend paid during the year	**(280)**	(175)
Balance at 31 December	**1,510**	800

The summarised financial information of the associated companies, not adjusted for the proportion of ownership interest held by the Group, is as follows:

	Group	
	2013	2012
	S$'000	S$'000
Sales	**11,103**	5,576
Profit after income tax	**865**	889
Assets	**8,665**	3,220
Liabilities	**2,488**	934

Details of the associated companies are set out in Note 36.

21. Investment in joint ventures

The Group has included in its profit or loss and consolidated balance sheet its share of the results, assets and liabilities of its joint ventures, as follows:

	Group	
	2013	2012
	S$'000	S$'000
Sales	**50,581**	28,209
Other operating income	**1,105**	232
Expenses	**(48,424)**	(24,144)
Profit before income tax	**3,262**	4,297
Current assets	**118,472**	129,538
Non-current assets	**126,923**	125,628
Current liabilities	**82,120**	60,293
Non-current liabilities	**95,754**	139,745

21. Investment in joint ventures (continued)

	Group	
	2013	2012
	S$'000	S$'000
Proportionate interest in joint venture's capital commitments	**15,985**	-

Details of the joint venture companies are set out in Note 36.

22. Investment properties

	Group	
	2013	2012
	S$'000	S$'000
Balance at 1 January	**204,161**	205,161
Additions during the year	**3,264**	-
Fair value gain/(loss) recognised in profit or loss (Note 5)	**800**	(1,000)
Balance at 31 December	**208,225**	204,161

The following amounts are recognised in profit or loss:

	Group	
	2013	2012
		S$'000
Rental income (Note 4)	**12,298**	13,031
Direct operating expenses arising from investment properties that generated rental income	**(4,997)**	(4,977)

Fair value hierarchy

	Fair value measurements at 31 December 2013 using		
Description	Quoted prices in active markets for identical assets (Level 1)	Significant other observable inputs (Level 2)	Significant unobservable inputs (Level 3)
	$'000	$'000	$'000
Recurring fair value measurements			
- Investment properties	-	**-**	**208,225**

22. Investment properties (continued)

Valuation technique and inputs used in Level 3 fair value measurement

Description	Fair value as at 31 Dec 2013 ($'000)	Valuation Technique(s)	Unobservable inputs[1]	Range of unobservable inputs	Relationship of unobservable inputs to fair value
Investment properties	208,225	Weighted income and cost method	Rental per square metre	S$3 to S$110 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$35,000 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

The Group engages external, independent and qualified valuers to determine the fair value of the group's properties at the end of every financial year based on the properties' highest and best use. As at 31 December 2013, the fair values of the properties have been determined by independent valuers.

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 32(b)].

(ii) Investment properties with carrying values totalling S$199,202,000 (2012: S$196,600,000) are mortgaged to banks for credit facilities granted (Notes 27 and 29).

(iii) Details of the investment properties are set out in Note 37.

23. Property, plant and equipment

Group	Freehold land S$'000	Buildings on freehold land S$'000	Leasehold land and buildings S$'000	Plant and machinery S$'000	Motor vehicles and trucks S$'000	Furniture, fittings, office equipment and computers S$'000	Hotel equipment S$'000	Total S$'000
Cost or valuation								
At 1 January 2013								
Cost	3,314	15,913	6,809	62,849	20,499	9,561	1,755	120,700
Independent valuation in 1993 [Note 23(iii)]	16,250	6,487	7,375	-	-	-	-	30,112
	19,564	22,400	14,184	62,849	20,499	9,561	1,755	150,812
Currency translation differences	(273)	(70)	(15)	35	70	(78)	-	(331)
Acquisition of subsidiary [Note 39(c)]	-	-	6,399	15	39	144	-	6,597
Additions	7,248	2,826	6,772	9,773	3,368	588	30	30,605
Disposals	-	-	-	(718)	(1,185)	(85)	(124)	(2,112)
Written off	-	-	-	(233)	(18)	(8)	-	(259)
At 31 December 2013	26,539	25,156	27,340	71,721	22,773	10,122	1,661	185,312
Represented by:								
Cost	10,289	18,669	19,965	71,721	22,773	10,122	1,661	155,200
Independent valuation in 1993 [Note 23(iii)]	16,250	6,487	7,375	-	-	-	-	30,112
	26,539	25,156	27,340	71,721	22,773	10,122	1,661	185,312
Accumulated depreciation and impairment loss								
At 1 January 2013	-	7,771	8,039	51,282	15,555	7,575	571	90,793
Currency translation differences	-	(9)	-	56	55	(52)	-	50
Disposals	-	-	-	(430)	(1,164)	(68)	(122)	(1,784)
Written off	-	-	-	(114)	(4)	(6)	-	(124)
Impairment loss	-	-	110	383	-	8	-	501
Depreciation charge [Note 23(i)]	-	442	727	5,386	1,567	613	76	8,811
At 31 December 2013	-	8,204	8,876	56,563	16,009	8,070	525	98,247
Net book value at 31 December 2013	**26,539**	**16,952**	**18,464**	**15,158**	**6,764**	**2,052**	**1,136**	**87,065**

Group	Freehold land S$'000	Buildings on freehold land S$'000	Leasehold land and buildings S$'000	Plant and machinery S$'000	Motor vehicles and trucks S$'000	Furniture, fittings, office equipment and computers S$'000	Hotel equipment S$'000	Construction in progress S$'000	Total S$'000
Cost or valuation									
At 1 January 2012									
Cost	-	15,798	6,853	62,791	19,375	8,890	838	234	114,779
Independent valuation in 1993 [Note 23(iii)]	16,250	6,487	7,389	-	-	-	-	-	30,126
	16,250	22,285	14,242	62,791	19,375	8,890	838	234	144,905
Currency translation differences	(38)	-	(14)	(81)	(71)	(70)	-	-	(274)
Additions	3,352	115	-	1,778	2,087	966	952	(234)	9,016
Disposals	-	-	-	(1,636)	(892)	(38)	-	-	(2,566)
Written off	-	-	(44)	(3)	-	(187)	(35)	-	(269)
At 31 December 2012	19,564	22,400	14,184	62,849	20,499	9,561	1,755	-	150,812
Represented by:									
Cost	3,314	15,913	6,809	62,849	20,499	9,561	1,755	-	120,700
Independent valuation in 1993 [Note 23(iii)]	16,250	6,487	7,375	-	-	-	-	-	30,112
	19,564	22,400	14,184	62,849	20,499	9,561	1,755	-	150,812
Accumulated depreciation and impairment loss									
At 1 January 2012	-	7,337	7,605	48,506	15,024	6,733	549	-	85,754
Currency translation differences	-	-	4	(39)	(57)	(43)	-	-	(135)
Disposals	-	-	-	(2,123)	(835)	485	-	-	(2,473)
Written off	-	-	(44)	(3)	-	(145)	(30)	-	(222)
Depreciation charge [Note 23(i)]	-	434	474	4,941	1,423	545	52	-	7,869
At 31 December 2012	-	7,771	8,039	51,282	15,555	7,575	571	-	90,793
Net book value at 31 December 2012	**19,564**	**14,629**	**6,145**	**11,567**	**4,944**	**1,986**	**1,184**	**-**	**60,019**

23. Property, plant and equipment (continued)

		Group	
		2013	2012
		S$'000	S$'000
(i)	Depreciation capitalised in construction contract work-in-progress (Note 14)	**4,546**	4,075
	Depreciation charged to profit or loss (Note 6)	**4,265**	3,794
	Total depreciation	**8,811**	7,869

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

	Group	
	2013	2012
	S$'000	S$'000
Plant and machinery	**8,808**	7,692
Motor vehicles and trucks	**4,764**	3,237
	13,572	10,929

(iii) 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.

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

	Group	
	2013	2012
	S$'000	S$'000
Freehold land	**15,293**	15,293
Buildings on freehold land	**3,840**	3,965
Leasehold buildings	**818**	1,004

(v) At 31 December 2013, freehold land, buildings and leasehold land and buildings with a carrying value of S$36,676,000 (2012: S$30,824,000) are mortgaged to banks for credit facilities granted (Notes 27 and 29).

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

23. Property, plant and equipment (continued)

	Name and location	Description	Land area (Sq ft)	Built-up area (Sq ft)	Tenure
(a)	16 Gul Avenue Singapore 629659	Office building-cum-workshop	79,230	21,894	30 years lease from 21 September 1984
(b)	Koh Brothers Building 11 Lorong Pendek Singapore 348639	Industrial building	12,002	23,835	Freehold
(c)	Oxford Hotel 218 Queen Street Singapore 188549	Hotel	8,049	52,890	Freehold
(d)	65 Sungei Kadut Drive Singapore 729564	Factory-cum-office building	94,399	48,540	30 years lease from 16 December 1990
(e)	32 Gul Road Singapore 629349	Factory-cum-office building	34,380	2,093	35 years lease from 16 June 1980
(f)	50 Tuas Crescent Singapore 638730	Factory-cum-office building	234,625	123,107	60 years lease from 16 July 1982
(g)	Lot 53793 to Lot 53814 Mukim of Senai District of Kulaijaya Johor, Malaysia	Factory-cum-office building	504,425	304,414	Freehold
(h)	Lot4594K MK7, No.30 Tuas South Street 6 Singapore 638737	Vacant industrial land	92,542	-	22 years 6 months from 2 May 2013
(i)	HS(D)512699 PTD187333 Mukim Pulai	Vacant industrial land	581,613	-	Freehold
(j)	28 Third Lok Yang Road Singapore 628016	Factory-cum- office building	27,024	22,025	48 years 8 months from 20 October 1983
(k)	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

24. Goodwill

	Group 2013 S$'000	Group 2012 S$'000
Cost		
Balance at 1 January	**-**	-
Acquisition of a subsidiary (Note 39)	**5,078**	-
Balance at 31 December	**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 Metax Engineering Corporation 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

	Group 2013
Gross margin [1]	**12%**
Terminal growth rate[2]	**2%**
Discount rate [3]	**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.

25. Trade payables

(i) Included in current and non-current trade payables are retentions on construction contracts of S$8,927,000 (2012: S$8,998,000) and advances received on construction contract of S$777,000 (2012: S$nil) (Note 14).

(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% (2012: 4%) per annum.

26. Other liabilities

	Group		Company	
	2013	2012	**2013**	2012
	S$'000	S$'000	**S$'000**	S$'000
Current				
Accruals for operating expenses	**20,313**	17,020	**116**	119
Sundry payables	**10,753**	10,120	**113**	103
Deposits and advances received	**6,837**	7,344	**-**	-
Due to related parties [Note 26(a)]	**2,644**	693	**-**	-
Due to directors [Note 26(b)]	**658**	602	**316**	313
Indirect taxes payable	**1,076**	3,519	**-**	-
Financial guarantee contracts due within one year	**-**	-	**65**	87
	42,281	39,298	**610**	622
Non-current				
Due to related parties [Note 26(a)]	**1,137**	**-**	**-**	**-**
Financial guarantee contracts due within two to five years	**-**	-	**39**	105
	1,137	-	**39**	105

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

(i) S$2,734,000 (2012: S$nil) which is unsecured, interest-bearing at rate of 2% (2012: nil%) per annum and has fixed terms of repayment; and

(ii) S$1,024,000 (2012: S$670,000) which are unsecured, interest-free and repayable on demand.

The non-trade amounts due to related parties also includes amounts due to a company which is controlled or significantly influenced by the Group's key management personnel and their close family members of S$23,000 (2012: S$23,000) which is unsecured, interest-free and repayable on demand.

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

26. Other liabilities (continued)

The fair values of the non-current loan from non-controlling interest are based on cash flows discounted using a rate based on the borrowings rate of 5% (2012: 5%). The discount rate equals to SIBOR plus appropriate credit rating. The fair values are within level 2 of the fair value hierarchy. The fair value of the loan approximates its carrying amount.

27. Short-term borrowings

	Group	
	2013	2012
	S$'000	S$'000
Bills payable		
- Unsecured	**979**	898
Short-term bank loans		
- Secured [(Note 27(ii)]	**14,400**	12,300
- Unsecured	**15,684**	-
	30,084	12,300
Term loans payable within one year (Note 29)		
- Secured	**66,751**	35,470
- Unsecured	**292**	189
	67,043	35,659
Finance lease payables within one year (Note 28)	**2,325**	951
	100,431	49,808

(i) Effective interest rates

The bills payable are interest-bearing at a rate of 2.53% (2012: 2.51%) per annum.

Weighted average effective interest rates per annum of short-term bank loans at the balance sheet date is 2.03% (2012: 1.72%) per annum.

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

	Group	
	2013	2012
	S$'000	S$'000
Freehold land, buildings and leasehold land and buildings [Note 23(v)]	**1,400**	300
Development properties (Note 18)	**1,000**	-
Investment properties [Note 22(ii)]	**12,000**	12,000
	14,400	12,300

28. Finance leases

	Group 2013 S$'000	Group 2012 S$'000
Minimum lease payments due:		
- Not later than one year	**2,434**	985
- Between two and five years	**3,276**	517
	5,710	1,502
Less: Future finance charges	**(184)**	(54)
Present value of finance lease liabilities	**5,526**	1,448

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

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

	Group 2013 S$'000	Group 2012 S$'000
Current liabilities		
- Not later than one year (Note 27)	**2,325**	951
Non-current liabilities		
- Between two and five years	**3,201**	497
	5,526	1,448

The weighted average effective interest rate of finance leases at the balance sheet date is 2.38% (2012: 4.86%) per annum.

29. Bank term loans

	Due within one year		Due after one year	
	2013	2012	**2013**	2012
Group	**S$'000**	S$'000	**S$'000**	S$'000
Secured	**66,751**	35,470	**203,749**	286,404
Unsecured	**292**	189	**858**	734
	67,043	35,659	**204,607**	287,138
	(Note 27)			

29. Bank term loans (continued)

Details of the term loans are as follows:

(i) A term loan of S$13,889,000 (2012: S$15,713,000) is secured by way of a first legal mortgage on a freehold property [Note 23(v)]. It is repayable in equal monthly instalment basis up to 31 December 2020.

(ii) A term loan of S$137,000,000 (2012: S$139,000,000) is utilised by a joint venture, in which the Group has a 50% interest. The term loan is secured by way of a first legal mortgage on a completed leasehold investment property and an assignment of the rental proceeds and fire insurance policy of the joint venture [Note 22(ii)]. It is repayable in 5 annual instalments of S$2,000,000 each, commencing from 30 June 2012 and a final principal repayment of S$133,000,000 upon maturity of the loan on 29 February 2016.

(iii) A term loan of S$87,000,000 (2012: S$92,000,000) is utilised by a joint venture, in which the Group has a 50% interest. The term loans are secured by way of a first legal mortgage on a freehold development property (Note 18) and an assignment of all rights and benefits under the sale and purchase agreements, tenancy, rental lease or licence agreement, construction contracts, performance bonds and all insurance policies in connection with the property project. The term loan is repayable in 3 instalments of S$7,500,000, S$2,500,000 and S$5,000,000, on 31 October 2012, 31 December 2012 and 30 June 2013 respectively, and a bullet repayment for the remaining term loan principal by 13 November 2014.

(iv) A term loan of S$18,145,000 (2012: S$18,145,000) is secured by way of first legal and collateral mortgage on freehold investment properties [Note 22(ii)]. It is also secured by way of an assignment of rental and sale proceeds, all rights, titles and interests in contracts in connection with the properties. The term loan is fully repayable on 31 August 2015.

(v) A term loan of S$19,854,000 (2012: S$19,854,000) is secured by way of first legal and collateral mortgage on freehold investment properties [Note 22(ii)]. It is also secured by way of an assignment of rental and sale proceeds, all rights, titles and interests in contracts in connection with the properties. The term loan is fully repayable on 31 August 2015.

29. Bank term loans (continued)

(vi) A term loan of S$85,580,000 (2012: S$120,580,000) is utilised by a joint venture, in which the Group has a 25% interest. The term loan is secured by way of a first legal mortgage on a freehold development property (Note 18) and an assignment of all rights and benefits under any construction contract and performance, an assignment of all rights and benefits under the sale and purchase agreement, tenancy, rental lease or licence agreement, construction contracts, performance bonds and all insurance policies in connection with the property project. The term loan is fully repayable on 30 June 2014 or 6 months after the date of issuance of Temporary Occupation Permit, whichever is earlier.

(vii) A term loan of S$83,377,000 (2012: S$122,250,000) is secured by way of first legal mortgage on the 99-year leasehold land parcel (Note 18). 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 loan is fully repayable on 30 June 2017 or 12 months from issuance of the Temporary Occupation Permit, whichever is earlier.

(viii) Term loans of S$1,150,000 (2012: S$923,000) are unsecured and repayable in 60 monthly instalments from the date of disbursement up to 13 January 2018.

(ix) A term loan of S$1,840,000 (2012: S$267,000) is secured by way of first legal mortgage on the freehold investment properties. It is repayable in 15 years plus 2 years for progressive release of the loan.

(x) 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.

(xi) The weighted average effective interest rate at the balance sheet date is 1.80% (2012: 1.91%) per annum.

30. Share capital and treasury shares

	No. of ordinary shares		Amount	
	Issued share capital ‘000	Treasury shares ‘000	Share capital S$’000	Treasury shares S$’000
Group and Company				
2013				
Beginning of financial year	**466,475**	**(4,155)**	**45,320**	**(854)**
Treasury shares purchased	**-**	**(16,143)**	**-**	**(4,941)**
End of financial year	**466,475**	**(20,298)**	**45,320**	**(5,795)**

	No. of ordinary shares		Amount	
	Issued share capital ‘000	Treasury shares ‘000	Share capital S$’000	Treasury shares S$’000
Group and Company				
2012				
Beginning of financial year	479,613	(11,442)	47,966	(2,287)
Cancellation of shares held in treasury	(13,138)	13,138	(2,646)	2,646
Treasury shares purchased	-	(5,851)	-	(1,213)
End of financial year	466,475	(4,155)	45,320	(854)

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 16,143,000 (2012: 5,851,000) shares in the Company in the open market during the financial year. The total amount paid to acquire the shares was S$4,941,000 (2012: S$1,213,000) and this was presented as a component within shareholders’ equity.

(b) Capital and other reserves

As at 31 December 2013 and 31 December 2012, capital and other reserves 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 12). As a result of the subscription, the value of the warrants attributed to non-controlling interests is S$1,786,000.

30. Share capital and treasury shares (continued)

(b) Capital and other reserves (continued)

All capital and 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$663,000 (2012: S$730,000). Retained profits of the Company are fully distributable.

(d) Currency translation reserve

	Group	
	2013	2012
	S$'000	S$'000
Balance at 1 January	**(6,052)**	(5,885)
Net currency translation differences of financial statements of foreign operations	**133**	(147)
Less: Non-controlling interests	**349**	(20)
Balance at 31 December	**(5,570)**	(6,052)

31. Dividend

	Group	
	2013	2012
	S$'000	S$'000
Final dividend paid in respect of the previous financial year ended of 0.35 cent (2012: 0.35 cent) per share	**1,608**	1,633

At the forthcoming Annual General Meeting on 30 April 2014, a special and final dividend of 0.70 cent per share amounting to a total of S$3,123,000 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 2014.

32. Commitments

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

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

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

	Group	
	2013	2012
	S$'000	S$'000
Not later than one year	**4,689**	1,209
Between two and five years	**5,161**	3,910
Later than five years	**9,922**	8,611
	19,772	13,730

(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	
	2013	2012
	S$'000	S$'000
Not later than one year	**5,971**	4,620
Between two and five years	**557**	2,582
	6,528	7,202

33. 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 in Asia with operations in Singapore, Malaysia and China. Entities in the Group transact predominantly in their respective functional currencies, except for balances between entities in the Group.

The Group monitors the foreign currency exchange rate movements closely to ensure that its exposures are minimised. The Group has investments in foreign subsidiaries and is exposed to currency translation risk.

The Group's currency exposure is as follows:

2013	SGD S$'000	USD S$'000	RMB S$'000	MYR S$'000	Others S$'000	Total S$'000
Financial assets						
Cash and cash equivalents	33,946	4,913	161	3,736	409	43,165
Trade and other receivables	76,922	421	9,766	4,792	1,188	93,089
Amount due from customers on construction contracts	6,221	4,647	-	1,744	261	12,873
Inter-company balances	204,882	47	4,996	118	2,985	213,028
	321,971	10,028	14,923	10,390	4,843	362,155
Financial liabilities						
Borrowings	(306,879)	(728)	(632)	-	-	(308,239)
Trade and other payables	(90,225)	(4,400)	(8,290)	(6,045)	(2,665)	(111,625)
Inter-company balances	(204,882)	(47)	(4,996)	(118)	(2,985)	(213,028)
	(601,986)	(5,175)	(13,918)	(6,163)	(5,650)	(632,892)
Net financial (liabilities)/assets	(280,015)	4,853	1,005	4,227	(807)	(270,737)
Add: Net financial liabilities/(assets) denominated in the respective entities' functional currency	279,856	-	(6,273)	(2,188)	410	271,805
Net currency exposure	**(159)**	**4,853**	**(5,268)**	**2,039**	**(397)**	**1,068**

33. Financial risk management (continued)

(a) Market risk (continued)

(i) Currency risk (continued)

2012	SGD S$'000	USD S$'000	RMB S$'000	MYR S$'000	Others S$'000	Total S$'000
Financial assets						
Cash and cash equivalents	48,376	106	5,116	53	330	53,981
Trade and other receivables	73,152	12	10,227	771	31	84,193
Amount due from customers on construction contracts	7,047	-	-	-	-	7,047
Inter-company balances	8,049	-	5,385	101	1	13,536
	136,624	118	20,728	925	362	158,757
Financial liabilities						
Borrowings	(336,545)	(898)	-	-	-	(337,443)
Trade and other payables	(94,024)	(15)	(5,363)	(25)	(1,197)	(100,624)
Inter-company balances	(8,049)	-	(5,385)	(101)	(1)	(13,536)
	(438,618)	(913)	(10,748)	(126)	(1,198)	(451,603)
Net financial (liabilities)/assets	(301,994)	(795)	9,980	799	(836)	(292,846)
Add: Net financial liabilities/(assets) denominated in the respective entities' functional currency	302,428	-	(5,162)	(803)	1,011	297,474
Net currency exposure	**434**	**(795)**	**4,818**	**(4)**	**175**	**4,628**

The Company's currency exposure is as follows:

2013	SGD S$'000	RMB S$'000	Total S$'000
Financial assets			
Cash and cash equivalents	464	-	464
Inter-company balances	11,468	316	11,784
	11,932	316	12,248
Financial liabilities			
Inter-company balances	(9,464)	(3,040)	(12,504)
Other payables	(649)	-	(649)
	(10,113)	(3,040)	(13,153)
Net financial assets/(liabilities)	1,819	(2,724)	(905)
Add: Net financial assets denominated in the Company's functional currency	(1,819)	-	(1,819)
Net currency exposure	**-**	**(2,724)**	**(2,724)**

33. Financial risk management (continued)

(a) Market risk (continued)

(i) Currency risk (continued)

2012	SGD S$'000	RMB S$'000	Total S$'000
Financial assets			
Cash and cash equivalents	863	-	863
Inter-company balances	8,971	297	9,268
	9,834	297	10,131
Financial liabilities			
Inter-company balances	(6,812)	(5,346)	(12,158)
Other payables	(727)	-	(727)
	(7,539)	(5,346)	(12,885)
Net financial assets/(liabilities)	2,295	(5,049)	(2,754)
Add: Net financial assets denominated in the Company's functional currency	(2,295)	-	(2,295)
Net currency exposure	**-**	**(5,049)**	**(5,049)**

If the USD, RMB and MYR changes against the SGD by 3% (2012: 4%) 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:

	2013		2012	
	Increase / (Decrease)			
	Profit after tax S$'000	**Other comprehensive income S$'000**	Profit after tax S$'000	Other comprehensive income S$'000
Group				
USD against SGD				
- Strengthened	**121**	**-**	(26)	-
- Weakened	**(121)**	**-**	26	-
RMB against SGD				
- Strengthened	**(131)**	**188**	160	211
- Weakened	**131**	**(188)**	(160)	(211)
MYR against SGD				
- Strengthened	**51**	**13**	-	-
- Weakened	**(51)**	**(13)**	-	-
Company				
RMB against SGD				
- Strengthened	**(68)**	**-**	(168)	-
- Weakened	**68**	**-**	168	-

33. Financial risk management (continued)

(a) Market risk (continued)

(ii) Interest rate risk

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

The Group's borrowings at variable rates on which effective hedges have not been entered into, are denominated mainly in SGD. If the SGD interest rates increase/decrease by 1% (2012: 1%) with all other variables including tax rate being held constant, the profit after tax will be lower/higher by S$2,513,000 (2012: S$2,789,000) as a result of higher/lower interest expense on these borrowings.

(iii) Price risk

The Group is exposed to equity 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. These securities are listed in Singapore. The Group is not exposed to commodity price risk.

If prices for equity securities listed in Singapore change by 10% (2012: 10%) with all other variables including tax rate being held constant, the profit after tax and other comprehensive income will be:

	2013		2012	
	Increase / (Decrease)			
	Profit after tax S$'000	**Other comprehensive income S$'000**	Profit after tax S$'000	Other comprehensive income S$'000
Group				
- Increased by 10%	**13**	**-**	15	-
- Decreased by 10%	**(13)**	**-**	(15)	-

The Company is not exposed to significant price risk.

33. Financial risk management (continued)

(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 2013, the Company furnished banks and financial institutions guarantees for facilities extended to subsidiaries and joint venture companies amounting to S$670,462,000 (2012: S$695,346,000) of which the amount utilised at 31 December 2013 was S$347,696,000 (2012: S$386,978,000).

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**	
	2013	2012	**2013**	2012
	S$'000	S$'000	**S$'000**	S$'000
By geographical areas				
Singapore	**62,474**	72,569	**10,528**	9,268
People's Republic of China	**9,796**	10,227	**1,256**	-
Malaysia	**16,606**	1,397	**-**	-
The rest of Asia and others	**4,213**	-	**-**	-
	93,089	84,193	**11,784**	9,268
By types of customers				
Related corporations	**30**	-	**11,784**	9,268
Associated company	**15**	7	**-**	-
Non-related parties			**-**	
- Other corporations	**72,161**	55,237	**-**	-
- Government-related	**20,883**	28,949	**-**	-
	93,089	84,193	**11,784**	9,268

33. 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.

The Group's receivables not past due include receivables amounting to S$98,000 (2012: S$72,000) that would have been past due or impaired if the terms were not re-negotiated during the financial year.

(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 trade receivables.

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

	Group		Company	
	2013	2012	**2013**	2012
	S$'000	S$'000	**S$'000**	S$'000
Past due 0 to 3 months	**12,283**	5,848	**-**	6
Past due 3 to 6 months	**4,119**	920	**-**	-
Past due over 6 months	**11,903**	16,444	**11,784**	9,262
	28,305	23,212	**11,784**	9,268

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

	Group	
	2013	2012
	S$'000	S$'000
Gross amount		
- Past due over 6 months	**2,656**	7,068
Less: Allowance for impairment	**(2,656)**	(7,068)
	-	-

33. Financial risk management (continued)

(b) Credit risk (continued)

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

	Group 2013 S$'000	Group 2012 S$'000
Balance at 1 January	**(7,068)**	(5,160)
Currency translation difference	**(137)**	(172)
Allowance made	**(257)**	(1,857)
Allowance written off	**510**	121
Allowance written back	**4,296**	-
Balance at 31 December	**(2,656)**	(7,068)

The impaired trade 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 S$'000	Between 1 and 2 years S$'000	Between 2 and 5 years S$'000	Over 5 years S$'000
Group				
At 31 December 2013				
Payables	**107,650**	**1,720**	**855**	**-**
Borrowings	**107,764**	**44,757**	**156,929**	**6,963**
	215,414	**46,477**	**157,784**	**6,963**
At 31 December 2012				
Payables	96,668	3,302	654	-
Borrowings	50,769	47,871	247,942	5,133
	147,437	51,173	248,596	5,133
Company				
At 31 December 2013				
Other payables	**610**	**39**	**-**	**-**
Amount due to subsidiaries	**3,040**	**9,464**	**-**	**-**
Financial guarantee contracts	**347,696**	**-**	**-**	
	351,346	**9,503**	**-**	**-**
At 31 December 2012				
Other payables	622	65	40	-
Amount due to subsidiaries	2,819	9,339	-	-
Financial guarantee contracts	386,978	-	-	
	390,419	9,404	40	-

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.

33. Financial risk management (continued)

(d) Capital risk

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

The gearing ratio is calculated as total borrowings divided by shareholders funds.

	Group	
	2013	2012
	S$'000	S$'000
Total borrowings	**308,239**	337,443
Shareholders funds	**218,498**	205,021
Gearing ratio (times)	**1.41**	1.65

The Group and the Company are in compliance with all externally imposed capital requirements for the financial years ended 31 December 2013 and 2012.

(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).

	Level 1	Level 2	Level 3	Total
	S$'000	S$'000	S$'000	S$'000
Group				
2013				
Assets				
Financial assets at fair value through profit or loss	**159**	**-**	**-**	**159**

33. Financial risk management (continued)

(e) Fair value measurements (continued)

	Level 1 S$'000	Level 2 S$'000	Level 3 S$'000	Total S$'000
Group				
2012				
Assets				
Financial assets at fair value through profit or loss	**176**	**-**	**-**	**176**
Company				
2013				
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.

33. Financial risk management (continued)

(f) Financial instrument by category

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

	Group		Company	
	2013	2012	**2013**	2012
	S$'000	S$'000	**S$'000**	S$'000
Loans and receivables	**149,127**	145,221	**12,248**	10,131
Financial liabilities at amortised cost	**419,864**	438,067	**13,153**	12,885

34. 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	
	2013	2012
	S$'000	S$'000
(a) <u>Sales and purchases of goods and services</u>		
i. Provision of transportation services by KGH Transportation & Trading Pte Ltd, a company owned by a brother of certain directors, namely Mr Koh Tiat Meng and Mr Koh Teak Huat, of the Company.	**(34)**	(140)
ii. Provision of legal services by Lai Mun Onn & Co, a company owned by Mr Lai Mun Onn, a director of the Company.	**(116)**	(29)
iii. Progressive revenue recognised from sales of residential property for the project of "Parc Olympia" to a director of the Company	**107**	143
iv. Progressive revenue recognised from sales of residential property for the project of "Parc Olympia" to a brother of certain directors, namely Mr Koh Tiat Meng and Mr Koh Teak Huat, of the Company	**248**	332

34. Related party transactions (continued)

Other related parties relate to companies which are controlled or significantly influenced by the Group's key management personnel and their close family members.

Outstanding balances at 31 December 2013, arising from sale/purchase of goods and services, are disclosed in Notes 13, 15, 16, 19, 25 and 26.

(b) Key management personnel compensation

Key management personnel compensation is analysed as follows:

	Group	
	2013	2012
	S$'000	S$'000
Salaries and other short-term employee benefits	**7,929**	6,180
Post-employment benefits – contribution to Central Provident Fund	**248**	147
	8,177	6,327

Included in the above was total compensation to directors of the Company amounting to S$362,000 (2012: S$316,000).

35. 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.

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:

35. Segment information (continued)

Group (S$'000)	Real Estate	Leisure & Hospitality	Construction & Building Materials	Others	Total
2013					
Sales					
- External	123,939	4,068	243,155	-	**371,162**
- Inter-segment	1,452	41	56,345	-	**57,838**
	125,391	4,109	299,500	-	**429,000**
Elimination					**(57,838)**
					371,162
Results					
Segment results	14,921	74	13,304	(726)	**27,573**
Net investment gain	-	-	6	-	**6**
Interest income					**83**
Finance expenses (Note 8)					**(2,290)**
Share of profit of associated companies	-	-	213	-	**213**
Profit before income tax					**25,585**
Other information					
Capital expenditure	60	81	30,464	-	**30,605**
Depreciation	223	660	3,382	-	**4,265**

Group (S$'000)	Real Estate	Leisure & Hospitality	Construction & Building Materials	Others	Elimination	Total
Segment assets	473,801	27,821	285,233	503	(94,621)	**692,737**
Associated companies	-	-	1,510	-	-	**1,510**
Unallocated assets:						
Short-term bank deposits						**9,999**
Financial assets at fair value through profit or loss						**159**
Consolidated total assets						**704,405**
Segment liabilities	67,470	3,838	156,550	7,454	(80,752)	**154,560**
Unallocated liabilities:						
Current income tax liabilities						**4,026**
Deferred income tax liabilities						**8,678**
Borrowings						**308,239**
Consolidated total liabilities						**475,503**

35. Segment information (continued)

Group (S$'000)	Real Estate	Leisure & Hospitality	Construction & Building Materials	Others	Total
2012					
Sales					
- External	93,211	4,309	202,026	-	**299,546**
- Inter-segment	1,198	40	49,489	-	**50,727**
	94,409	4,349	251,515	-	**350,273**
Elimination					**(50,727)**
					299,546
Results					
Segment results	10,777	59	14,072	(406)	**24,502**
Net investment gain	-	-	5	-	**5**
Interest income					**443**
Finance expenses (Note 8)					**(2,640)**
Share of profit of an associated company	-	-	300	-	**300**
Profit before income tax					**22,610**
Other information					
Capital expenditure	175	1,543	7,298	-	**9,016**
Depreciation	237	625	2,932	-	**3,794**

Group (S$'000)	Real Estate	Leisure & Hospitality	Construction & Building Materials	Others	Elimination	Total
Segment assets	516,010	28,567	203,942	888	(69,682)	**679,725**
Associated companies						**800**
Unallocated assets:						
Short-term bank deposits						**10,835**
Financial assets at fair value through profit or loss						**176**
Consolidated total assets						**691,536**
Segment liabilities	68,939	2,916	122,055	7,391	(66,058)	**135,243**
Unallocated liabilities:						
Current income tax liabilities						**5,678**
Deferred income tax liabilities						**7,396**
Borrowings						**337,443**
Consolidated total liabilities						**485,760**

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.

35. Segment information (continued)

(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 tax recoverable.

(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.

35. Segment information (continued)

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 2013 and 2012.

Group	**Total sales**	
	2013	2012
	S$'000	S$'000
Singapore	**287,388**	289,322
People's Republic of China	**14,561**	9,626
Malaysia	**21,137**	171
Indonesia	**29,695**	427
India	**6,176**	-
Others	**12,205**	-
	371,162	299,546

Group	**Total non-current assets**	
	S$'000	S$'000
Singapore	**281,984**	255,544
People's Republic of China	**845**	1,167
Malaysia	**14,476**	3,314
The rest of Asia and others	**5,039**	5,700
	302,344	265,725

36. Group companies

The subsidiaries, joint ventures and associated company at 31 December 2013 and 31 December 2012 are as follows:

	Name of company	Country of incorporation and business	Principal activities	Effective holding by the Group 2013	2012
	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 provision of 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%
^	Metax Engineering Corporation Limited [a]	Singapore	Construction and project management and investment holding	**40.78%**	-
	Held by Subsidiaries:				
	Asta-Profits Investments Pte Ltd	Singapore	In Members' Voluntary Liquidation	**-**	-
	Batam Vision Pte Ltd [a]	Singapore	Investment holding	**100%**	100%
	Bellwood Investments Pte Ltd	Singapore	In Members' Voluntary Liquidation	**-**	-
	Changi Properties Pte Ltd [a]	Singapore	Dormant	**100%**	100%
	KBD Caldecott Development Pte. Ltd. [a]	Singapore	In Members' Voluntary Liquidation	**-**	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 and sale of concrete products	**100%**	100%
	G & W Industries Pte Ltd [a]	Singapore	Manufacture and sale of cement	**100%**	100%
	G & W Industrial Corporation Pte Ltd[a]	Singapore	Investment holding	**100%**	100%
	G & W Precast Pte Ltd [a]	Singapore	Manufacture and sale of precast products	**100%**	100%
	G & W Ready-Mix Pte Ltd [a]	Singapore	Manufacture and sale of building materials and rental of construction equipment	**100%**	100%
	Megacity Investment Pte Ltd [a]	Singapore	Investment holding	**100%**	100%
	Megaplus Investments Pte Ltd	Singapore	In Members' Voluntary Liquidation	**-**	-
	Meng Wah High Technology Pte Ltd [a]	Singapore	Mechanical and electrical contracting	**100%**	100%

36. Group companies (continued)

	Name of company	Country of incorporation and business	Principal activities	Effective holding by the Group 2013	2012
	Held by Subsidiaries:				
	Scenic City Investment Pte Ltd	Singapore	In Members' Voluntary Liquidation	**-**	-
	Wealthplus Pte Ltd	Singapore	In Members' Voluntary Liquidation	**-**	-
	KBD Double O Pte Ltd (formerly known as VNT Travel Pte Ltd) [a]	Singapore	Project and travelling services	**100%**	100%
	Beijing G & W Cement Products Co., Ltd [b]	People's Republic of China	Manufacture and sale of building materials	**55%**	55%
	USL Asia Pacific Pte Ltd [a]	Singapore	Manufacture and sale of construction products	**75%**	75%
	USL Asia Pacific (M) Sdn. Bhd.[f]	Malaysia	Trading of construction products	**68.25%**	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	**-**	-
	Shantou SEZ Jia Xin Real Estate Development Co., Ltd [h]	People's Republic of China	Dormant	**70%**	70%
	Dalian Megacity Trading Co., Ltd [g]	People's Republic of China	Provision of logistic, and business services	**100%**	100%
	PT. Batam Vision Indonesia [h]	Indonesia	Dormant	**100%**	100%
	PT. Koh Brothers Indonesia [e]	Indonesia	Property investment and development	**100%**	100%
	PT. KB Marinindo [h]	Indonesia	Dormant	**100%**	100%
	PT. Pulau Pisang Granitindo [h]	Indonesia	Dormant	**100%**	100%
	G & W Building Materials Sdn. Bhd.[c]	Malaysia	Manufacture of building materials	**100%**	100%
	G & W Industries (M) Sdn. Bhd.[c]	Malaysia	Equipment rental and sale	**100%**	100%
^	Metax Eco Solutions Pte. Ltd. [a]	Singapore	Environmental engineering services	**40.78%**	-
^	Koh Eco Engineering Pte. Ltd. (f.k.a. Metax Biorefinery Pte. Ltd.) [a]	Singapore	Engineering works and construction	**40.78%**	-
^	WS Bioengineering Pte. Ltd. [a]	Singapore	Construction and project management	**40.78%**	-
^	Metax Engineering (India) Private Limited [i]	India	Construction and project management	**40.78%**	-

36. Group companies (continued)

	Name of Company	Country of incorporation and business	Principal activities	Effective holding by the Group 2013	2012
	Held by subsidiaries:				
^	P.T. Bali Environmental Persada [j]	Indonesia	Dormant	**24.47%**	-
^	MetEco Solutions Sdn. Bhd. [c]	Malaysia	Construction and project management	**40.78%**	-
^	WS Bioengineering China Pte. Ltd. [a]	Singapore	Investment holding	**40.78%**	-
^	WSB Pte. Ltd. [a]	Singapore	Investment holding	**40.78%**	-
^	Bioearth Pte. Ltd. [a]	Singapore	Investment holding	**40.78%**	-
^	WS Bioengineering Sdn. Bhd. [c]	Malaysia	Managing and equipment procurement services	**40.78%**	-
^	Oiltek Sdn. Bhd. [c]	Malaysia	Specialist engineers and commission agent	**32.64%**	-
^	Oiltek-Nova Bioenergy Sdn. Bhd. [c]	Malaysia	Specialist engineers and commission agent	**26.51%**	-
	JOINT VENTURE COMPANIES				
	Held by subsidiaries:				
	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%
	JOINT VENTURE ENTITY				
	Held by subsidiary: Soletanche Bachy – Koh Brothers Joint Venture [a]	Singapore	Civil engineering	**45%**	45%
	ASSOCIATED COMPANIES				
	Held by subsidiary:				
	Hi Con (S) Pte. Ltd. [a]	Singapore	Manufacture and sale of chemicals	**35%**	35%
	Tricaftan Environmental Technology Pte. Ltd.	Singapore	Construction and project management	**16.31%**	-

[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 DRS. Binsar B. Lumbanradja, Registered Public Accountants.
[f] Audited by Roger, Yue Tan & Associates, Malaysia.
[g] Audited by Dalian Yong Rui Certified Public Accountant, China.
[h] Unaudited management accounts have been reviewed for the purpose of preparing the consolidated financial statements of the Group.
[l] Audited by MMKV & Co.,Chartered Accountants, India. This subsidiary is insignificant to the Group.
[j] Audited by KAP. I Wayan Ramantha, Indonesia. This subsidiary is insignificant to the Group.
[k] Audited by Adept Public Accounting Corporation, Singapore.
[i] In accordance to Rule 716 of The Singapore Exchange Securities Trading Limited – Listing Rules, the Audit Committee and Board of Directors of the Company confirmed that they are satisfied that the appointment of different auditors for its subsidiaries and significant joint venture companies would not compromise the standard and effectiveness of the audit of the Group.
^ Metax Corporation Limited and its subsidiaries ("Metax") are deemed to be subsidiaries of the Group as the Company acquired warrants in Metax (Note 12) that, if exercised, gives the Company approximately 51% of the enlarged total number of shares issued by Metax on a diluted basis and hence deemed control.

37. Investment properties

Property	Title	Site area/gross floor area (sq ft)
i. The Sun Plaza, a 5-storey commercial and entertainment complex at Sembawang, Singapore	99 years lease from 26 June 1996	92,570 252,392
ii. 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 to September 2018*	200,456 186,066
iii. 11 shop units at Alocassia Apartments at 383 Bukit Timah Road, Singapore	Freehold	44,863** 22,895
iv. 45 apartment units at Alocassia Apartments at 383 Bukit Timah Road, Singapore	Freehold	44,863** 35,166
v. 2 residential units at 1 Khiang Guan Avenue, Singapore	Freehold	3,455 3,455

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

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

38. Development properties

Property	Title	Percentage of completion at 31.12.2013/expected date of completion	Site area/gross floor area (sq ft)	Group's effective interest in property
i. Site for residential development at 9 Leonie Hill, Singapore	Freehold	TOP obtained in August 2011	34,793 97,404	50%
ii. Site for residential development at 1 & 3 Khiang Guan Avenue, Singapore	Freehold	90% / April 2014	59,984 167,955	25%
iii. Site for residential development at Flora Drive, Singapore	99 years lease	34% / December 2015	322,368 496,388	100%

39. Business combinations

On 28 February 2013, the Group acquired a 40.78% equity interest in Metax Engineering Corporation Limited and its subsidiaries ("Metax") and subscribed for 165,000,000 detachable, non-transferable and non-listed warrants issued by Metax. The principal activities of Metax are those of construction, project management and investment holding.

Details of the consideration paid, the assets acquired and liabilities assumed, the non-controlling interest recognised and the effects on the cash flows of the Group, at the acquisition date, are as follows:

(a) Purchase consideration

	S$'000
Cash paid	8,215
Less: Consideration for warrants (Note 12)	(3,015)
Consideration transferred for the business	5,200

(b) Effect on cash flows of the Group

	S$'000
Cash paid (as above)	8,215
Less: Cash and cash equivalents in subsidiary acquired*	(20,060)
Net cash inflow on acquisition	(11,845)

* Restricted cash of S$1,436,000 [Note 11(iii)] has been excluded.

39. Business combinations (continued)

(c) Identifiable assets acquired and liabilities assumed

	At fair value S$'000
Cash and cash equivalents	20,060
Property, plant and equipment (Note 23)	6,597
Investment in an associated company (Note 20)	777
Inventories	596
Due from customers on construction contracts	5,259
Trade and other receivables	4,236
Total assets	37,525
Trade and other payables	(16,675)
Due to customers on construction contracts	(9,769)
Current income tax liabilities	(670)
Borrowings	(2,784)
Deferred income tax liabilities	(63)
Total liabilities	(29,961)
Total identifiable net assets	**7,564**
Less: Non-controlling interest at fair value	(7,442)
Add: Goodwill (Note 24)	5,078
Consideration transferred for the business	**5,200**

(d) Acquisition-related costs

Acquisition-related costs of S$300,469 are included in "administrative expenses" in the consolidated statement of comprehensive income and in operating cash flows in the consolidated statement of cash flows.

(e) Goodwill

The goodwill of S$5,078,000 arising from the acquisition is attributable to the synergies expected to arise from the economies of scale in combining the operations of the Group with those of Metax.

(f) Non-controlling interests

The fair value of the non-controlling interest in Metax was estimated by using the purchase price paid for acquisition of 40.78% stake in Metax.

39. Business combinations (continued)

(g) Revenue and profit contribution

The acquired business contributed revenue of S$33,019,000 and net profit of S$1,720,000 to the Group from the period from 1 March 2013 to 31December 2013.

Had Metax been consolidated from 1 January 2013, consolidated revenue and consolidated profit for the year ended 31 December 2013 would have been S$379,055,000 and S$22,254,000 respectively.

40. New or revised accounting standards and interpretations

Below are the mandatory standards, amendments and interpretations to existing standards that have been published, and are relevant for the Group's accounting periods beginning on or after 1 January 2013 or later periods which the Group has not early adopted:

- FRS 110 *Consolidated Financial Statements* (effective for annual periods beginning on or after 1 January 2014)

  FRS 110 replaces all of the guidance on control and consolidation in IAS 27 "Consolidated and Separate Financial Statements" and SIC 12 "Consolidation – Special Purpose Entities". The same criteria are now applied to all entities to determine control. Additional guidance is also provided to assist in the determination of control where this is difficult to assess. The Group will apply FRS 110 from 1 January 2014, but this is not expected to have a significant impact on the financial statements of the Group.

- FRS 111 *Joint Arrangements* (effective for annual periods beginning on or after 1 January 2014)

  FRS 111 introduces a number of changes. The "types" of joint arrangements have been reduced to two: joint operations and joint ventures. The existing policy choice of proportionate consolidation for jointly controlled entities has been eliminated and equity accounting is mandatory for participants in joint ventures. Entities that participate in joint operations will follow accounting much like that for joint assets or joint operations currently.

40. New or revised accounting standards and interpretations (continued)

- FRS 111 *Joint Arrangements* (effective for annual periods beginning on or after 1 January 2014) (continued)

  The Group will apply FRS 111 from 1 January 2014. The group has assessed that Canberra Development Pte Ltd, Buildhome Pte Ltd and Phileap Pte Ltd are classified as joint ventures that should be accounted for using the equity-accounting method. Currently the Group proportionately consolidates these entities. Upon the adoption of FRS111, the Group will regard the aggregate the carrying amounts of the proportionately-consolidated assets and liabilities (including any goodwill ariding from acquisition) as its equity-accounted investment in joint ventures. These assets and liabilities are disclosed in Note 21.

- FRS 112 *Disclosure of Interests in Other Entities* (effective for annual periods beginning on or after 1 January 2014)

  FRS 112 requires disclosure of information that helps financial statement readers to evaluate the nature, risks and financial effects associated with the entity's interests in (1) subsidiaries, (2) associates, (3) joint arrangements and (4) unconsolidated structured entities.

  The Group will apply FRS 112 prospectively from 1 January 2014. FRS 112 will not result in any changes to the Group's accounting policies but will require more disclosures in the financial statements.

41. Authorisation of financial statements

These financial statements were authorised for issue in accordance with a resolution of the Board of Directors of Koh Brothers Group Limited on 25 March 2014.

AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF KOH BROTHERS GROUP LIMITED AND ITS SUBSIDIARIES FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2012

The information in this Appendix III has been reproduced from the annual report of Koh Brothers Group Limited for the financial year ended 31 December 2012 and has not been specifically prepared for inclusion in this Information Memorandum. Investors should read the consolidated financial data in conjunction with the related notes.

KOH BROTHERS GROUP LIMITED

(Incorporated in Singapore. Registration Number: 199400775D)

AND ITS SUBSIDIARIES

ANNUAL REPORT

For the financial year ended 31 December 2012

KOH BROTHERS GROUP LIMITED
(Incorporated in Singapore)
AND ITS SUBSIDIARIES

ANNUAL REPORT
For the financial year ended 31 December 2012

Contents

DIRECTORS' REPORT
For the financial year ended 31 December 2012

The directors present their report to the members together with the audited financial statements of the Group for the financial year ended 31 December 2012 and the balance sheet of the Company as at 31 December 2012.

1. Directors

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

Koh Tiat Meng
Koh Teak Huat
Koh Keng Siang
Koh Keng Hiong
Lee Khoon Choy
Lai Mun Onn
Ling Teck Luke
Gn Hiang Meng
Quek Chee Nee

2. 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 in paragraph 3 of this report.

3. 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 2013 had any interest in the shares or debentures of the Company or its related corporations, except as follows:

	Holdings registered in name of director or nominee			Holdings in which a director is deemed to have an interest		
	At 21.1.2013	**At 31.12.2012**	At 1.1.2012	**At 21.1.2013**	**At 31.12.2012**	At 1.1.2012
Company						
(Ordinary shares)						
Koh Tiat Meng	**61,308,654**	61,308,654	61,308,654	**-**	-	-
Koh Teak Huat	**32,213,088**	32,213,088	32,213,088	**325,000**	325,000	325,000
Koh Keng Siang	**62,422,535**	62,422,535	62,422,535	**20,000**	20,000	20,000
Koh Keng Hiong	**30,260,100**	30,260,100	30,260,100	**10,000**	10,000	10,000
Lai Mun Onn	**100,000**	100,000	100,000	**-**	-	-
Ling Teck Luke	**200,000**	200,000	200,000	**-**	-	-
Quek Chee Nee	**25,896,814**	25,896,814	25,896,814	**-**	-	-

4. Directors' contractual benefits

Since the end of the previous financial year, no director has received or become entitled to receive a benefit by reason of a contract made by the Company or a related corporation with the director or with a firm of which he is a member or with a company in which he has a substantial financial interest, except as disclosed in the accompanying financial statements and in this report.

5. 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.

6. Audit and Risk Committee

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

Mr Lee Khoon Choy (Chairman)
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

6. **Audit and Risk Committee** (continued)

- the balance sheet of the Company and the consolidated financial statements of the Group for the financial year ended 31 December 2012 before their submission to the Board of Directors, as well as the Independent Auditor's Report on the balance sheet of the Company and the consolidated financial statements of the Group.

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.

7. **Independent Auditor**

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

On behalf of the directors

Koh Keng Siang	Koh Keng Hiong
Director	Director

22 March 2013

STATEMENT BY DIRECTORS

For the financial year ended 31 December 2012

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 6 to 81 are drawn up so as to give a true and fair view of the state of affairs of the Company and of the Group as at 31 December 2012 and of the results of the business, changes in equity and cash flows of the Group for the financial year then ended; 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.

On behalf of the directors

Koh Keng Siang
Director

Koh Keng Hiong
Director

22 March 2013

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 6 to 81, which comprise the consolidated balance sheet of the Group and balance sheet of the Company as at 31 December 2012, 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 profit and loss accounts and balance sheets 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 state of affairs of the Group and of the Company as at 31 December 2012, and of the results, 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 subsidiaries 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 Certified Public Accountants

Singapore, 22 March 2013

KOH BROTHERS GROUP LIMITED AND ITS SUBSIDIARIES

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the financial year ended 31 December 2012

	Note	Group 2012 S$'000	Group 2011 S$'000
Sales	4	**299,546**	341,145
Cost of sales	6	**(249,416)**	(296,943)
Gross profit		**50,130**	44,202
Other gains - net	5	**4,516**	1,390
Expenses			
- Distribution and marketing	6	**(10,528)**	524
- Administrative	6	**(18,020)**	(17,426)
- Finance	8	**(2,640)**	(2,879)
- Other	6	**(1,148)**	(1,456)
Share of profit of an associated company	21	**300**	242
Profit before income tax		**22,610**	24,597
Income tax expense	9(a)	**(2,880)**	(3,976)
Profit after income tax		**19,730**	20,621
Other comprehensive income, net of tax:			
Exchange differences on translating foreign operations	30(d)	**(147)**	792
Total comprehensive income		**19,583**	21,413
Profit attributable to:			
Equity holders of the Company		**19,650**	19,887
Non-controlling interests		**80**	734
		19,730	20,621
Total comprehensive income attributable to:			
Equity holders of the Company		**19,483**	20,612
Non-controlling interests		**100**	801
		19,583	21,413
Earnings per share for profit attributable to equity holders of the Company:			
- Basic (in cents)	10	**4.23**	4.19
- Diluted (in cents)	10	**4.23**	4.19

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

BALANCE SHEETS

As at 31 December 2012

	Note	Group 2012	Group 2011 (restated)	Group 2010 (restated)	Company 2012	Company 2011
		S$'000	S$'000	S$'000	**S$'000**	S$'000
ASSETS						
Current assets						
Cash and cash equivalents	11	**53,981**	50,521	61,595	**863**	2,179
Financial assets at fair value through profit or loss	12	**176**	688	877	**-**	5
Trade receivables	13	**59,905**	51,799	50,170	**-**	-
Due from customers on construction contracts	14	**7,047**	4,834	11,433	**-**	-
Amounts due from subsidiaries	15	**-**	-	-	**6,863**	8,534
Amounts due from an associated company	16	**7**	9	71	**-**	-
Inventories	17	**12,526**	8,836	7,760	**-**	-
Tax recoverable	9(g)	**25**	685	1,084	**-**	-
Other assets	18	**14,395**	4,115	3,254	**-**	-
Development properties	19	**268,098**	163,850	130,629	**-**	-
Properties held for sale	20	**-**	13	47	**-**	-
		416,160	285,350	266,920	**7,726**	10,718
Non-current assets						
Amounts due from subsidiaries	15	**-**	-	-	**2,405**	4,745
Trade receivables	13	**10,396**	5,462	2,263	**-**	-
Investment in an associated company	21	**800**	675	444	**-**	-
Investment in subsidiaries	15	**-**	-	-	**84,469**	77,907
Investment properties	23	**204,161**	205,161	204,831	**-**	-
Property, plant and equipment	24	**60,019**	59,151	65,352	**-**	-
		275,376	270,449	272,890	**86,874**	82,652
Total assets		**691,536**	555,799	539,810	**94,600**	93,370
LIABILITIES						
Current liabilities						
Trade payables	25	**56,365**	40,787	54,907	**-**	-
Other liabilities	26	**39,298**	35,926	31,133	**622**	690
Due to customers on construction contracts	14	**34,619**	21,415	19,230	**-**	-
Amounts due to subsidiaries	15	**-**	-	-	**2,819**	9,185
Amounts due to an associated company	16	**1,005**	540	812	**-**	-
Current income tax liabilities	9(c)	**5,678**	5,677	1,357	**-**	-
Short-term borrowings	27	**49,808**	43,652	72,017	**-**	-
		186,773	147,997	179,456	**3,441**	9,875
Non-current liabilities						
Amounts due to subsidiaries	15	**-**	-	-	**9,339**	7,338
Trade payables	25	**3,956**	6,600	6,559	**-**	-
Finance leases	28	**497**	685	4,446	**-**	-
Bank term loans	29	**287,138**	202,108	167,518	**-**	-
Other liabilities	26	**-**	-	-	**105**	206
Deferred income tax liabilities	9(d)	**7,396**	8,233	9,102	**-**	-
		298,987	217,626	187,625	**9,444**	7,544
Total liabilities		**485,760**	365,623	367,081	**12,885**	17,419
NET ASSETS		**205,776**	190,176	172,729	**81,715**	75,951

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

BALANCE SHEETS

As at 31 December 2012

	Note	Group			Company	
		2012	2011 (restated)	2010 (restated)	**2012**	2011
		S$'000	S$'000	S$'000	**S$'000**	S$'000
EQUITY						
Capital and reserves attributable to equity holders of the Company						
Share capital	30(a)	**45,320**	47,966	47,966	**45,320**	47,966
Treasury shares	30(a)	**(854)**	(2,287)	-	**(854)**	(2,287)
Capital and other reserves	30(b)	**1,411**	1,411	1,411	**-**	-
Retained profits	30(c)	**165,196**	147,179	128,971	**37,249**	30,272
Currency translation reserve	30(d)	**(6,052)**	(5,885)	(6,610)	**-**	-
		205,021	188,384	171,738	**81,715**	75,951
Non-controlling interests		**755**	1,792	991	**-**	-
Total equity		**205,776**	190,176	172,729	**81,715**	75,951

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

KOH BROTHERS GROUP LIMITED AND ITS SUBSIDIARIES

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the financial year ended 31 December 2012

		Attributable to equity holders of the Company							
Group (S$'000)	Note	Share capital	Treasury shares	Capital and other reserves	Retained profits	Currency translation reserve	Total	Non-controlling interests	Total equity
Balance at 1 January 2012, as previously reported		47,966	(2,287)	1,411	139,629	(5,885)	180,834	1,792	182,626
Effect of adopting amendments to FRS 12	2.1	-	-	-	7,550	-	7,550	-	7,550
Balance at 1 January 2012, as restated		47,966	(2,287)	1,411	147,179	(5,885)	188,384	1,792	190,176
Total comprehensive income for the year		-	-	-	19,650	(167)	19,483	100	19,583
Purchase of treasury shares	30(a)	-	(1,213)	-	-	-	(1,213)	-	(1,213)
Dividend paid relating to 2011	31	-	-	-	(1,633)	-	(1,633)	-	(1,633)
Cancellation of shares held in treasury	30(a)	(2,646)	2,646	-	-	-	-	-	-
Subsidiaries in the process of liquidation		-	-	-	-	-	-	(1,137)	(1,137)
Balance at 31 December 2012		**45,320**	**(854)**	**1,411**	**165,196**	**(6,052)**	**205,021**	**755**	**205,776**
Balance at 1 January 2011, as previously reported		47,966	-	1,411	121,421	(6,610)	164,188	991	165,179
Effect of adopting amendments to FRS 12	2.1	-	-	-	7,550	-	7,550	-	7,550
Balance at 1 January 2011, as restated		47,966	-	1,411	128,971	(6,610)	171,738	991	172,729
Total comprehensive income for the year		-	-	-	19,887	725	20,612	801	21,413
Purchase of treasury shares	30(a)	-	(2,287)	-	-	-	(2,287)	-	(2,287)
Dividend paid relating to 2010	31	-	-	-	(1,679)	-	(1,679)	-	(1,679)
Balance at 31 December 2011		**47,966**	**(2,287)**	**1,411**	**147,179**	**(5,885)**	**188,384**	**1,792**	**190,176**

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

KOH BROTHERS GROUP LIMITED AND ITS SUBSIDIARIES

CONSOLIDATED STATEMENT OF CASH FLOWS
For the financial year ended 31 December 2012

	Group	
	2012	2011
	S$'000	S$'000
Cash flows from operating activities		
Profit after income tax	**19,730**	20,621
Adjustments for:		
- Income tax expense	**2,880**	3,976
- Depreciation of property, plant and equipment	**3,794**	4,692
- Property, plant and equipment written off	**46**	10
- Gain on disposal of property, plant and equipment	**(388)**	(1,344)
- (Gain)/loss on disposal of property held for sale	**(20)**	8
- Fair value loss on long-term financial assets and financial liabilities	**415**	330
- Fair value (gain)/loss on financial assets at fair value through profit or loss	**(384)**	183
- Fair value loss on investment properties	**1,000**	997
- Dividend income	**(5)**	(21)
- Share of profit of an associated company	**(300)**	(242)
- Interest expense	**2,640**	2,879
- Interest income	**(443)**	(874)
- Unrealised translation differences	**625**	498
Operating cash flow before working capital changes	**29,590**	31,713
Working capital changes:		
- Receivables	**(21,559)**	(5,002)
- Inventories	**(3,690)**	(1,076)
- Due from/to customers on construction contracts	**15,066**	12,903
- Development properties	**(99,592)**	(31,191)
- Properties held for sale	**32**	26
- Payables	**15,735**	(10,422)
Cash generated from operations	**(64,418)**	(3,049)
Income tax paid	**(3,760)**	(694)
Interest paid	**(6,399)**	(5,022)
Net cash used in operating activities	**(74,577)**	(8,765)
Cash flows from investing activities		
Purchase of property, plant and equipment [Note (b)]	**(6,779)**	(1,411)
Proceeds from financial assets at fair value through profit or loss	**896**	6
Proceeds from disposal of property, plant and equipment	**481**	1,451
Additions to investment properties	**-**	(1,327)
Proceeds from liquidation of subsidiaries, net of cash	**(4,243)**	-
Dividend received from other investments	**5**	21
Interest received	**1,027**	287
Net cash used in investing activities	**(8,613)**	(973)

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

CONSOLIDATED STATEMENT OF CASH FLOWS
For the financial year ended 31 December 2012

	Group	
	2012	2011
	S$'000	S$'000
Cash flows from financing activities		
Proceeds from bank borrowings	**137,407**	30,185
Repayment of bank borrowings	**(43,185)**	(21,734)
Payment of finance lease instalments	**(4,366)**	(5,424)
Purchase of treasury shares	**(1,213)**	(2,287)
Dividends paid to equity holders of the Company	**(1,633)**	(1,679)
Net cash provided by/(used in) financing activities	**87,010**	(939)
Net increase/(decrease) in cash and cash equivalents	**3,820**	(10,677)
Cash and cash equivalents at beginning of financial year [Note (a)]	**50,321**	60,467
Effect of currency translation on cash and cash equivalents	**(360)**	531
Cash and cash equivalents at end of financial year [Note (a)]	**53,781**	50,321

(a) Cash and cash equivalents

For the purpose of presenting the consolidated statement of cash flows, cash and cash equivalents comprise cash on hand and balance with banks:

		Group	
	Note	**2012**	2011
		S$'000	S$'000
Cash and bank balances	11	**53,981**	50,521
Restricted cash	11(iv)	**(200)**	(200)
		53,781	50,321

At 31 December 2012, fixed deposits of S$200,000 (2011: S$200,000) were pledged with banks by the Group as security for credit facilities granted. Accordingly, these have been presented as restricted cash and excluded from the Group's cash and cash equivalents.

(b) Purchase of property, plant and equipment

During the financial year, the Group acquired property, plant and equipment with an aggregate cost of S$9,016,000 (2011: S$2,628,000) of which S$1,140,000 (2011: S$365,000) was acquired by means of finance lease and S$1,097,000 (2011: S$852,000) on credit terms. Cash payments of S$6,779,000 (2011: S$1,411,000) were made to purchase property, plant and equipment.

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 36 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 2012

On 1 January 2012, 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 adoption of the amendment to FRS 12, the effects of which are disclosed below:

2. Significant accounting policies (continued)

2.1 Basis of preparation (continued)

The Group has adopted the amendments to FRS 12 *Deferred Tax: Recovery of Underlying Assets* on 1 January 2012. The amended FRS 12 has introduced a presumption that an investment property measured at fair value is recovered entirely by sale. The amendment is applicable retrospectively to annual periods beginning on or after 1 January 2012 with early adoption permitted.

Previously, the Group accounted for deferred tax on fair value gains on investment property on the basis that the asset would be recovered through use. Upon adoption of the amendment, such deferred tax is measured on the basis of recovery through sale.

The effects on adoption are as follows:

	Consolidated Balance sheet	
	At 31 December 2011	At 1 January 2011
	Increase/(Decrease)	
	$'000	$'000
Deferred income tax liabilities	(7,550)	(7,550)
Retained profits	7,550	7,550

The adoption of amended FRS 12 does not have any material impact on the basic and fully diluted earnings per share of the Group.

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 by the Group, the sale of development properties and properties held for sale, rental and related income from investment properties, commission income, dividend and interest income in the ordinary course of the Group's activities. Sales are presented, net of goods or services tax and discounts, and after eliminating sales within the Group.

2. Significant accounting policies (continued)

2.2 Revenue recognition (continued)

The Group recognises revenue when the amount of the 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 products

Revenue is recognised when a Group entity 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.

(c) Contracts revenue

Revenue from construction contracts is recognised as disclosed in Note 2.8 "Construction contract work-in-progress".

(d) Revenue from property development

Revenue from development properties is recognised as disclosed in Note 2.10 "Development properties".

(e) Rental income

Rental income is recognised as disclosed in Note 2.15(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. Significant accounting policies (continued)

2.3 Subsidiaries

(a) *Consolidation*

Subsidiaries are entities (including special purpose entities) over which the Group has power to govern the financial and operating policies so as to obtain benefits from its activities, generally accompanied by a shareholding giving rise to a majority of the voting rights. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group controls another entity. Subsidiaries are consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date on which 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 assets transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

Non-controlling interests are that part of the net results of operations and of net assets of a subsidiary attributable to the interests which 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.

(b) *Acquisitions*

The acquisition method of accounting is used to account for business combinations 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 the fair value of any contingent consideration arrangement and the fair value of any pre-existing equity interest in the subsidiary.

Acquisition-related costs are expensed as incurred.

2. Significant accounting policies (continued)

2.3 Subsidiaries (continued)

(b) 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 net identifiable assets.

The excess of (i) 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 (ii) fair value of the net identifiable assets acquired is recorded as goodwill. Please refer to Note 2.7 "Intangible assets" for the subsequent accounting policy on goodwill.

(c) Disposals

When a change in the Group 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 earnings 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 2.12 "Investments in subsidiaries, joint ventures and associated companies" for the accounting policy on investments in subsidiaries in the separate financial statements of the Company.

(d) 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.

2. Significant accounting policies (continued)

2.4 Joint ventures

The Group's joint ventures are entities over which the Group has contractual arrangements to jointly share control over the economic activity of the entities with one or more parties. The Group's interest in joint ventures is accounted for in the consolidated financial statements using proportionate consolidation.

Proportionate consolidation involves combining the Group's share of joint ventures' income and expenses, assets and liabilities and cash flows of the jointly controlled entities on a line-by-line basis with similar items in the Group's financial statements.

When the Group sells assets to a joint venture, the Group recognises only the portion of gains or losses on the sale of assets that is attributable to the interest of the other venturers. The Group recognises the full amount of any loss when the sale provides evidence of a reduction in the net realisable value of current assets or an impairment loss.

When the Group purchases assets from a joint venture, it does not recognise its share of the profits of the joint ventures arising from the Group's purchase of assets until it resells the assets to an independent party. However, a loss on the transaction is recognised immediately if the loss provides evidence of a reduction in the net realisable value of current assets or an impairment loss.

The accounting policies of joint ventures have been changed where necessary to ensure consistency with the accounting policies adopted by the Group.

Please refer to Note 2.12 "Investments in subsidiaries, joint ventures and associated companies" for the accounting policy on investments in joint ventures in the separate financial statements of the Company.

2.5 Associated companies

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

(a) Acquisitions

Investments in associated companies 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 represents the excess of the cost of acquisition of the associate over the Group's share of the fair value of the identifiable net assets of the associate and is included in the carrying amount of the investments.

2. Significant accounting policies (continued)

2.5 Associated companies (continued)

(b) Equity method of accounting

In applying the equity method of accounting, the Group's share of its associated companies' 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 are adjusted against the carrying amount of the investments. When the Group's share of losses in an associated company equals or exceeds its interest in the associated company, including any other unsecured non-current receivables, the Group does not recognise further losses, unless it has obligations to make or has made payments on behalf of the associated company.

Unrealised gains on transactions between the Group and its associated companies are eliminated to the extent of the Group's interest in the associated companies. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. The accounting policies of associated companies have been changed where necessary to ensure consistency with the accounting policies adopted by the Group.

(c) Disposals

Investments in associated companies are derecognised when the Group loses significant influence. Any retained equity interest in the entity is remeasured at its fair value. The difference between the carrying amount of the retained interest at the date when significant influence is lost and its fair value is recognised in profit or loss.

Gain and losses arising from partial disposals or dilutions in investment in associated companies in which significant influence is retained are recognised in profit or loss.

Please refer to Note 2.12 "Investments in subsidiaries, joint ventures and associated companies" for the accounting policy on investments in associated companies in the separate financial statements of the Company.

2. Significant accounting policies (continued)

2.6 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. Freehold land is subsequently carried at the revalued amount less 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.

Increases in carrying amounts arising from revaluation 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 is 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:

Construction in progress is not depreciated.

	Useful lives
Buildings	20 – 50 years
Leasehold premises	20 – 99 years
Plant and machinery	1 – 20 years
Motor vehicles and trucks	1 – 10 years
Furniture, fittings, office equipment and computers	1 – 10 years
Hotel equipment	5 – 10 years

2. Significant accounting policies (continued)

2.6 Property, plant and equipment (continued)

(b) Depreciation (continued)

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

(c) Subsequent expenditure

Subsequent expenditure relating to property, plant and equipment that has already been recognised is added to the carrying amount of the asset only when it is probable that future economic benefits associated with the item, will flow to the Group 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 net 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.

2.7 Intangible assets

Goodwill on acquisitions

Goodwill on acquisitions of subsidiaries on or after 1 January 2010 represents the excess of (i) 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 (ii) the fair value of the identifiable net assets acquired.

Goodwill on acquisitions of subsidiaries prior to 1 January 2010 and on acquisition of joint ventures and associated companies represent 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 and joint ventures is recognised separately as intangible assets and carried at cost less accumulated impairment losses.

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

2. Significant accounting policies (continued)

2.7 Intangible assets (continued)

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.

2.8 Construction contract work-in-progress

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 by reference to the professional's certification of value of work done to-date. 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.

At the balance sheet date, the cumulative costs incurred plus recognised profit (less recognised loss) 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".

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

2. Significant accounting policies (continued)

2.9 Investment properties

Investment properties include office buildings and land under operating leases that are held for long-term rental yields and are not occupied by the Group. Completed investment properties are classified as non-current assets.

Investment properties are initially recognised at cost and subsequently carried at fair value, determined annually by management on the recommendation of 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.

2.10 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 properties are delivered to the buyers, except for cases where the control and risks and rewards of the property are transferred to the buyers as construction 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.

2. Significant accounting policies (continued)

2.10 Development properties (continued)

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".

2.11 Properties held for sale

Properties held for sale are stated at the lower of cost and net realisable value and comprise developed properties and trading properties.

Cost of trading properties comprises the cost of purchase.

2.12 Investments in subsidiaries, joint ventures and associated companies

Investments in subsidiaries, joint ventures and associated companies are carried at cost less accumulated impairment losses in the Company's balance sheet. On disposal of investments in subsidiaries, joint ventures and associated companies, the difference between disposal proceeds and the carrying amounts of the investments are recognised in profit or loss.

2.13 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. Goodwill included in the carrying amount of an investment in associated company is tested for impairment as part of the investment, rather than separately.

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.

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

2.13 Impairment of non-financial assets (continued)

(a) Goodwill (continued)

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

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

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

(b) Property, plant and equipment, investments in subsidiaries, joint ventures, associated companies and development properties

Property, plant and equipment, investments in subsidiaries, joint ventures, associated companies and development properties 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 2.6 "Property, plant and equipment" for the treatment of a revaluation decrease.

2. Significant accounting policies (continued)

2.13 Impairment of non-financial assets (continued)

(b) *Property, plant and equipment, investments in subsidiaries, joint ventures, associated companies and development properties* (continued)

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 assets was previously recognised as an expense, a reversal of that impairment is also recognised in profit or loss.

2.14 Financial assets

(a) *Classification*

The Group classifies its financial assets in the following categories: at fair value through profit or loss and loans and receivables. 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. Assets in this category are presented as current assets if they are either held for trading or are expected to be realised within 12 months after the balance sheet date.

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

2.14 Financial assets (continued)

(a) *Classification* (continued)

ii. *Loans and receivables*

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

(b) *Recognition and derecognition*

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

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

(c) *Initial measurement*

Financial assets at fair value through profit or loss are recognised at fair value on initial recognition. Transaction costs for financial assets at fair value through profit or loss are recognised immediately as expenses.

Loans and receivables are initially recognised at fair value plus transaction costs.

(d) *Subsequent measurement*

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.

Loans and receivables are subsequently carried at amortised cost using the effective interest method.

2. Significant accounting policies (continued)

2.14 Financial assets (continued)

(e) Impairment

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

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. Subsequent recoveries of amounts previously written off are recognised against the same line item in profit or loss within “distribution and marketing expenses and other expenses”.

2.15 Leases

(a) When the Group is the lessee:

i. 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.

2. Significant accounting policies (continued)

2.15 Leases (continued)

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

ii. Operating leases

Leases of assets 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.

When an operating lease is terminated before the lease period has expired, any payment required to be made to the lessor by way of penalty is recognised as an expense in the financial year in which termination takes place.

(b) When the Group is the lessor:

i. Operating leases

Leases of investment properties and property, plant and equipment where the Group retains substantially all risks and rewards incidental to ownership are classified as operating leases.

Rental income from operating leases (net of any incentive given to the lessees) is recognised in profit or loss on a straight-line basis over the lease term. Income from leasing of equipment is recognised on its utilisation basis.

Initial direct costs incurred by the Group in negotiating and arranging an operating lease 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. Significant accounting policies (continued)

2.16 Financial guarantees

The Company has issued corporate guarantees to banks for bank borrowings of its subsidiaries. These guarantees are financial guarantees as they require the Company to reimburse the banks if the subsidiaries 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' 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.

2.17 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.

2.18 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.

2.19 Fair value estimation of financial assets and liabilities

The fair values of financial instruments traded in active markets 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 fair values of current financial assets and liabilities carried at amortised cost approximate their carrying amounts.

2. Significant accounting policies (continued)

2.20 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.

2.21 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 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.

2. Significant accounting policies (continued)

2.21 Income taxes (continued)

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

2.22 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.

2.23 Employee compensation

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

(a) Defined contribution plans

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

(b) Employee leave entitlement

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

2.24 Borrowing costs

Borrowing costs incurred to finance contract work-in-progress and development of properties are capitalised during the period of time that is required to complete and prepare the asset for its intended use. The cost capitalised is the actual borrowing costs incurred during the period.

Other borrowing costs are recognised on a time-proportion basis in profit or loss using the effective interest method.

2. Significant accounting policies (continued)

2.25 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 translation 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.

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 exchange 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 of the entity giving rise to such reserve.

2. Significant accounting policies (continued)

2.26 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.

2.27 Cash and cash equivalents

For the purpose of presentation in the consolidated cash flow statement, cash and cash equivalents 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.

2.28 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.

When treasury shares are subsequently sold or reissued pursuant to an employee shares option scheme, the cost of treasury shares is reversed from the treasury share account and the realised gain or loss on sale or reissue, net of any directly attributable incremental transaction costs and related income tax, is recognised in the capital reserve.

2.29 Dividends to Company's shareholders

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

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.

(a) *Construction contracts*

The Group recognises contract revenue and contract costs using the percentage of completion method. The stage of completion is measured by reference to the professional's certification of value of work done to-date. Please refer to Note 2.8 "Construction contract work-in-progress" for the Company's accounting policy on construction contract work-in-progress.

Significant assumptions are required to estimate the total contract costs which affect the contract cost recognised to-date based on the percentage of completion. 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% (2011: 5%) from management estimates, the Group's profit before income tax will decrease/increase by approximately S$3,278,000 (2011: S$3,798,000).

(b) *Valuation of investment properties*

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

The fair values are determined using the income 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.

4. Revenue

	Group	
	2012	2011
	S$'000	S$'000
Contract revenue	**97,709**	193,202
Revenue from sale of products	**104,317**	75,589
Revenue from services rendered	**7,846**	4,359
Revenue from property development	**76,643**	55,482
Rental income from investment properties (Note 23)	**13,031**	12,513
Total revenue	**299,546**	341,145

5. Other gains - net

	Group	
	2012	2011
	S$'000	S$'000
Dividend income	**5**	21
Fair value gain/(loss) on financial assets at fair value through profit or loss (Note 12)	**384**	(183)
Fair value loss on long-term financial assets and financial liabilities	**(415)**	(330)
Fair value loss on investment properties (Note 23)	**(1,000)**	(997)
Gain/(loss) on disposal of property held for sale	**20**	(8)
Gain on disposal of property, plant and equipment	**388**	1,344
Interest income	**644**	925
Write-back of non-trade payables no longer required	**3,732**	58
Other income	**758**	560
	4,516	1,390

6. Expenses by nature

	Group	
	2012	2011
	S$'000	S$'000
Advertising and promotion	**8,277**	2,300
Allowance for impairment of non-trade receivables	**48**	60
Allowance for impairment of/ (write-back of) trade receivables included in "distribution and marketing expenses" [Note 13(i)]	**1,809**	(3,532)
Bad debts written off		
- Trade	**-**	7
- Non-trade	**-**	28
Changes in inventories of raw material, work-in-progress and finished goods	**(3,690)**	(1,076)
Contractor and material costs net of changes in work-in-progress included in "cost of sales"	**144,189**	232,547
Commission expenses	**3,720**	227
Depreciation of property, plant and equipment [Note 24(i)]	**3,794**	4,692
Employee compensation (Note 7)	**25,866**	23,253
Freight, shipping, transport and travelling expenses	**1,946**	1,666
Legal, professional and tax fees	**1,456**	2,132
Net foreign exchange loss	**157**	633
Property, plant and equipment written off	**46**	10
Property tax	**1,615**	1,478
Purchases of raw material, finished goods and consumables	**68,608**	29,760
Rental expenses	**3,820**	4,873
Repair and maintenance expenses	**6,361**	5,705
Utilities	**5,583**	4,809
Other expenses	**5,507**	5,729
Total cost of sales, distribution and marketing, administrative and other expenses	**279,112**	315,301

7. Employee compensation

	Group 2012 S$'000	Group 2011 S$'000
Wages and salaries	**21,605**	19,559
Employer's contribution to defined contribution plans including Central Provident Fund	**1,338**	1,463
Other staff benefits	**2,923**	2,231
	25,866	23,253

Included in the cost of sales is employee compensation amounting to S$11,629,000 (2011: S$10,155,000). Compensation to key management personnel, including directors' remuneration, is separately disclosed in Note 33(b).

8. Finance expenses

	Group 2012 S$'000	Group 2011 S$'000
Interest expenses		
- Banking facilities	**2,474**	2,318
- Finance lease and others	**166**	561
	2,640	2,879

9. Income taxes

(a) Income tax expense

	Group 2012 S$'000	Group 2011 S$'000
Tax expense attributable to profit is made up of:		
- Current income tax [Note 9(c)]	**1,939**	4,474
- Deferred income tax [Note 9(d)]	**89**	(612)
	2,028	3,862
(Over)/under provision in preceding financial years		
- Current income tax [Note 9(c)]	**(12)**	(4)
- Deferred income tax [Note 9(d)]	**864**	118
	2,880	3,976

9. Income taxes (continued)

(b) Tax reconciliation

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	
	2012	2011
	S$'000	S$'000
Profit before income tax	**22,610**	24,597
Share of profit of an associated company	**(300)**	(242)
Profit before tax and share of profit of an associated company	**22,310**	24,355
Tax calculated at a tax rate of 17% (2011: 17%)	**3,793**	4,140
Expenses not deductible for tax purposes	**310**	1,907
Income not subject to tax	**(1,422)**	(1,269)
Tax benefits not recognised	**163**	89
Tax incentives	**(409)**	(166)
Utilisation of previously unrecognised:		
- Tax losses	**(357)**	(380)
- Capital allowances	**(12)**	(440)
Effect of different tax rates in other countries	**(25)**	(7)
Others	**(13)**	(12)
Tax charge	**2,028**	3,862

(c) Movement in current income tax liabilities

	Group	
	2012	2011
	S$'000	S$'000
Balance at 1 January	**5,677**	1,357
Currency translation differences	**44**	169
Income tax paid	**(3,760)**	(694)
Current financial year's income tax [Note 9(a)]	**1,939**	4,474
Over provision in preceding financial years [Note 9(a)]	**(12)**	(4)
Transfer from deferred income tax [Note 9(d)]	**1,790**	375
Balance at 31 December	**5,678**	5,677

9. Income taxes (continued)

(d) Deferred income tax

The movement in the deferred income tax is as follows:

	Group		
	2012	2011 (restated)	2010 (restated)
	S$'000	S$'000	S$'000
Balance at 1 January, as previously reported	**15,783**	16,652	15,188
Effect of adopting FRS 12 (Note 2.1)	**(7,550)**	(7,550)	(7,550)
Balance at 1 January, as restated	**8,233**	9,102	7,638
Currency translation differences	**-**	-	(50)
Current financial year's tax [Note 9(a)]	**89**	(612)	1,451
Under provision in preceding financial years [Note 9(a)]	**864**	118	63
Transfer to current income tax liabilities [Note 9(c)]	**(1,790)**	(375)	-
Balance at 31 December	**7,396**	8,233	9,102

(e) 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:

Deferred income tax liabilities	**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**
Balance at 1 January 2012, as previously reported	1,671	373	12,808	958	15,810
Effect of adopting FRS 12 (Note 2.1)	-	-	(7,550)	-	(7,550)
Balance at 1 January 2012, as restated	1,671	373	5,258	958	8,260
Current financial year's tax	(16)	-	(150)	255	89
Under provision in preceding financial years	-	-	-	852	852
Transfer to current income tax liabilities	59	-	-	(1,849)	(1,790)
Balance at 31 December 2012	**1,714**	**373**	**5,108**	**216**	**7,411**

9. Income taxes (continued)

(e) Movements in deferred income tax (continued)

	Provisions S$'000	Total S$'000
Deferred income tax assets		
Balance at 1 January 2012	(27)	(27)
Over provision in preceding financial years	12	12
Balance at 31 December 2012	**(15)**	**(15)**

Deferred income tax liabilities	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
Balance at 1 January 2011, as previously reported	1,317	373	13,969	1,020	16,679
Effect of adopting FRS 12 (Note 2.1)	-	-	(7,550)	-	(7,550)
Balance at 1 January 2011, as restated	1,317	373	6,419	1,020	9,129
Current financial year's tax	67	-	(679)	-	(612)
Under/(over) provision in preceding financial years	298	-	(482)	302	118
Transfer to current income tax liabilities	(11)	-	-	(364)	(375)
Balance at 31 December 2011	**1,671**	**373**	**5,258**	**958**	**8,260**

	Provisions S$'000	Total S$'000
Deferred income tax assets		
Balance at 1 January 2011 and 31 December 2011	**(27)**	**(27)**

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		
	2012	2011 (restated)	2010 (restated)
	S$'000	S$'000	S$'000
Deferred income tax liabilities	**7,411**	8,260	9,129
Deferred income tax assets	**(15)**	(27)	(27)
	7,396	8,233	9,102

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

9. Income taxes (continued)

(f) Unutilised tax losses and capital allowances

As at 31 December 2012, the Group has unutilised tax losses of approximately S$3,182,000 (2011: S$4,782,000) and unabsorbed capital allowances of approximately S$303,000 (2011: S$350,000) 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.

(g) Tax recoverable

The tax recoverable of the Group S$25,000 (2011: S$685,000) relates to amounts receivable from the tax authority arising from the tax deducted at source from the franked dividends declared in accordance with Section 44 of the Income Tax Act in prior years.

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

10. 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	
	2012	2011
Net profit attributable to equity holders of the Company (S$'000)	**19,650**	19,887
Weighted average number of ordinary shares in issue for computation of basic earnings per share ('000)	**464,607**	475,036
Basic earnings per share (in cents)	**4.23**	4.19

10. Earnings per share (continued)

(b) Diluted earnings per share

There is no dilution of earnings per share for the financial years ended 2012 and 2011.

11. Cash and cash equivalents

	Group		Company	
	2012	2011	**2012**	2011
	S$'000	S$'000	**S$'000**	S$'000
Fixed deposits	**10,835**	17,845	**-**	-
Cash and bank balances	**43,146**	32,676	**863**	2,179
	53,981	50,521	**863**	2,179

i. Fixed deposits are principally denominated in Singapore Dollar. The weighted average effective interest rate of fixed deposits at the balance sheet date is 0.31% (2011: 1.37%) per annum.

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 at the option of the Group.

iii. Included in the fixed deposits and cash and bank balances of the Group are amounts held under the Housing Developers' (Project Account) Rules 1985, totalling S$25,176,000 (2011: S$17,304,000), withdrawals from which are specific to payments for expenditure incurred on specified projects.

iv. Included in the fixed deposits of the Group is an amount of S$200,000 (2011: S$200,000) pledged to banks for credit facilities granted.

12. Financial assets at fair value through profit or loss

	Group		Company	
	2012	2011	**2012**	2011
	S$'000	S$'000	**S$'000**	S$'000
Quoted equity shares, at fair value:				
Balance at 1 January	**688**	877	**5**	4
Disposal	**(896)**	(6)	**(8)**	-
Fair value gain/(loss) during the financial year (Note 5)	**384**	(183)	**3**	1
Balance at 31 December	**176**	688	**-**	5

13. Trade receivables

	Group	
	2012	2011
	S$'000	S$'000
Current		
Due from non-related parties	**66,826**	56,809
Less: Allowance for impairment of trade receivables		
- Non-related parties	**(6,921)**	(5,010)
Trade receivables – net	**59,905**	51,799
Non-current		
Due from non-related parties	**10,396**	5,462

i. Allowance for impairment of trade receivables amounted to S$1,809,000 (2011: write-back of trade receivables of S$3,532,000) is recognised as an expense and included in "distribution and marketing expenses".

ii. Included in non-current trade receivables are retentions on construction contracts of S$10,396,000 (2011: S$5,462,000) (Note 14).

iii. 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 rates used is 4% (2011: 4%) per annum.

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

	Group	
	2012	2011
	S$'000	S$'000
Aggregate costs incurred and profits recognised (less losses recognised) to date on uncompleted construction contracts	**1,095,224**	971,460
Less: Progress billings	**(1,122,796)**	(988,041)
	(27,572)	(16,581)
Presented as:		
Current asset		
– Due from customers on construction contracts	**7,047**	4,834
Current liability		
– Due to customers on construction contracts	**(34,619)**	(21,415)
Construction contract work-in-progress includes the following:		
Depreciation of property, plant and equipment:		
Balance at 1 January	**1,252**	2,447
Capitalised during the financial year [Note 24(i)]	**4,075**	4,095
Less: Recognised on projects during financial year	**(3,201)**	(5,290)
Balance at 31 December	**2,126**	1,252
Retentions on construction contracts		
- Trade receivables [Note 13(ii)]	**10,396**	5,462
- Trade payables [Note 25(ii)]	**8,998**	10,700

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

	Company	
	2012	2011
	S$'000	S$'000
Investment in subsidiaries		
Balance at 1 January		
- Unquoted equity shares, at cost	**68,068**	68,068
- Financial guarantee contracts	**9,839**	8,843
	77,907	76,911
Increase in unquoted equity shares, at cost	**5,371**	-
Increase in financial guarantee contracts	**1,191**	996
Balance at 31 December	**84,469**	77,907
Amounts due from subsidiaries (non-trade) [Note 15(i)]		
- Current	**6,863**	8,534
- Non-current	**2,405**	4,745
	9,268	13,279
Amounts due to subsidiaries (non-trade) [Note 15(i)]		
- Current	**(2,819)**	(9,185)
- Non-current	**(9,339)**	(7,338)
	(12,158)	(16,523)

i. The current and non-current amounts due from and to subsidiaries are unsecured and interest-free. The current amounts due from and to subsidiaries are repayable on demand. The non-current amounts due from and to subsidiaries are not expected to be repaid within 12 months from the balance sheet date and their fair values approximate their carrying amounts.

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

ii. As at 31 December 2012, the Group has certain subsidiaries which are in the process of members' voluntary liquidation. The details of the subsidiaries are set out in Note 36. The fair values of identifiable net assets of these subsidiaries amounted to S$10,652,000. Details of the identifiable net assets of these subsidiaries as at 31 December 2012 are as follows:

	Carrying amount S$'000
Carrying amounts of assets and liabilities	
Cash and cash equivalents	**(4,715)**
Trade and other receivables	**(8,214)**
Total assets	**(12,929)**
Trade and other payables	**86**
Current income tax liabilities	**1,054**
Total liabilities	**1,140**
Net assets in liquidation	**11,789**
Less: Non-controlling interests	**(1,137)**
Increase in sundry receivables [Note 18(ii)]	**10,652**

16. Amounts due from/(to) an associated company

The carrying amounts of trade balances due from/(to) an associated company approximate their fair values.

17. Inventories

	Group 2012 S$'000	Group 2011 S$'000
Raw materials	**5,860**	4,739
Work-in-progress	**95**	59
Finished goods	**6,571**	4,038
	12,526	8,836

The cost of inventories recognised as an expense and included in "cost of sales" amounted to S$64,918,000 (2011: S$28,684,000).

18. Other assets

	Group		Company	
	2012	2011	**2012**	2011
	S$'000	S$'000	**S$'000**	S$'000
Deposits	**2,430**	1,983	**-**	-
Prepayments	**510**	572	**-**	-
Staff advances	**71**	27	**-**	-
Sundry receivables	**11,531**	1,677	**-**	-
Amount due from a related party (non-trade)	**-**	6	**-**	-
	14,542	4,265	**-**	-
Less: Allowance for impairment of sundry receivables – third parties	**(147)**	(150)	**-**	-
	14,395	4,115	**-**	-

i. In the financial year 2011, the non-trade amount due from a related party refers to balance owing by company which was controlled or significantly influenced by the Group's key management personnel and their close family members. The amount was interest-free, unsecured and was repayable on demand.

ii. Included in the sundry receivables of the Group are amounts expected to be received upon liquidation of subsidiaries of S$10,652,000 (2011: S$nil).

19. Development properties

	Group 2012 S$'000	Group 2011 S$'000
Cost of land	**272,452**	126,422
Development cost	**131,005**	78,162
Add: Attributable profits recognised	**44,557**	30,815
Less: Progress billings	**(179,916)**	(71,549)
	268,098	163,850
Interest capitalised during the financial year	**4,446**	2,173

Details of development properties are set out in Note 38.

As at 31 December 2012, development properties with a carrying value of S$266,218,000 (2011: S$114,322,000) are mortgaged to banks for credit facilities granted (Note 29).

20. Properties held for sale

	Group 2012 S$'000	Group 2011 S$'000
At net realisable value		
Cost of land	**-**	41
Development cost	**-**	15
Interest	**-**	2
Currency translation differences	**-**	(45)
	-	13

Details of properties held for sale are set out in Note 39.

21. Investment in an associated company

	Group 2012 S$'000	Group 2011 S$'000
Balance at 1 January	**675**	444
Share of profits	**300**	242
Dividend paid during the year	**(175)**	(11)
Balance at 31 December	**800**	675

21. Investment in an associated company (continued)

The summarised financial information of the associated company, not adjusted for the proportion of ownership interest held by the Group, is as follows:

	Group	
	2012	2011
	S$'000	S$'000
Sales	**5,576**	3,916
Profit after income tax	**889**	698
Assets	**3,220**	2,837
Liabilities	**934**	901

Details of the associated company are set out in Note 36.

22. Joint ventures

The Group has included in its profit or loss and consolidated balance sheet its share of the results, assets and liabilities of its joint ventures, as follows:

	Group	
	2012	2011
	S$'000	S$'000
Sales	**28,209**	71,612
Other operating income	**232**	2,883
Expenses	**(24,144)**	(50,836)
Profit before income tax	**4,297**	23,659
Current assets	**129,538**	142,913
Non-current assets	**125,628**	127,291
Current liabilities	**60,293**	34,386
Non-current liabilities	**139,745**	184,386

i. The Group has no commitments relating to joint ventures.

ii. Details of the joint ventures are set out in Note 36.

23. Investment properties

	Group	
	2012	2011
	S$'000	S$'000
Balance at 1 January	**205,161**	204,831
Additions during the year	**-**	1,327
Fair value losses recognised in profit or loss (Note 5)	**(1,000)**	(997)
Balance at 31 December	**204,161**	205,161

The following amounts are recognised in profit or loss:

	Group	
	2012	2011 (restated)
	S$'000	S$'000
Rental income (Note 4)	**13,031**	12,513
Direct operating expenses arising from investment properties that generated rental income	**(4,977)**	(4,951)

i. Investment properties are carried at fair values at the balance sheet date as determined by management on the recommendation of independent professional valuers. Valuations are made annually based on the properties' highest-and-best-use using the direct market comparison and income methods.

ii. Investment properties are leased to third parties under operating leases [Note 32(b)].

iii. Investment properties with carrying values totalling S$196,600,000 (2011: S$196,600,000) are mortgaged to banks for credit facilities granted (Notes 27 and 29).

iv. Details of the investment properties are set out in Note 37.

24. Property, plant and equipment

Group	Freehold land S$'000	Buildings S$'000	Leasehold premises S$'000	Plant and machinery S$'000	Motor vehicles and trucks S$'000	Furniture, fittings, office equipment and computers S$'000	Hotel equipment S$'000	Construction in progress S$'000	Total S$'000
Cost or valuation									
At 1 January 2012									
Cost	-	15,798	6,853	62,791	19,375	8,890	838	234	114,779
Independent valuation in 1993 [Note 24(iii)]	16,250	6,487	7,389	-	-	-	-	-	30,126
	16,250	22,285	14,242	62,791	19,375	8,890	838	234	144,905
Currency translation differences	(38)	-	(14)	(81)	(71)	(70)	-	-	(274)
Additions	3,352	115	-	1,778	2,087	966	952	(234)	9,016
Disposals	-	-	-	(1,636)	(892)	(38)	-	-	(2,566)
Written off	-	-	(44)	(3)	-	(187)	(35)	-	(269)
At 31 December 2012	19,564	22,400	14,184	62,849	20,499	9,561	1,755	-	150,812
Represented by:									
Cost	3,314	15,913	6,809	62,849	20,499	9,561	1,755	-	120,700
Independent valuation in 1993 [Note 24(iii)]	16,250	6,487	7,375	-	-	-	-	-	30,112
	19,564	22,400	14,184	62,849	20,499	9,561	1,755	-	150,812
Accumulated depreciation and impairment loss									
At 1 January 2012	-	7,337	7,605	48,506	15,024	6,733	549	-	85,754
Currency translation differences	-	-	4	(39)	(57)	(43)	-	-	(135)
Disposals	-	-	-	(2,123)	(835)	485	-	-	(2,473)
Written off	-	-	(44)	(3)	-	(145)	(30)	-	(222)
Depreciation charge [Note 24(i)]	-	434	474	4,941	1,423	545	52	-	7,869
At 31 December 2012	-	7,771	8,039	51,282	15,555	7,575	571		90,793
Net book value at 31 December 2012	**19,564**	**14,629**	**6,145**	**11,567**	**4,944**	**1,986**	**1,184**	**-**	**60,019**

24. Property, plant and equipment (continued)

Group	Freehold land S$'000	Buildings S$'000	Leasehold premises S$'000	Plant and machinery S$'000	Motor vehicles and trucks S$'000	Furniture, fittings, office equipment and computers S$'000	Hotel equipment S$'000	Construction in progress S$'000	Total S$'000
Cost or valuation									
At 1 January 2011									
Cost	-	15,798	6,910	62,995	19,036	7,996	1,476	-	114,211
Independent valuation in 1993 [Note 24(iii)]	16,250	6,487	7,375	-	-	-	-	-	30,112
	16,250	22,285	14,285	62,995	19,036	7,996	1,476	-	144,323
Currency translation differences	-	-	23	56	86	(35)	-	-	130
Additions	-	-	-	760	332	1,252	50	234	2,628
Disposals	-	-	(66)	(985)	(71)	(154)	-	-	(1,276)
Written off	-	-	-	(35)	(8)	(169)	(688)	-	(900)
At 31 December 2011	16,250	22,285	14,242	62,791	19,375	8,890	838	234	144,905
Represented by:									
Cost	-	15,798	6,853	62,791	19,375	8,890	838	234	114,779
Independent valuation in 1993 [Note 24(iii)]	16,250	6,487	7,389	-	-	-	-	-	30,126
	16,250	22,285	14,242	62,791	19,375	8,890	838	234	144,905
Accumulated depreciation and impairment loss									
At 1 January 2011	-	6,961	7,151	43,548	13,514	6,573	1,224	-	78,971
Currency translation differences	-	(16)	5	42	71	(47)	-	-	55
Disposals	-	-	(32)	(985)	(58)	(94)	-	-	(1,169)
Written off	-	-	-	(35)	(8)	(159)	(688)	-	(890)
Depreciation charge [Note 24(i)]	-	392	481	5,936	1,505	460	13	-	8,787
At 31 December 2011	-	7,337	7,605	48,506	15,024	6,733	549	-	85,754
Net book value at 31 December 2011	**16,250**	**14,948**	**6,637**	**14,285**	**4,351**	**2,157**	**289**	**234**	**59,151**

		Group 2012 S$'000	Group 2011 S$'000
i.	Depreciation capitalised in construction contract work-in-progress (Note 14)	**4,075**	4,095
	Depreciation charged to profit or loss (Note 6)	**3,794**	4,692
	Total depreciation	**7,869**	8,787

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

	Group 2012 S$'000	Group 2011 S$'000
Plant and machinery	**7,692**	11,096
Motor vehicles and trucks	**3,237**	3,135
	10,929	14,231

iii. 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.

24. Property, plant and equipment (continued)

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

	Group 2012 S$'000	Group 2011 S$'000
Freehold land	**15,293**	15,293
Buildings	**3,965**	4,090
Leasehold premises	**1,003**	1,189

v. At 31 December 2012, freehold land, buildings and leasehold premises with a carrying value of S$30,824,000 (2011: S$35,533,000) are mortgaged to banks for credit facilities granted (Notes 27 and 29).

vi. 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)	16 Gul Avenue Singapore 629659	Office building-cum-workshop	79,230	21,894	30 years lease from 21 September 1984
(b)	Koh Brothers Building 11 Lorong Pendek Singapore 348639	Industrial building	12,002	23,835	Freehold
(c)	Oxford Hotel 218 Queen Street Singapore 188549	Hotel	8,049	52,890	Freehold
(d)	65 Sungei Kadut Drive Singapore 729564	Factory-cum-office building	94,399	48,540	30 years lease from 16 December 1990
(e)	32 Gul Road Singapore 629349	Factory-cum-office building	34,380	2,093	35 years lease from 16 June 1980
(f)	50 Tuas Crescent Singapore 638730	Factory-cum-office building	234,625	123,107	60 years lease from 16 July 1982
(g)	Lot 53793 to Lot 53814 Mukim of Senai District of Kulaijaya Johor, Malaysia	Industrial land	504,425	-	Freehold

25 Trade payables

i. In 2011, included in trade payables was an amount of S$44,000 due to non-controlling interests and S$48,000 due to the companies which were controlled or significantly influenced by the Group's key management personnel and their close family members.

ii. Included in current and non-current trade payables are retentions on construction contracts of S$8,998,000 (2011: S$10,700,000) (Note 14).

iii. 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% (2011: 4%) per annum.

26. Other liabilities

	Group		Company	
	2012	2011	**2012**	2011
	S$'000	S$'000	**S$'000**	S$'000
Current				
Accruals for operating expenses	**17,020**	23,153	**119**	111
Sundry payables	**10,120**	3,083	**103**	103
Deposits and advances received	**7,344**	4,820	**-**	-
Due to related parties [Note 26(i)]	**693**	1,653	**-**	-
Due to directors [Note 26(ii)]	**602**	654	**313**	313
Indirect taxes payable	**3,519**	2,563	**-**	-
Financial guarantee contracts due within one year	**-**	-	**87**	163
	39,298	35,926	**622**	690
Non-current				
Financial guarantee contracts due within two to five years	**-**	-	**105**	206

i. The non-trade amounts due to related parties are unsecured, interest-free and include amounts due to non-controlling interests of S$670,000 (2011: S$1,617,000) and amounts due to the companies which are controlled or significantly influenced by the Group's key management personnel and their close family members of S$23,000 (2011: S$36,000). The amounts are repayable on demand.

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

27. Short-term borrowings

	Group	
	2012	2011
	S$'000	S$'000
Bills payable		
- Unsecured	**898**	1,364
Short-term bank loans		
- Secured (Note 27(ii))	**12,300**	14,800
- Unsecured	**-**	13,000
	12,300	27,800
Term loans payable within one year (Note 29)		
- Secured	**35,470**	10,286
- Unsecured	**189**	215
	35,659	10,501
Finance lease payables within one year (Note 28)	**951**	3,987
	49,808	43,652

i. Effective interest rates

The bills payable are interest-bearing at a rate of 2.51% (2011: 2.31%) per annum.

Weighted average effective interest rates per annum of short-term bank loans at the balance sheet date is 1.72% (2011: 1.89%) per annum.

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

	Group	
	2012	2011
	S$'000	S$'000
Freehold land and buildings [Note 24(v)]	**300**	2,800
Investment properties [Note 23(iii)]	**12,000**	12,000
	12,300	14,800

28. Finance leases

	Group 2012 S$'000	Group 2011 S$'000
Minimum lease payments due:		
- Not later than one year	**985**	4,141
- Between two and five years	**517**	705
	1,502	4,846
Less: Future finance charges	**(54)**	(174)
Present value of finance lease liabilities	**1,448**	4,672

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

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

	Group 2012 S$'000	Group 2011 S$'000
Current liabilities		
- Not later than one year (Note 27)	**951**	3,987
Non-current liabilities		
- Between two and five years	**497**	685
	1,448	4,672

The weighted average effective interest rate of finance leases at the balance sheet date is 3.63% (2011: 4.63%) per annum.

29. Bank term loans

	Due within one year		Due after one year	
	2012	2011	**2012**	2011
Group	**S$'000**	S$'000	**S$'000**	S$'000
Secured	**35,470**	10,286	**286,404**	202,108
Unsecured	**189**	215	**734**	-
	35,659	10,501	**287,138**	202,108
	(Note 27)			

29. Bank term loans (continued)

Details of the secured term loans are as follows:

i. A term loan of S$15,713,000 (2011: S$17,500,000) is secured by way of a first legal mortgage on a freehold property [Note 24(v)]. It is repayable in equal monthly instalment basis up to 31 December 2020.

ii. A term loan of S$139,000,000 (2011: S$141,000,000) is utilised by a joint venture, in which the Group has a 50% interest. The term loan is secured by way of a first legal mortgage on a completed leasehold investment property and an assignment of the rental proceeds and fire insurance policy of the joint venture [Note 23(iii)]. It is repayable in 5 annual instalments of S$2,000,000 each, commencing from 30 June 2011 and a final principal repayment of S$133,000,000 upon maturity of the loan on 28 February 2016.

iii. A term loan of S$92,000,000 (2011: S$102,000,000) is utilised by a joint venture, in which the Group has a 50% interest. The term loans are secured by way of a first legal mortgage on a freehold development property (Note 19) and an assignment of all rights and benefits under the sale and purchase agreements, tenancy, rental lease or licence agreement, construction contracts, performance bonds and all insurance policies in connection with the property project. The term loan is repayable in 2 instalments of S$7,500,000 and S$2,500,000, on 31 October 2012 and 31 December 2012 respectively, and a bullet repayment for the remaining term loan principal by 13 November 2014.

iv. A term loan of S$18,145,000 (2011: S$18,145,000) is secured by way of first legal and collateral mortgage on freehold investment properties [Note 23(iii)]. It is also secured by way of an assignment of rental and sale proceeds, all rights, titles and interests in contracts in connection with the properties. The term loan is fully repayable on 31 August 2015.

v. A term loan of S$19,854,000 (2011: S$19,854,000) is secured by way of first legal and collateral mortgage on freehold investment properties [Note 23(iii)]. It is also secured by way of an assignment of rental and sale proceeds, all rights, titles and interests in contracts in connection with the properties. The term loan is fully repayable on 31 August 2015.

29. Bank term loans (continued)

vi. A term loan of S$120,580,000 (2011: S$141,580,000) is utilised by a joint venture, in which the Group has a 25% interest. The term loan is secured by way of a first legal mortgage on a freehold development property (Note 19) and an assignment of all rights and benefits under any construction contract(s) and performance, an assignment of all rights and benefits under the sale and purchase agreement, tenancy, rental lease or licence agreement, construction contracts, performance bonds and all insurance policies in connection with the property project. The term loan is fully repayable on 9 July 2013 or 6 months after the date of issuance of Temporary Occupation Permit, whichever is earlier.

vii. A term loan of S$122,250,000 (2011: S$nil) is 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 loan is fully repayable on 31 December 2016 or 6 months from issuance of the Temporary Occupation Permit, whichever is earlier.

viii. A term loan of S$923,000 (2011: S$nil) is unsecured. It is repayable in 60 monthly instalments from the date of disbursement up to 3 June 2017.

ix. A term loan of S$267,000 (2011: S$nil) is secured by way of first legal mortgage on the freehold investment properties. It is repayable in 15 years plus 2 years for progressive release of the loan.

x. In 2011, a term loan of S$215,000 was unsecured. The loan had a maturity of three months from the end of the financial year.

xi. 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 at the option of the Group.

xii. The weighted average effective interest rate at the balance sheet date is 1.91% (2011: 1.76%) per annum.

30. Share capital and treasury shares

(a) Share capital

	No. of ordinary shares		Amount	
	Issued share capital '000	Treasury shares '000	Share capital S$'000	Treasury shares S$'000
Group and Company				
2012				
Beginning of financial year	**479,613**	**(11,442)**	**47,966**	**(2,287)**
Cancellation of shares held in treasury	**(13,138)**	**13,138**	**(2,646)**	**2,646**
Treasury shares purchased	**-**	**(5,851)**	**-**	**(1,213)**
End of financial year	**466,475**	**(4,155)**	**45,320**	**(854)**

	No. of ordinary shares		Amount	
	Issued share capital '000	Treasury shares '000	Share capital S$'000	Treasury shares S$'000
Group and Company				
2011				
Beginning of financial year	479,613	-	47,966	-
Treasury shares purchased	-	(11,442)	-	(2,287)
End of financial year	479,613	(11,442)	47,966	(2,287)

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.

The Company acquired 5,851,000 (2011: 11,442,000) of its shares in the open market during the financial year. The total amount paid to acquire the shares was S$1,213,000 (2011: S$2,287,000) and this was presented as a component within shareholders' equity.

(b) Capital and other reserves

As at 31 December 2012 and 31 December 2011, capital and other reserves comprise goodwill in relation to acquisitions of subsidiaries prior to 1 January 2001. All capital and other reserves are not available for dividend distribution.

(c) Retained profits

Retained profits of the Group are distributable except for accumulated retained profits of an associated company amounting to $730,000 (2011: $594,000). Retained profits of the Company are fully distributable.

30. Share capital and treasury shares (continued)

(d) Currency translation reserve

	Group	
	2012	2011
	S$'000	S$'000
Balance at 1 January	**(5,885)**	(6,610)
Net currency translation differences of financial statements of foreign operations	**(147)**	792
Less: Non-controlling interests	**(20)**	(67)
Balance at 31 December	**(6,052)**	(5,885)

31. Dividend

	Group	
	2012	2011
	S$'000	S$'000
Final dividend paid in respect of the previous financial year ended of 0.35 cent (2011: 0.35 cent) per share	**1,633**	1,679

At the forthcoming Annual General Meeting on 25 April 2013, a final dividend of 0.35 cent per share amounting to a total of S$1,618,000 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 2013.

32. Commitments

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

The Group leases various premises under non-cancellable operating lease agreements. The leases have varying terms, escalation clauses and renewal rights.

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

	Group	
	2012	2011
	S$'000	S$'000
Not later than one year	**1,209**	1,127
Between two and five years	**3,910**	4,267
Later than five years	**8,611**	7,908
	13,730	13,302

32. Commitments (continued)

(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	
	2012	2011
	S$'000	S$'000
Not later than one year	**3,034**	6,653
Between two and five years	**1,071**	4,057
	4,105	10,710

33. 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	
	2012	2011
	S$'000	S$'000
(a) Sales and purchases of goods and services		
i. Sub-contract works performed by Ah Boon Civil Engineering & Contractor Pte Ltd, a company owned by a brother of certain directors, namely Mr Koh Tiat Meng and Mr Koh Teak Huat, of the Company.	**-**	(25)
ii. Provision of transportation services by KGH Transportation & Trading Pte Ltd, a company owned by a brother of certain directors, namely Mr Koh Tiat Meng and Mr Koh Teak Huat, of the Company.	**(140)**	(303)
iii. Provision of legal services by Lai Mun Onn & Co, a company owned by Mr Lai Mun Onn, a director of the Company.	**(29)**	(5)
iv. Progessive revenue recognised from sale of one unit residential property in a residential project known as "Fiorenza" to Mdm Quek Chee Nee, a director of the Company.	**-**	154

Other related parties relate to companies which are controlled or significantly influenced by the Group's key management personnel and their close family members.

Outstanding balances at 31 December 2012, arising from sale/purchase of goods and services, are disclosed in Notes 13, 15, 16, 18, 25 and 26.

33. Related party transactions (continued)

(b) Key management personnel compensation

Key management personnel compensation is analysed as follows:

	Group	
	2012	2011
	S$'000	S$'000
Salaries and other short-term employee benefits	**6,180**	6,096
Post-employment benefits – contribution to Central Provident Fund	**147**	151
	6,327	6,247

Included in the above was total compensation to directors of the Company amounting to S$4,734,000 (2011: S$4,297,000).

34. Financial risk management

Financial risk management objectives and policies

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 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 in Singapore and Asia and is exposed to foreign currency risk arising from various currency transactions. Entities in the Group transact predominantly in their functional currencies, except for balances between entities in the Group.

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.

34. Financial risk management (continued)

(a) Market risk (continued)

(i) Currency risk (continued)

The Group's currency exposure is as follows:

2012	SGD S$'000	USD S$'000	RMB S$'000	Others S$'000	Total S$'000
Financial assets					
Cash and cash equivalents and financial assets at fair value through profit or loss	48,552	106	5,116	383	54,157
Trade and other receivables	73,152	12	10,227	802	84,193
Inter-company balances	8,049	-	5,385	102	13,536
	129,753	118	20,728	1,287	151,886
Financial liabilities					
Borrowings	(336,545)	(898)	-	-	(337,443)
Trade and other payables	(94,024)	(15)	(5,363)	(1,222)	(100,624)
Inter-company balances	(8,049)	-	(5,385)	(102)	(13,536)
	(438,618)	(913)	(10,748)	(1,324)	(451,603)
Net financial (liabilities)/assets	(308,865)	(795)	9,980	(37)	(299,717)
Add: Net financial liabilities/(assets) denominated in the respective entities' functional currency	309,299	-	(5,162)	208	304,345
Net currency exposure	**434**	**(795)**	**4,818**	**171**	**4,628**

2011	SGD S$'000	USD S$'000	RMB S$'000	Others S$'000	Total S$'000
Financial assets					
Cash and cash equivalents and financial assets at fair value through profit or loss	44,237	192	6,629	151	51,209
Trade and other receivables	50,735	12	8,963	1,103	60,813
Inter-company balances	3,245	-	18,720	82	22,047
	98,217	204	34,312	1,336	134,069
Financial liabilities					
Borrowings	(246,445)	-	-	-	(246,445)
Trade and other payables	(70,644)	(491)	(12,257)	(461)	(83,853)
Inter-company balances	(3,195)	-	(18,770)	(82)	(22,047)
	(320,284)	(491)	(31,027)	(543)	(352,345)
Net financial (liabilities)/assets	(222,067)	(287)	3,285	793	(218,276)
Add: Net financial liabilities/(assets) denominated in the respective entities' functional currency	216,713	-	2,746	(767)	218,692
Net currency exposure	**(5,354)**	**(287)**	**6,031**	**26**	**416**

34. Financial risk management (continued)

(a) Market risk (continued)

(i) Currency risk (continued)

The Company's currency exposure is as follows:

2012	SGD S$'000	RMB S$'000	Total S$'000
Financial assets			
Cash and cash equivalents and financial assets at fair value through profit or loss	863	-	863
Inter-company balances	8,971	297	9,268
	9,834	297	10,131
Financial liabilities			
Inter-company balances	(6,812)	(5,346)	(12,158)
Other payables	(727)	-	(727)
	(7,539)	(5,346)	(12,885)
Net financial assets/(liabilities)	2,295	(5,049)	(2,754)
Add: Net financial assets denominated in the Company's functional currency	(2,295)	-	(2,295)
Net currency exposure	**-**	**(5,049)**	**(5,049)**

2011	SGD S$'000	RMB S$'000	Total S$'000
Financial assets			
Cash and cash equivalents and financial assets at fair value through profit or loss	2,184	-	2,184
Inter-company balances	13,279	-	13,279
	15,463	-	15,463
Financial liabilities			
Inter-company balances	(4,260)	(12,263)	(16,523)
Other payables	(896)	-	(896)
	(5,156)	(12,263)	(17,419)
Net financial assets/(liabilities)	10,307	(12,263)	(1,956)
Add: Net financial assets denominated in the Company's functional currency	(10,307)	-	(10,307)
Net currency exposure	**-**	**(12,263)**	**(12,263)**

34. Financial risk management (continued)

(a) Market risk (continued)

(i) Currency risk (continued)

If the USD and RMB changes against the SGD by 4% (2011: 5%) respectively with all other variables including tax rate being held constant, the effects arising from the net financial assets and liabilities on profit after tax and other comprehensive income will be as follows:

	2012		2011	
	Increase / (Decrease)			
	Profit after tax S$'000	**Other comprehensive income S$'000**	Profit after tax S$'000	Other comprehensive income S$'000
Group				
USD against SGD				
- Strengthened	**(26)**	**-**	(12)	-
- Weakened	**26**	**-**	12	-
RMB against SGD				
- Strengthened	**160**	**211**	250	806
- Weakened	**(160)**	**(211)**	(250)	(806)
Company				
RMB against SGD				
- Strengthened	**(168)**	**-**	(509)	-
- Weakened	**168**	**-**	509	-

(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% (2011: 1%) with all other variables including tax rate being held constant, the profit after tax will be lower/higher by S$2,789,000 (2011: S$2,007,000) as a result of higher/lower interest expense on these borrowings.

34. Financial risk management (continued)

(a) Market risk (continued)

(iii) Price risk

The Group is exposed to equity 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. These securities are listed in Singapore. The Group is not exposed to commodity price risk.

If prices for equity securities listed in Singapore change by 10% (2011: 10%) with all other variables including tax rate being held constant, the profit after tax and other comprehensive income will be:

	2012		2011	
	Increase / (Decrease)			
	Profit after tax S$'000	**Other comprehensive income S$'000**	Profit after tax S$'000	Other comprehensive income S$'000
Group				
- Increased by 10%	**15**	**-**	57	-
- Decreased by 10%	**(15)**	**-**	(57)	-

The Company is not exposed to significant 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 2012, the Company furnished banks and financial institutions guarantees for facilities extended to subsidiaries and joint venture companies amounting to S$695,346,000 (2011: S$516,897,000) of which the amount utilised at 31 December 2012 was S$386,978,000 (2011: S$309,920,000).

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

34. Financial risk management (continued)

(b) Credit risk (continued)

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

	Group		Company	
	2012	2011	**2012**	2011
	S$'000	S$'000	**S$'000**	S$'000
By geographical areas				
Singapore	**72,569**	51,088	**9,268**	13,279
People's Republic of China	**10,227**	8,055	**-**	-
The rest of Asia	**1,397**	1,670	**-**	-
	84,193	60,813	**9,268**	13,279
By types of customers				
Related corporations	**-**	-	**9,268**	13,279
Associated company	**7**	9	**-**	-
Non-related parties				
- Other corporations	**55,237**	44,228	**-**	-
- Government-related	**28,949**	16,576	**-**	-
	84,193	60,813	**9,268**	13,279

(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.

The Group's receivables not past due include receivables amounting to S$72,000 (2011: S$898,000) that would have been past due or impaired if the terms were not re-negotiated during the financial year.

(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		Company	
	2012	2011	**2012**	2011
	S$'000	S$'000	**S$'000**	S$'000
Past due 0 to 3 months	**5,848**	4,297	**6**	436
Past due 3 to 6 months	**920**	814	**-**	333
Past due over 6 months	**16,444**	19,312	**9,262**	12,510
	23,212	24,423	**9,268**	13,279

34. Financial risk management (continued)

(b) Credit risk (continued)

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

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

	Group	
	2012	2011
	S$'000	S$'000
Gross amount		
- Past due over 6 months	**7,068**	5,160
Less: Allowance for impairment	**(7,068)**	(5,160)
	-	-
Balance at 1 January	**(5,160)**	(9,855)
Currency translation difference	**(172)**	(133)
Allowance made	**(1,857)**	(60)
Allowance written off	**121**	1,356
Allowance written back	**-**	3,532
Balance at 31 December	**(7,068)**	(5,160)

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

34. Financial risk management (continued)

(c) Liquidity risk

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

	Less than 1 year S$'000	Between 1 and 2 years S$'000	Between 2 and 5 years S$'000	Over 5 years S$'000
Group				
At 31 December 2012				
Payables	**96,668**	**3,302**	**654**	**-**
Borrowings	**50,769**	**47,871**	**247,942**	**5,133**
	147,437	**51,173**	**248,596**	**5,133**
At 31 December 2011				
Payables	77,253	4,367	2,233	-
Borrowings	88,816	76,537	78,357	8,934
	166,069	80,904	80,590	8,934
Company				
At 31 December 2012				
Other payables	**622**	**65**	**40**	**-**
Amount due to subsidiaries	**2,819**	**9,339**	**-**	**-**
	3,441	**9,404**	**40**	**-**
At 31 December 2011				
Other payables	690	165	41	-
Amount due to subsidiaries	9,185	7,338	-	-
	9,875	7,503	41	-

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, obtain new borrowings or sell assets to reduce borrowings.

34. Financial risk management (continued)

(d) Capital risk (continued)

The gearing ratio is calculated as total borrowings divided by shareholders funds.

	Group	
	2012	2011 (restated)
	S$'000	S$'000
Total borrowings	**337,443**	246,445
Shareholders funds	**205,021**	188,384
Gearing ratio (times)	**1.65**	1.31

The Group and the Company are in compliance with all externally imposed capital requirements for the financial years ended 31 December 2012 and 2011.

(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).

The assets measured at fair value related to the Group and Company are the financial assets at fair value through profit or loss. The fair value of this instrument traded in active markets is based on quoted market prices at the balance sheet date. The quoted market price used for financial assets held by the Group and the Company is the current bid price. This instrument is included in Level 1. The amounts of the assets measured at fair value under Level 1 for the Group and the Company are S$176,000 (2011: S$688,000) and S$nil (2011: S$5,000) respectively.

The carrying value less impairment provision of receivables and payables are assumed to approximate their fair value. The fair value of borrowings approximates their carrying value.

34. Financial risk management (continued)

(f) Financial instrument by category

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

	Group		Company	
	2012	2011	**2012**	2011
	S$'000	S$'000	**S$'000**	S$'000
Loans and receivables	**138,174**	111,334	**10,131**	15,463
Financial liabilities at amortised cost	**438,067**	330,298	**12,885**	17,419

35. 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.

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

Group (S$'000)	**Real Estate**	**Leisure & Hospitality**	**Construction & Building Materials**	**Others**	**Total**
2012					
Sales					
- External	93,211	4,309	202,026	-	**299,546**
- Inter-segment	1,198	40	49,489	-	**50,727**
	94,409	4,349	251,515	-	**350,273**
Elimination					**(50,727)**
					299,546
Results					
Segment results	10,777	59	14,072	(406)	**24,502**
Net investment gain	-	-	5	-	**5**
Interest income					**443**
Finance expenses (Note 8)					**(2,640)**
Share of profit of an associated company	-	-	300	-	**300**
Profit before income tax					**22,610**
Other information					
Capital expenditure	175	1,543	7,298	-	**9,016**
Depreciation	237	625	2,932	-	**3,794**

35. Segment information (continued)

Group (S$'000)	Real Estate	Leisure & Hospitality	Construction & Building Materials	Others	Elimination	Total
Segment assets	516,010	28,567	203,942	863	(69,682)	**679,700**
Associated companies						**800**
Unallocated assets:						
Short-term bank deposits						**10,835**
Financial assets at fair value through profit or loss						**176**
Tax recoverable						**25**
Consolidated total assets						**691,536**
Segment liabilities	68,939	2,916	122,055	7,391	(66,058)	**135,243**
Unallocated liabilities:						
Current income tax liabilities						**5,678**
Deferred income tax liabilities						**7,396**
Borrowings						**337,443**
Consolidated total liabilities						**485,760**

Group (S$'000)	Real Estate	Leisure & Hospitality	Construction & Building Materials	Others	Total
2011					
Sales					
- External	68,021	4,332	268,792	-	**341,145**
- Inter-segment	7,973	20	14,980	-	**22,973**
	75,994	4,352	283,772	-	**364,118**
Elimination					**(22,973)**
					341,145
Results					
Segment results	20,405	445	7,039	(1,550)	**26,339**
Net investment gain	-	-	21	-	**21**
Interest income					**874**
Finance expenses (Note 8)					**(2,879)**
Share of profit of an associated company	-	-	242	-	**242**
Profit before income tax					**24,597**
Other information					
Capital expenditure	431	705	1,492	-	**2,628**
Depreciation	197	536	3,959	-	**4,692**

Group (S$'000)	Real Estate	Leisure & Hospitality	Construction & Building Materials	Others	Elimination	Total
Segment assets	400,484	27,858	164,747	7,053	(64,236)	**535,906**
Associated companies						**675**
Unallocated assets:						
Short-term bank deposits						**17,845**
Financial assets at fair value through profit or loss						**688**
Tax recoverable						**685**
Consolidated total assets						**555,799**
Segment liabilities	67,050	2,527	94,658	11,358	(70,325)	**105,268**
Unallocated liabilities:						
Current income tax liabilities						**5,677**
Deferred income tax liabilities						**8,233**
Borrowings						**246,445**
Consolidated total liabilities						**365,623**

35. **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 tax recoverable.

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 three main geographical areas: Singapore, People's Republic of China and the rest of Asia.

The following table presents sales and non-current assets information for the three main geographical areas for the financial years ended 31 December 2012 and 2011.

	Total sales	
	2012	2011
Group	**S$'000**	S$'000
Singapore	**289,322**	326,421
People's Republic of China	**9,626**	14,130
The rest of Asia	**598**	594
	299,546	341,145

35. Segment information (continued)

Geographical information (continued)

Group	Total non-current assets 2012 S$'000	2011 S$'000
Singapore	**265,185**	262,262
People's Republic of China	**1,167**	1,425
The rest of Asia	**9,014**	6,762
	275,366	270,449

36. Group companies

The subsidiaries, joint ventures and associated company at 31 December 2012 and 31 December 2011 are as follows:

Name of company	Country of incorporation and business	Principal activities	Effective holding by the Group 2012	2011
SUBSIDIARIES				
Held by the Company:				
Changi Hotel Pte Ltd [a]	Singapore	Dormant	**100%**	100%
Construction Consortium Pte. Ltd [a]	Singapore	Investment holding	**100%**	100%
Koh Brothers Development Pte Ltd [a]	Singapore	Property development and provision of 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%

36. Group companies (continued)

Name of company	Country of incorporation and business	Principal activities	Effective holding by the Group 2012	2011
Held by subsidiaries:				
Asta-Profits Investments Pte Ltd [j]	Singapore	In members' voluntary liquidation	**-**	90%
Batam Vision Pte Ltd [a]	Singapore	Investment holding	**100%**	100%
Bellwood Investments Pte Ltd [j]	Singapore	In members' voluntary liquidation	**-**	90%
Building & Construction Resources Pte. Ltd.	Singapore	Strike off	**-**	100%
KBD Caldecott Development Pte. Ltd. [a]	Singapore	Property development	**100%**	100%
KBD Kosdale Pte. Ltd. [a]	Singapore	Property investment	**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 [j]	Singapore	In members' voluntary liquidation	**-**	90%
G & W Concrete Products Pte Ltd [a]	Singapore	Manufacture and sale of concrete products	**100%**	100%
G & W Industries Pte Ltd [a]	Singapore	Manufacture and sale of cement	**100%**	100%
G & W Industrial Corporation Pte Ltd [a]	Singapore	Investment holding	**100%**	100%
G & W Precast Pte Ltd [a]	Singapore	Manufacture and sale of precast products	**100%**	100%
G & W Ready-Mix Pte Ltd [a]	Singapore	Manufacture and sale of building materials and rental of construction equipment	**100%**	100%
Megacity Investment Pte Ltd [a]	Singapore	Investment holding	**100%**	100%
KBD Flora Pte Ltd (formerly known as Realty Consortium Pte. Ltd.) [a]	Singapore	Project management and property development	**100%**	100%
Megaplus Investments Pte Ltd [j]	Singapore	In members' voluntary liquidation	**-**	90%
Meng Wah High Technology Pte Ltd [a]	Singapore	Mechanical and electrical contracting	**100%**	100%
Scenic City Investment Pte Ltd [j]	Singapore	In members' voluntary liquidation	**-**	90%
VNT Travel Pte Ltd [a]	Singapore	Project and travelling services	**100%**	100%
Wealthplus Pte Ltd [j]	Singapore	In members' voluntary liquidation	**-**	90%
Beijing G & W Cement Products Co., Ltd [b]	People's Republic of China	Manufacture and sale of building materials	**55%**	55%
USL Asia Pacific Pte Ltd [a]	Singapore	Manufacture and sale of construction products	**75%**	75%
USL Asia Pacific (M) Sdn. Bhd. [f]	Malaysia	Trading of construction products	**68.25%**	68.25%
Shantou SEZ Jia Xin Real Estate Development Co., Ltd [h]	People's Republic of China	Dormant	**70%**	70%

36. Group companies (continued)

Name of Company	Country of incorporation and business	Principal activities	Effective holding by the Group 2012	2011
Held by subsidiaries:				
Shantou Scenic Bay Property Development Co., Ltd [j]	People's Republic of China	In members' voluntary liquidation	**-**	90%
Shantou Scenic View Property Development Co., Ltd [j]	People's Republic of China	In members' voluntary liquidation	**-**	90%
Dalian Megacity Trading Co., Ltd [g]	People's Republic of China	Provision of logistic, and business services	**100%**	100%
PT. Batam Vision Indonesia [h]	Indonesia	Dormant	**100%**	100%
PT. Gunanusa Wiratama [e]	Indonesia	Manufacture of building materials	**100%**	100%
PT. Koh Brothers Indonesia [e]	Indonesia	Property investment and development	**100%**	100%
PT. KB Marinindo [h]	Indonesia	Dormant	**100%**	100%
PT. Pulau Pisang Granitindo [h]	Indonesia	Dormant	**100%**	100%
G & W Building Materials Sdn. Bhd.[c]	Malaysia	Equipment rental and sale	**100%**	100%
G & W Industries (M) Sdn. Bhd.[c]	Malaysia	Equipment rental and sale	**100%**	100%
JOINT VENTURE COMPANIES				
Held by subsidiaries:				
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%
JOINT VENTURE ENTITY				
Held by subsidiary: Soletanche Bachy – Koh Brothers Joint Venture [a]	Singapore	Civil engineering	**45%**	45%
ASSOCIATED COMPANY				
Held by subsidiary:				
Hi Con (S) Pte Ltd [a]	Singapore	Manufacture and sale of chemicals	**35%**	35%

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 LLP, Malaysia.

d Audited by Ernst & Young LLP, Singapore.

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

f Audited by Roger, Yue Tan & Associates, Malaysia.

g Audited by Dalian Yong Rui Certified Public Accountant, China.

h Unaudited management accounts have been reviewed for the purpose of preparing the consolidated financial statements of the Group.

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

j On 28 August 2012, Wealthplus Pte Ltd and its subsidiaries were placed under members' voluntary liquidation.

37. Investment properties

Property	Title	Site area/gross floor area (sq ft)
i. The Sun Plaza, a 5-storey commercial and entertainment complex at Sembawang, Singapore	99 years lease from 26 June 1996	92,570 252,392
ii. 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 to September 2018*	200,456 186,066
iii. 8 shop units at Alocassia Apartments at 383 Bukit Timah Road, Singapore	Freehold	44,863** 22,895
iv. 45 apartment units at Alocassia Apartments at 383 Bukit Timah Road, Singapore	Freehold	44,863** 35,166
v. 2 residential units at 1 Khiang Guan Avenue, Singapore	Freehold	3,455 3,455

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

** The 8 shop units and 45 apartment units are located within the same building.

38. Development properties

Property	Title	Percentage of completion at 31.12.2012/expected date of completion	Site area/gross floor area (sq ft)	Group's effective interest in property
i. Site for proposed residential development at Florence Road, Singapore	Freehold	100% / November 2011	22,067 30,894	100%
ii. Site for proposed residential development at 9 Leonie Hill, Singapore	Freehold	100% / August 2012	34,793 97,404	50%
iii. Site for proposed residential development at 1 & 3 Khiang Guan Avenue, Singapore	Freehold	30% / October 2013	59,984 167,955	25%
iv. Site for proposed residential development at Flora Drive, Singapore	99 years lease	19% / December 2018	322,368 496,388	100%

39. Properties held for sale

Property	Title	Percentage of completion at 31.12.2012	Gross floor area (sq ft)	Group's effective interest in property
1 unit of 2-storey terrace houses at Jodoh Permai, Pulau Batam, Indonesia	Land-use right for 30 years with effect from March 1988	100%	2,293	-

40. Event occuring after balance sheet date

On 28 October 2012, the Company entered into a subscription agreement (the "Subscription") with Metax Engineering Corporation Limited ("Metax") pursuant to which Metax will issue and the Company (or its nominee) will subscribe for:

(a) 155,000,000 new ordinary shares in the capital of Metax (the "Subscription Shares") at the price of S$0.053 per Subscription Share; and
(b) 165,000,000 free detachable, non-transferable and non-listed warrants (the "New Warrants"), each New Warrant carrying the right to subscribe for one new ordinary share in the capital of Metax (the "Warrant Shares") at an exercise price of S$0.053 per Warrant Share

for an aggregate cash consideration of S$8,215,000 for the Subscription Shares and nil consideration for the New Warrants, upon the terms of conditions of the Subscription being met.

The Subscription was completed in February 2013. Following the completion of the subscription, the Company holds approximately 41.0% of the enlarged total number of issued ordinary shares in the capital of Metax.

41. New or revised accounting standards and interpretations

Set out below are the mandatory standards, amendments and interpretations to existing standards that have been published, and are relevant for the Group's accounting periods beginning on or after 1 January 2013 or later periods which the Group has not early adopted:

- FRS 110 Consolidated Financial Statements (effective for annual periods beginning on or after 1 January 2014)

  FRS 110 replaces all of the guidance on control and consolidation in IAS 27 "Consolidated and Separate Financial Statements" and SIC 12 "Consolidation – Special Purpose Entities". The same criteria are now applied to all entities to determine control. Additional guidance is also provided to assist in the determination of control where this is difficult to assess. The Group has yet to assess the full impact of FRS 110 and intends to apply the standard from 1 January 2014

- FRS 111 *Joint Arrangements* (effective for annual periods beginning on or after 1 January 2014)

  FRS 111 introduces a number of changes. The "types" of joint arrangements have been reduced to two: joint operations and joint ventures. The existing policy choice of proportionate consolidation for jointly controlled entities has been eliminated and equity accounting is mandatory for participants in joint ventures. Entities that participate in joint operations will follow accounting much like that for joint assets or joint operations currently.

  The Group has yet to assess the full impact of FRS 111 and intends to adopt the standard from 1 January 2014.

- FRS 112 *Disclosure of Interests in Other Entities* (effective for annual periods beginning on or after 1 January 2014)

  FRS 112 requires disclosure of information that helps financial statement readers to evaluate the nature, risks and financial effects associated with the entity's interests in (1) subsidiaries, (2) associates, (3) joint arrangements and (4) unconsolidated structured entities. The Group has yet to assess the full impact of FRS 112 and intends to adopt the standard from 1 January 2014.

- FRS 113 *Fair Value Measurement* (effective for annual periods beginning on or after 1 January 2013)

  FRS 113 provides consistent guidance across IFRSs on how fair value should be determined and which disclosures should be made in the financial statements. The Group has yet to assess the full impact of FRS 113 and intends to adopt the standard from 1 January 2013.

42. 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 22 March 2013.

AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF KOH BROTHERS GROUP LIMITED AND ITS SUBSIDIARIES FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2011

The information in this Appendix IV has been reproduced from the annual report of Koh Brothers Group Limited for the financial year ended 31 December 2011 and has not been specifically prepared for inclusion in this Information Memorandum. Investors should read the consolidated financial data in conjunction with the related notes.

KOH BROTHERS GROUP LIMITED
(Incorporated in Singapore. Registration Number: 199400775D)
AND ITS SUBSIDIARIES

ANNUAL REPORT
For the financial year ended 31 December 2011

KOH BROTHERS GROUP LIMITED
(Incorporated in Singapore)
AND ITS SUBSIDIARIES

FINANCIAL STATEMENTS
For the financial year ended 31 December 2011

Contents

DIRECTORS' REPORT

For the financial year ended 31 December 2011

The directors present their report to the members together with the audited financial statements of the Group for the financial year ended 31 December 2011 and the balance sheet of the Company as at 31 December 2011.

1. Directors

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

Koh Tiat Meng
Koh Teak Huat
Koh Keng Siang
Koh Keng Hiong
Lee Khoon Choy
Lai Mun Onn
Ling Teck Luke
Gn Hiang Meng
Quek Chee Nee

2. 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 in paragraph 3 of this report.

3. 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 2012 had any interest in the shares or debentures of the Company or its related corporations, except as follows:

	Holdings registered in name of director or nominee			Holdings in which a director is deemed to have an interest		
	At 21.1.2012	At 31.12.2011	At 1.1.2011	At 21.1.2012	At 31.12.2011	At 1.1.2011
Company						
(Ordinary shares)						
Koh Tiat Meng	**61,308,654**	**61,308,654**	61,308,654	**-**	**-**	-
Koh Teak Huat	**32,213,088**	**32,213,088**	32,213,088	**325,000**	**325,000**	325,000
Koh Keng Siang	**62,422,535**	**62,422,535**	62,422,535	**20,000**	**20,000**	20,000
Koh Keng Hiong	**30,260,100**	**30,260,100**	30,260,100	**10,000**	**10,000**	10,000
Lai Mun Onn	**100,000**	**100,000**	100,000	**-**	**-**	-
Ling Teck Luke	**200,000**	**200,000**	200,000	**-**	**-**	-
Quek Chee Nee	**25,896,814**	**25,896,814**	25,896,814	**-**	**-**	-

4. Directors' contractual benefits

Since the end of the previous financial year, no director has received or become entitled to receive a benefit by reason of a contract made by the Company or a related corporation with the director or with a firm of which he is a member or with a company in which he has a substantial financial interest, except as disclosed in the accompanying financial statements and in this report.

5. 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.

6. Audit Committee

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

Mr Lee Khoon Choy (Chairman)
Mr Lai Mun Onn
Mr Ling Teck Luke
Mr Gn Hiang Meng

All members of the Audit Committee were independent non-executive directors.

The Audit 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

6. **Audit Committee** (continued)

- the balance sheet of the Company and the consolidated financial statements of the Group for the financial year ended 31 December 2011 before their submission to the Board of Directors, as well as the independent auditor's report on the balance sheet of the Company and the consolidated financial statements of the Group.

The Audit 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.

7. **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

Singapore, 26 March 2012

STATEMENT BY DIRECTORS

For the financial year ended 31 December 2011

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 6 to 84 are drawn up so as to give a true and fair view of the state of affairs of the Company and of the Group as at 31 December 2011 and of the results of the business, changes in equity and cash flows of the Group for the financial year then ended; 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.

On behalf of the directors

Koh Keng Siang
Director

Koh Keng Hiong
Director

Singapore, 26 March 2012

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 6 to 84, which comprise the consolidated balance sheet of the Group and the balance sheet of the Company as at 31 December 2011, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated 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 profit and loss accounts and balance sheets 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 state of affairs of the Group and of the Company as at 31 December 2011, and the results, 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 subsidiaries 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 Certified Public Accountants

Singapore, 26 March 2012

KOH BROTHERS GROUP LIMITED AND ITS SUBSIDIARIES

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
For the financial year ended 31 December 2011

	Note	Group 2011 S$'000	Group 2010 (restated) S$'000
Sales	4	**341,145**	361,602
Cost of sales	6	**(296,943)**	(326,360)
Gross profit		**44,202**	35,242
Other gains - net	5	**1,390**	3,055
Expenses			
- Distribution and marketing	6	**524**	(5,792)
- Administrative	6	**(17,426)**	(17,117)
- Finance	8	**(2,879)**	(2,935)
- Other	6	**(1,456)**	(796)
Share of profit/(loss) of an associated company	21	**242**	(32)
Profit before income tax		**24,597**	11,625
Income tax expense	9(a)	**(3,976)**	(1,846)
Profit after income tax		**20,621**	9,779
Other comprehensive income, net of tax:			
Exchange differences on translating foreign operations	30(d)	**792**	(674)
Total comprehensive income		**21,413**	9,105
Profit attributable to:			
Equity holders of the Company		**19,887**	11,039
Non-controlling interests		**734**	(1,260)
		20,621	9,779
Total comprehensive income attributable to:			
Equity holders of the Company		**20,612**	10,349
Non-controlling interests		**801**	(1,244)
		21,413	9,105
Earnings per share for profit attributable to equity holders of the Company:			
- Basic (in cents)	10	**4.19**	2.30
- Diluted (in cents)	10	**4.19**	2.30

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

BALANCE SHEETS
As at 31 December 2011

	Note	Group			Company	
		2011	2010 (restated)	2009 (restated)	**2011**	2010
		S$'000	S$'000	S$'000	**S$'000**	S$'000
ASSETS						
Current assets						
Cash and bank balances	11	**50,521**	61,595	42,974	**2,179**	948
Financial assets at fair value through profit or loss	12	**688**	877	658	**5**	4
Trade receivables	13	**51,799**	50,170	57,891	**-**	-
Due from customers on construction contracts	14	**4,834**	11,433	38,131	**-**	-
Amounts due from subsidiaries	15	**-**	-	-	**8,534**	8,142
Amounts due from an associated company	16	**9**	71	84	**-**	-
Inventories	17	**8,836**	7,760	10,606	**-**	-
Tax recoverable	9(g)	**685**	1,084	1,156	**-**	-
Other assets	18	**4,115**	3,254	7,485	**-**	-
Development properties	19	**163,850**	130,629	117,605	**-**	-
Properties held for sale	20	**13**	47	94	**-**	-
		285,350	266,920	276,684	**10,718**	9,094
Non-current assets						
Amounts due from subsidiaries	15	**-**	-	-	**4,745**	8,562
Trade receivables	13	**5,462**	2,263	469	**-**	-
Investment in an associated company	21	**675**	444	581	**-**	-
Investment in subsidiaries	15	**-**	-	-	**77,907**	76,911
Investment properties	23	**205,161**	204,831	202,136	**-**	-
Property, plant and equipment	24	**59,151**	65,352	66,080	**-**	-
		270,449	272,890	269,266	**82,652**	85,473
Total assets		**555,799**	539,810	545,950	**93,370**	94,567
LIABILITIES						
Current liabilities						
Trade payables	25	**40,787**	54,907	56,035	**-**	-
Other liabilities	26	**35,926**	31,133	30,745	**690**	705
Due to customers on construction contracts	14	**21,415**	19,230	21,023	**-**	-
Amounts due to subsidiaries	15	**-**	-	-	**9,185**	6,907
Amounts due to an associated company	16	**540**	812	686	**-**	-
Current income tax liabilities	9(c)	**5,677**	1,357	2,246	**-**	-
Short-term borrowings	27	**87,152**	72,017	65,138	**-**	-
		191,497	179,456	175,873	**9,875**	7,612
Non-current liabilities						
Amounts due to subsidiaries	15	**-**	-	-	**7,338**	6,923
Trade payables	25	**6,600**	6,559	4,228	**-**	-
Finance leases	28	**685**	4,446	6,274	**-**	-
Bank term loans	29	**158,608**	167,518	186,874	**-**	-
Other liabilities	26	**-**	-	-	**206**	412
Deferred income tax liabilities	9(d)	**15,783**	16,652	15,188	**-**	-
		181,676	195,175	212,564	**7,544**	7,335
Total liabilities		**373,173**	374,631	388,437	**17,419**	14,947
NET ASSETS		**182,626**	165,179	157,513	**75,951**	79,620

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

BALANCE SHEETS (continued)
As at 31 December 2011

	Note	Group			Company	
		2011	2010 (restated)	2009 (restated)	**2011**	2010
		S$'000	S$'000	S$'000	**S$'000**	S$'000
EQUITY						
Capital and reserves attributable to equity holders of the Company						
Share capital	30(a)	**47,966**	47,966	47,966	**47,966**	47,966
Treasury shares	30(a)	**(2,287)**	-	-	**(2,287)**	-
Capital and other reserves	30(b)	**1,411**	1,411	1,411	**-**	-
Retained profits	30(c)	**139,629**	121,421	111,821	**30,272**	31,654
Currency translation reserve	30(d)	**(5,885)**	(6,610)	(5,920)	**-**	-
		180,834	164,188	155,278	**75,951**	79,620
Non-controlling interests		**1,792**	991	2,235	**-**	-
Total equity		**182,626**	165,179	157,513	**75,951**	79,620

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the financial year ended 31 December 2011

		← Attributable to equity holders of the Company →							
Group (S$'000)	Note	Share capital	Treasury shares	Capital and other reserves	Retained profits	Currency translation reserve	Total	Non-controlling interests	Total equity
Balance at 1 January 2011, as previously reported		47,966	-	1,411	128,263	(6,610)	171,030	991	172,021
Effect of adopting INT FRS 115	2.1	-	-	-	(6,842)	-	(6,842)	-	(6,842)
Balance at 1 January 2011, as restated		47,966	-	1,411	121,421	(6,610)	164,188	991	165,179
Total comprehensive income for the year		-	-	-	19,887	725	20,612	801	21,413
Purchase of treasury shares	30(a)	-	(2,287)	-	-	-	(2,287)	-	(2,287)
Dividend paid relating to 2010	31	-	-	-	(1,679)	-	(1,679)	-	(1,679)
Balance at 31 December 2011		**47,966**	**(2,287)**	**1,411**	**139,629**	**(5,885)**	**180,834**	**1,792**	**182,626**
Balance at 1 January 2010, as previously reported		47,966	-	1,411	117,362	(5,920)	160,819	2,235	163,054
Effect of adopting INT FRS 115	2.1	-	-	-	(5,541)	-	(5,541)	-	(5,541)
Balance at 1 January 2010, as restated		47,966	-	1,411	111,821	(5,920)	155,278	2,235	157,513
Total comprehensive income for the year, as previously reported		-	-	-	12,340	(690)	11,650	(1,244)	10,406
Effect of adopting INT FRS 115	2.1	-	-	-	(1,301)	-	(1,301)	-	(1,301)
Total comprehensive income for the year, as restated		-	-	-	11,039	(690)	10,349	(1,244)	9,105
Dividend paid relating to 2009	31	-	-	-	(1,439)	-	(1,439)	-	(1,439)
Balance at 31 December 2010, as restated		**47,966**	**-**	**1,411**	**121,421**	**(6,610)**	**164,188**	**991**	**165,179**

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

KOH BROTHERS GROUP LIMITED AND ITS SUBSIDIARIES

CONSOLIDATED STATEMENT OF CASH FLOWS
For the financial year ended 31 December 2011

	Group	
	2011	2010 (restated)
	S$'000	S$'000
Cash flows from operating activities		
Profit after income tax	**20,621**	9,779
Adjustments for:		
- Income tax expense	**3,976**	1,846
- Depreciation of property, plant and equipment	**4,692**	5,118
- Property, plant and equipment written off	**10**	154
- Gain on disposal of property, plant and equipment	**(1,344)**	(882)
- Loss/(gain) on disposal of property held for sale	**8**	(6)
- Fair value losses on long-term financial assets and financial liabilities	**330**	144
- Loss on liquidation of subsidiaries	**-**	115
- Fair value loss/(gain) on financial assets at fair value through profit or loss	**183**	(89)
- Fair value losses/(gains) on investment properties	**997**	(968)
- Dividend income	**(21)**	(10)
- Share of (profit)/loss of an associated company	**(242)**	32
- Interest expense	**2,879**	2,935
- Interest income	**(874)**	(205)
- Unrealised translation differences	**498**	(266)
Operating cash flow before working capital changes	**31,713**	17,697
Working capital changes:		
- Receivables	**(5,002)**	6,847
- Inventories	**(1,076)**	2,847
- Due from/to customers on construction contracts	**12,903**	29,116
- Development properties	**(31,191)**	(10,062)
- Properties held for sale	**26**	87
- Payables	**(10,422)**	2,014
Cash generated from operations	**(3,049)**	48,546
Income tax paid	**(694)**	(1,248)
Interest paid	**(5,022)**	(6,073)
Net cash (used in)/provided by operating activities	**(8,765)**	41,225
Cash flows from investing activities		
Purchase of property, plant and equipment [Note (b)]	**(1,411)**	(3,167)
Sale/purchase of financial assets at fair value through profit or loss	**6**	(130)
Proceeds from disposal of property, plant and equipment	**1,451**	1,047
Additions to investment properties	**(1,327)**	(1,804)
Net cash inflow on liquidation of subsidiaries [Note 15(ii)]	**-**	2,874
Dividend received from other investments	**21**	10
Dividend received from an associated company	**-**	105
Interest received	**287**	205
Net cash used in investing activities	**(973)**	(860)

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

CONSOLIDATED STATEMENT OF CASH FLOWS (continued)
For the financial year ended 31 December 2011

	Group	
	2011	2010 (restated)
	S$'000	S$'000
Cash flows from financing activities		
Proceeds from bank borrowings	**30,185**	15,535
Repayment of bank borrowings	**(21,734)**	(28,740)
Payment of finance lease instalments	**(5,424)**	(6,404)
Deposits pledged	**-**	550
Purchase of treasury shares	**(2,287)**	-
Dividends paid to equity holders of the Company	**(1,679)**	(1,439)
Net cash used in financing activities	**(939)**	(20,498)
Net (decrease)/increase in cash and cash equivalents	**(10,677)**	19,867
Cash and cash equivalents at beginning of financial year [Note (a)]	**60,467**	40,852
Effect of currency translation on cash and cash equivalents	**531**	(252)
Cash and cash equivalents at end of financial year [Note (a)]	**50,321**	60,467

(a) Cash and cash equivalents

For the purpose of presenting the consolidated statement of cash flows, cash and cash equivalents comprise cash on hand and balance with banks net of bank overdrafts as follows:

	Note	Group	
		2011	2010
		S$'000	S$'000
Cash and bank balances	11	**50,521**	61,595
Restricted cash	11(iv)	**(200)**	(200)
Bank overdrafts	27	**-**	(928)
		50,321	60,467

At 31 December 2011, fixed deposits of S$200,000 (2010: S$200,000) were pledged with banks by the Group as security for credit facilities granted. Accordingly, these have been presented as restricted cash and excluded from the Group's cash and cash equivalents.

(b) Purchase of property, plant and equipment

During the financial year, the Group acquired property, plant and equipment with an aggregate cost of S$2,628,000 (2010: S$8,915,000) of which S$365,000 (2010: S$5,748,000) was acquired by means of finance lease and S$852,000 (2010: S$nil) on credit terms. Cash payments of S$1,411,000 (2010: S$3,167,000) were made to purchase property, plant and equipment.

The accompanying 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 36 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"). The financial statements have been prepared 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 2011

On 1 January 2011, the Group adopted the new or amended FRS and Interpretations to FRS ("INT FRS") that are mandatory for application from that date. 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 Group's and Company's accounting policies and had no material effect on the amounts reported for the current or prior financial years except are disclosed below:

2. Significant accounting policies (continued)

2.1 Basis of preparation (continued)

INT FRS 115 *Agreements for the Construction of Real Estate*, with an Accompanying Note ("AN") to be read in conjunction with INT FRS 115. (Effective for annual period beginning on or after 1 January 2011)

INT FRS 115 applies retrospectively for annual periods beginning on or after 1 January 2011. Prior to the adoption of INT FRS 115, revenue from sale of properties held-for-sale in Singapore was recognised using the percentage of completion method.

Upon adoption of INT FRS 115, revenue from sale of Singapore residential properties that are within the scope as described in paragraph 2 of the AN continues to be recognised on a percentage-of-completion method. However, for the sale of properties sold under the deferred payment scheme, revenue is recognised only upon completion of construction.

The effects on adoption are as follows:

Consolidated Balance Sheet	**As previously reported S$'000**	**Decrease S$'000**	**As restated S$'000**
As at 31 December 2010			
Development properties	138,873	(8,244)	130,629
Deferred income tax liabilities	18,054	(1,402)	16,652
Retained profits	128,263	(6,842)	121,421
As at 31 December 2009			
Development properties	124,281	(6,676)	117,605
Deferred income tax liabilities	16,323	(1,135)	15,188
Retained profits	117,362	(5,541)	111,821

Consolidated statement of comprehensive income	**As previously reported 2010 S$'000**	**Decrease 2010 S$'000**	**As restated 2010 S$'000**
Sales	364,293	(2,691)	361,602
Cost of sales	(327,483)	(1,123)	(326,360)
Profit before income tax	13,193	(1,568)	11,625
Income tax expense	(2,113)	(267)	(1,846)
Profit attributable to equity holders of the Company	12,340	(1,301)	11,039
Basic earnings per share (in cents)	2.57	0.27	2.30

2. Significant accounting policies (continued)

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 by the Group, the sale of development properties and properties held for sale, rental and related income from investment properties, commission income, dividend and interest income in the ordinary course of the Group's activities. Sales are presented net of goods or services tax and discounts, and after eliminating sales within the Group.

The Group recognises revenue when the amount of the 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 products

Revenue is recognised when a Group entity 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.

(c) Contracts revenue

Revenue from construction contracts is recognised as disclosed in Note 2.8 "Construction contract work-in-progress".

(d) Revenue from property development

Revenue from development properties is recognised as disclosed in Note 2.10 "Development properties".

(e) Rental income

Rental income is recognised as disclosed in Note 2.15(b) "Leases - when the group is the lessor".

(f) Dividend income

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

2. Significant accounting policies (continued)

2.2 Revenue recognition (continued)

(g) Interest income

Interest income is recognised using the effective interest method.

2.3 Subsidiaries

(a) Consolidation

Subsidiaries are entities over which the Group has power to govern the financial and operating policies so as to obtain benefits from its activities, generally accompanied by a shareholding giving rise to a majority of the voting rights. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group controls another entity. Subsidiaries are consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date on which 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 assets transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

Non-controlling interests are that part of the net results of operations and of net assets of a subsidiary attributable to the interests which 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.

(b) Acquisitions

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

2. Significant accounting policies (continued)

2.3 Subsidiaries (continued)

(b) *Acquisitions* (continued)

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 the fair value of any contingent consideration arrangement and the fair value of any pre-existing equity interest in the subsidiary.

Acquisition-related costs are expensed as incurred.

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

On an acquisition-by-acquisition basis, the Group recognises any 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 net identifiable assets.

The excess of the consideration transferred, the amount of any non-controlling interest in the acquire and the acquisition-date fair value of any previous equity interest in the acquiree over the fair value of the net identifiable assets acquired is recorded as goodwill. Please refer to Note 2.7 "Intangible assets" for the subsequent accounting policy on goodwill.

(c) *Disposals*

When a change in the Group 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 earnings 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 investment at the date when control is lost and its fair value is recognised in profit or loss.

Please refer to Note 2.12 "Investments in subsidiaries, joint ventures and associated companies" for the accounting policy on investments in subsidiaries in the separate financial statements of the Company.

2. Significant accounting policies (continued)

2.3 Subsidiaries (continued)

(d) 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.

2.4 Joint ventures

The Group's joint ventures are entities over which the Group has contractual arrangements to jointly share control over the economic activity of the entities with one or more parties. The Group's interest in joint ventures is accounted for in the consolidated financial statements using proportionate consolidation.

Proportionate consolidation involves combining the Group's share of joint ventures' income and expenses, assets and liabilities and cash flows of the jointly-controlled entities on a line-by-line basis with similar items in the Group's financial statements.

When the Group sells assets to a joint venture, the Group recognises only the portion of gains or losses on the sale of assets that is attributable to the interest of the other venturers. The Group recognises the full amount of any loss when the sale provides evidence of a reduction in the net realisable value of current assets or an impairment loss.

When the Group purchases assets from a joint venture, it does not recognise its share of the profits of the joint ventures arising from the Group's purchase of assets until it resells the assets to an independent party. However, a loss on the transaction is recognised immediately if the loss provides evidence of a reduction in the net realisable value of current assets or an impairment loss.

The accounting policies of joint ventures have been changed where necessary to ensure consistency with the accounting policies adopted by the Group.

Please refer to Note 2.12 "Investments in subsidiaries, joint ventures and associated companies" for the accounting policy on investments in joint ventures in the separate financial statements of the Company.

2. Significant accounting policies (continued)

2.5 Associated companies

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

(a) Acquisitions

Investments in associated companies 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 represents the excess of the cost of acquisition of the associate over the Group's share of the fair value of the identifiable net assets of the associate and is included in the carrying amount of the investments.

(b) Equity method of accounting

In applying the equity method of accounting, the Group's share of its associated companies' 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 are adjusted against the carrying amount of the investment. When the Group's share of losses in an associated company equals or exceeds its interest in the associated company, including any other unsecured non-current receivables, the Group does not recognise further losses, unless it has obligations to make or has made payments on behalf of the associated company.

Unrealised gains on transactions between the Group and its associated companies are eliminated to the extent of the Group's interest in the associated companies. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. The accounting policies of associated companies have been changed where necessary to ensure consistency with the accounting policies adopted by the Group.

2. Significant accounting policies (continued)

2.5 Associated companies (continued)

(c) Disposals

Investments in associated companies are derecognised when the Group loses significant influence. Any retained equity interest in the entity is remeasured at its fair value. The difference between the carrying amount of the retained interest at the date when significant influence is lost and its fair value is recognised in profit or loss.

Gain or losses arising from partial disposals or dilutions in investment in associated companies in which significant influence is retained are recognised in profit or loss.

Please refer to Note 2.12 "Investments in subsidiaries, joint ventures and associated companies" for the accounting policy on investments in associated companies in the separate financial statements of the Company.

2.6 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. Freehold land is subsequently carried at the revalued amount less 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.

Increases in carrying amounts arising from revaluation are recognised in an asset revaluation reserve, 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 against the asset revaluation reserve. 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.

2. Significant accounting policies (continued)

2.6 Property, plant and equipment (continued)

(b) *Depreciation*

Freehold land is 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	20 - 50 years
Leasehold premises	20 - 99 years
Plant and machinery	1 - 20 years
Motor vehicles and trucks	1 - 10 years
Furniture, fittings, office equipment and computers	1 - 10 years
Hotel equipment	5 - 10 years

Construction in progress is not depreciated.

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

(c) *Subsequent expenditure*

Subsequent expenditure relating to property, plant and equipment that has already been recognised is added to the carrying amount of the asset only when it is probable that future economic benefits associated with the item, will flow to the Group 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 net disposal proceeds and its carrying amount is recognised in profit or loss. Any amount in capital reserve relating to that asset is transferred to retained profits directly.

2. Significant accounting policies (continued)

2.7 Intangible assets

Goodwill on acquisitions

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

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

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

Goodwill on associated companies 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.

2.8 Construction contract work-in-progress

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.

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

2.8 Construction contract work-in-progress (continued)

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 by reference to the professional's certification of value of work done to-date. 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.

At the balance sheet date, the cumulative costs incurred plus recognised profit (less recognised loss) 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".

Progress billing not yet paid by customers and retentions by customers are included within "trade receivables". Advances received are included within "trade payables".

2.9 Investment properties

Investment properties include office buildings and land under operating leases that are held for long-term rental yields and are not occupied by the Group. Completed investment properties are classified as non-current assets.

Investment properties are initially recognised at cost and subsequently carried at fair value, determined annually by management on the recommendation of 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.

2. Significant accounting policies (continued)

2.9 Investment properties (continued)

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

2.10 Development properties

Development properties refer to properties developed for sale.

Development properties that are unsold are carried at the lower of cost and net realisable value. 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 properties are delivered to the buyers, except for cases where the control and risks and rewards of the property are transferred to the buyers as construction progresses.

For sales of development properties of the Group that are within the scope as described in paragraph 2 of the Accompanying Note to 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. Significant accounting policies (continued)

2.11 Properties held for sale

Properties held for sale are stated at the lower of cost and net realisable value and comprise developed properties and trading properties.

Cost of trading properties comprises the cost of purchase.

2.12 Investments in subsidiaries, joint ventures and associated companies

Investments in subsidiaries, joint ventures and associated companies are carried at cost less accumulated impairment losses in the Company's balance sheet. On disposal of investments in subsidiaries, joint ventures and associated companies, the difference between disposal proceeds and the carrying amounts of the investments are recognised in profit or loss.

2.13 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. Goodwill included in the carrying amount of an investment in associated company is tested for impairment as part of the investment, rather than separately.

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

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

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

An impairment loss on goodwill is recognised in profit or loss and is not reversed in a subsequent period.

2. Significant accounting policies (continued)

2.13 Impairment of non-financial assets (continued)

(b) Property, plant and equipment, investments in subsidiaries, joint ventures, associated companies and development properties.

Property, plant and equipment, investments in subsidiaries, joint ventures, associated companies and development properties 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 2.6 “Property, plant and equipment” for the treatment of revaluation decrease.

An impairment loss for an asset other than goodwill is reversed if, and 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 assets was previously recognised as an expense, a reversal of that impairment is also credited to profit or loss.

2. Significant accounting policies (continued)

2.14 Financial assets

(a) *Classification*

The Group classifies its financial assets in the following categories: at fair value through profit or loss and loans and receivables. 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. Assets in this category are presented as current assets if they are either held for trading or are expected to be realised within 12 months after the balance sheet date.

ii. *Loans and receivables*

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

(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 in other comprehensive income relating to that asset is reclassified to profit or loss.

2. Significant accounting policies (continued)

2.14 Financial assets (continued)

(c) Initial measurement

Financial assets at fair value through profit or loss are recognised at fair value on initial recognition. Transaction costs for financial assets at fair value through profit or loss are recognised immediately as expenses.

Loans and receivables are initially recognised at fair value plus transaction costs.

(d) Subsequent measurement

Financial assets at fair value through profit or loss are subsequently carried at fair value. Loans and receivables are subsequently carried at amortised cost less allowance for impairment [Note 2.14(e)].

Changes in the fair values of “financial assets at fair value through profit or loss”, are recognised in profit or loss within “other gains” when the changes arise.

(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.

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. Subsequent recoveries of amounts previously written off are recognised against the same line item in profit or loss within “distribution and marketing expenses and other expenses”.

2. Significant accounting policies (continued)

2.15 Leases

(a) When the group is the 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.

Operating leases

Leases of assets 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.

When an operating lease is terminated before the lease period has expired, any payment required to be made to the lessor by way of penalty is recognised as an expense in the financial year in which termination takes place.

2. Significant accounting policies (continued)

2.15 Leases (continued)

(b) When the group is the lessor:

Operating leases

Leases of investment properties and property, plant and equipment where the Group retains substantially all risks and rewards incidental to ownership are classified as operating leases.

Rental income from investment properties (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 an operating lease 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.

2.16 Financial guarantees

The Company has issued corporate guarantees to banks for bank borrowings of its subsidiaries. These guarantees are financial guarantees as they require the Company to reimburse the banks if the subsidiaries 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' borrowings.

Intra-group transactions are eliminated on consolidation.

2.17 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. Significant accounting policies (continued)

2.18 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). If not, 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.

2.19 Fair value estimation of financial assets and liabilities

The fair values of financial instruments traded in active markets 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 fair values of current financial assets and liabilities carried at amortised cost approximate their carrying amounts.

2.20 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.

2.21 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 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.

2. Significant accounting policies (continued)

2.21 Income taxes (continued)

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:

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

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

Current and deferred income taxes are recognised as income or expense in profit or loss, except to the extent that the tax arises from a transaction which is recognised directly in equity.

2.22 Provisions

Provisions are recognised when the Group and the Company 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. Significant accounting policies (continued)

2.23 Employee compensation

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

(a) Defined contribution plans

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

(b) Employee leave entitlement

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

2.24 Borrowing costs

Borrowing costs incurred to finance contract work-in-progress and development of properties are capitalised during the period of time that is required to complete and prepare the asset for its intended use. The cost capitalised is the actual borrowing costs incurred during the period. Other borrowing costs are recognised on a time-proportion basis in profit or loss using the effective interest method.

2.25 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 translation 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.

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.

2. Significant accounting policies (continued)

2.25 Currency translation (continued)

(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 exchange differences are recognised in other comprehensive income and accumulated in the currency translation reserve.

2.26 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.

2.27 Cash and cash equivalents

For the purpose of presentation in the consolidated cash flow statement, cash and cash equivalents 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 borrowings under current liabilities on the balance sheet.

2.28 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 consideration paid including any directly attributable cost is presented as a component within equity attributable to the Company's equity holders, until they are cancelled, sold or reissued.

2. Significant accounting policies (continued)

2.28 Share capital and treasury shares (continued)

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.

When treasury shares are subsequently sold or reissued pursuant to an employee share option scheme, the cost of treasury shares is reversed from the treasury share account and the realised gain or loss on sale or reissue, net of any directly attributable incremental transaction costs and related income tax, is recognised in the capital reserve.

2.29 Dividend to Company's shareholders

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

2.30 Government grants

Grants from the government are recognised as a receivable at 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 relating to expenses are net off against the related expenses. Government grants are recognised over the periods necessary to match them with related costs which they are intended to compensate, on a systematic basis.

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.

(a) Construction contracts

The Group recognises contract revenue and contract costs using the percentage of completion method. The stage of completion is measured by reference to the professional's certification of value of work done to-date. Please refer to Note 2.8 "Construction contract work-in-progress" for the Company's accounting policy on construction contract work-in-progress.

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

(a) *Construction contracts* (continued)

Significant assumptions are required to estimate the total contract costs which affect the contract cost recognised to-date based on the percentage of completion. 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% (2010: 5%) from management estimates, the Group's profit before income tax will decrease/increase by approximately S$3,798,000 (2010: S$5,607,000).

(b) *Valuation of investment properties*

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

The fair values are determined using the income 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.

4. Revenue

	Group	
	2011	2010 (restated)
	S$'000	S$'000
Contract revenue	**193,202**	243,502
Revenue from sale of products	**75,589**	85,273
Revenue from services rendered	**4,359**	4,052
Revenue from property development	**55,482**	17,386
Rental income from investment properties (Note 23)	**12,513**	11,389
Total revenue	**341,145**	361,602

5. Other gains - net

	Group	
	2011	2010
	S$'000	S$'000
Dividend income	**21**	10
Fair value (loss)/gain on financial assets at fair value through profit or loss (Note 12)	**(183)**	89
Fair value losses on long-term financial assets and financial liabilities	**(330)**	(144)
Fair value (losses)/gains on investment properties (Note 23)	**(997)**	968
(Loss)/gain on disposal of property held for sale	**(8)**	6
Gain on disposal of property, plant and equipment	**1,344**	882
Interest income from bank deposits	**874**	205
Loss on liquidation of subsidiaries [Note 15(ii)]	**-**	(115)
Rental income from rental of equipment	**52**	345
Other income	**617**	809
	1,390	3,055

6. Expenses by nature

	Group	
	2011	2010 (restated)
	S$'000	S$'000
Advertising and promotion	**2,300**	886
Allowance for impairment of non-trade receivables	**60**	-
(Write-back of)/allowance for impairment of trade receivables included in "distribution and marketing expenses" [Note 13(ii)]	**(3,532)**	4,146
Bad debts written off		
- Trade	**7**	50
- Non-trade	**28**	309
Changes in inventories of raw material, work-in-progress and finished goods	**1,076**	(2,846)
Contractor and material costs net of changes in work-in-progress included in "cost of sales"	**232,547**	230,075
Depreciation of property, plant and equipment [Note 24(i)]	**4,692**	5,118
Employee compensation (Note 7)	**23,253**	26,274
Freight, shipping, transport and travelling expenses	**1,666**	3,870
Net foreign exchange loss/(gain)	**633**	(284)
Property, plant and equipment written off	**10**	154
Property tax	**1,478**	1,557
Purchases of raw material, finished goods and consumables	**29,760**	56,562
Rental expenses	**4,873**	6,202
Repair and maintenance expenses	**5,705**	5,231
Utilities	**4,809**	3,500
Other expenses	**5,936**	9,261
Total cost of sales, distribution and marketing, administrative and other expenses	**315,301**	350,065

7. Employee compensation

	Group	
	2011	2010
	S$'000	S$'000
Wages and salaries	**19,559**	22,530
Employer's contribution to defined contribution plans including Central Provident Fund	**1,463**	1,429
Other staff benefits	**2,231**	2,441
Government Grant - Jobs Credit Scheme	**-**	(126)
	23,253	26,274

i. Included in the cost of sales is employee compensation amounting to S$10,155,000 (2010: S$13,064,000). Compensation to key management personnel including directors' remuneration is separately disclosed in Note 33(b) to the financial statements.

ii. The Jobs Credit Scheme is a cash grant introduced in the Singapore Budget 2009 to help businesses preserve jobs in the economic downturn. The amount an employer can receive would depend on the fulfilment of the conditions as stated in the scheme.

8. Finance expenses

	Group	
	2011	2010
	S$'000	S$'000
Interest expenses		
- Banking facilities	**2,318**	2,338
- Finance lease and others	**561**	597
	2,879	2,935

9. Income taxes

(a) Income tax expense

	Group 2011 S$'000	Group 2010 (restated) S$'000
Tax expense attributable to profit is made up of:		
- Current income tax [Note 9(c)]	**4,474**	2,008
- Deferred income tax [Note 9(d)]	**(612)**	1,451
	3,862	3,459
(Over)/under provision in preceding financial years		
- Current income tax [Note 9(c)]	**(4)**	(1,676)
- Deferred income tax [Note 9(d)]	**118**	63
	3,976	1,846

(b) Tax reconciliation

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 2011 S$'000	Group 2010 (restated) S$'000
Profit before income tax	**24,597**	11,625
Share of (profit)/loss of an associated company	**(242)**	32
Profit before tax and share of profit of an associated company	**24,355**	11,657
Tax calculated at a tax rate of 17% (2010: 17%)	**4,140**	1,982
Expenses not deductible for tax purposes	**1,907**	1,546
Income not subject to tax	**(1,269)**	(157)
Tax benefits not recognised	**89**	464
Tax incentives	**(166)**	(124)
Utilisation of previously unrecognised:		
- Tax losses	**(380)**	(129)
- Capital allowances	**(440)**	(122)
Effect of different tax rates in other countries	**(7)**	12
Under/(over) provision in preceding financial years	**114**	(1,613)
Others	**(12)**	(13)
Tax charge	**3,976**	1,846

9. Income taxes (continued)

(c) Movements in current income tax liabilities

	Group	
	2011	2010
	S$'000	S$'000
Balance at 1 January	**1,357**	2,246
Currency translation differences	**169**	27
Income tax paid	**(694)**	(1,248)
Current financial year's income tax [Note 9(a)]	**4,474**	2,008
Over provision in preceding financial years [Note 9(a)]	**(4)**	(1,676)
Transfer from deferred income tax	**375**	-
Balance at 31 December	**5,677**	1,357

(d) Deferred income tax

The movement in the deferred income tax is as follows:

		Group	
	2011	2010 (restated)	2009 (restated)
	S$'000	S$'000	S$'000
Balance at 1 January, as previously reported	**18,054**	16,323	17,203
Effect of adopting INT FRS 115 (Note 2.1)	**(1,402)**	(1,135)	-
Balance at 1 January, as restated	**16,652**	15,188	17,203
Currency translation differences	**-**	(50)	(25)
Effect on change in Singapore tax rate	**-**	-	(712)
Current financial year's tax [Note 9(a)]	**(612)**	1,451	438
Under/(over) provision in preceding financial years [Note 9(a)]	**118**	63	(1,062)
Transfer to current income tax liabilities	**(375)**	-	(654)
Balance at 31 December	**15,783**	16,652	15,188

9. Income taxes (continued)

(e) Movements in deferred income tax

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

	Accelerated tax depreciation S$'000	Revaluation reserve S$'000	Fair value adjustment on investment properties S$'000	Income taxed on completion basis and others S$'000	Total S$'000
Deferred income tax liabilities					
Balance at 1 January 2011, as previously reported	1,317	373	13,969	2,422	18,081
Effect of adopting INT FRS 115 (Note 2.1)	-	-	-	(1,402)	(1,402)
Balance at 1 January 2011, as restated	1,317	373	13,969	1,020	16,679
Current financial year's tax	71	(110)	(675)	85	(629)
(Over)/under provision in preceding financial years	(60)	381	(907)	704	118
Transfer to current income tax liabilities	-	-	-	(375)	(375)
Balance at 31 December 2011	**1,328**	**644**	**12,387**	**1,434**	**15,793**

	Provisions S$'000	Total S$'000
Deferred income tax assets		
Balance at 1 January 2011	(27)	(27)
Current financial year's tax	17	17
Balance at 31 December 2011	**(10)**	**(10)**

	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 2010, as previously reported	617	364	13,379	1,982	16,342
Effect of adopting INT FRS 115 (Note 2.1)	-	-	-	(1,135)	(1,135)
Balance at 1 January 2010, as restated	617	364	13,379	847	15,207
Currency translation differences	-	-	-	(51)	(51)
Current financial year's tax, as previously reported	648	-	590	489	1,727
Effect of adopting INT FRS 115 (Note 2.1)	-	-	-	(267)	(267)
Current financial year's tax, as restated	648	-	590	222	1,460
Under provision in preceding financial years	52	9	-	2	63
Balance at 31 December 2010, as restated	1,317	373	13,969	1,020	16,679

9. Income taxes (continued)

(e) Movements in deferred income tax (continued)

	Provisions S$'000	Unutilised capital allowances S$'000	Total S$'000
Deferred income tax assets			
Balance at 1 January 2010	(13)	(6)	(19)
Currency translation differences	1	-	1
Current financial year's tax	(15)	6	(9)
Balance at 31 December 2010	(27)	-	(27)

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

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

	Group		
	2011	2010 (restated)	2009 (restated)
	S$'000	S$'000	S$'000
Deferred income tax liabilities	**15,793**	16,679	15,207
Deferred income tax assets	**(10)**	(27)	(19)
	15,783	16,652	15,188

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

(f) Unutilised tax losses and capital allowances

As at 31 December 2011, the Group has unutilised tax losses of approximately S$7,584,000 (2010: S$6,828,000) and unabsorbed capital allowances of approximately S$356,000 (2010: S$563,000) 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.

9. Income taxes (continued)

(g) Tax recoverable

The tax recoverable of the Group S$685,000 (2010: S$1,084,000) relates to amounts receivable from the tax authority arising from the tax deducted at source from the franked dividends declared in accordance with Section 44 of the Income Tax Act in prior years.

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

10. 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	
	2011	2010 (restated)
Net profit attributable to equity holders of the Company (S$'000)	**19,887**	11,039
Weighted average number of ordinary shares in issue for computation of basic earnings per share ('000)	**475,036**	479,613
Basic earnings per share (in cents)	**4.19**	2.30

(b) Diluted earnings per share

There is no dilution of earnings per share for the financial years ended 2011 and 2010.

11. Cash and bank balances

	Group		Company	
	2011	2010	**2011**	2010
	S$'000	S$'000	**S$'000**	S$'000
Fixed deposits	**17,845**	15,156	**-**	-
Cash and bank balances	**32,676**	46,439	**2,179**	948
	50,521	61,595	**2,179**	948

i. Fixed deposits are principally denominated in Singapore Dollar and Chinese Renminbi. The weighted average effective interest rate of fixed deposits at the balance sheet date is 1.37% (2010: 1.22%) per annum.

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 at the option of the Group.

iii. Included in the fixed deposits and cash and bank balances of the Group are amounts held under the Housing Developers' (Project Account) Rules 1985, totalling S$9,308,000 (2010: S$1,529,000), withdrawals from which are specific to payments for expenditure incurred on specified projects.

iv. Included in the fixed deposits of the Group is an amount of S$200,000 (2010: S$200,000) pledged to banks for credit facilities granted.

12. Financial assets at fair value through profit or loss

	Group		Company	
	2011	2010	**2011**	2010
	S$'000	S$'000	**S$'000**	S$'000
Quoted equity shares, at fair value:				
Balance at 1 January	**877**	658	**4**	4
Addition	**-**	130	**-**	-
Disposal	**(6)**	-	**-**	-
Fair value (loss)/gain during the financial year (Note 5)	**(183)**	89	**1**	-
Balance at 31 December	**688**	877	**5**	4

13. Trade receivables

	Group	
	2011	2010
	S$'000	S$'000
Current		
Due from non-related parties	**56,809**	59,056
Due from related parties	**-**	67
	56,809	59,123
Less: Allowance for impairment of trade receivables		
- Non-related parties	**(5,010)**	(8,953)
Trade receivables – net	**51,799**	50,170
Non-current		
Due from non-related parties	**5,462**	2,263

i. The balances due from related parties relate to amounts due from companies which are controlled or significantly influenced by the Group's key management personnel and their close family members of S$nil (2010: S$67,000).

ii. Write-back of trade receivables amounted to S$3,532,000 (2010: impairment loss on trade receivables of S$4,146,000) is recognised as a credit/an expense and included in "distribution and marketing expenses".

iii. Included in non-current trade receivables are retentions on construction contracts of S$5,462,000 (2010: S$2,263,000) (Note 14).

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 rates used is 4% (2010: 5%) per annum.

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

	Group 2011 S$'000	Group 2010 S$'000
Aggregate costs incurred and profits recognised (less losses recognised) to date on uncompleted construction contracts	**971,460**	796,315
Less: Progress billings	**(988,041)**	(804,112)
	(16,581)	(7,797)
Presented as:		
Current asset		
– Due from customers on construction contracts	**4,834**	11,433
Current liability		
– Due to customers on construction contracts	**(21,415)**	(19,230)

	Group 2011 S$'000	Group 2010 S$'000
Construction contract work-in-progress includes the following:		
Depreciation of property, plant and equipment:		
Balance at 1 January	**2,447**	2,013
Capitalised during the financial year [Note 24(i)]	**4,095**	4,107
Less: Recognised on projects during financial year	**(5,290)**	(3,673)
Balance at 31 December	**1,252**	2,447
Retentions on construction contracts		
- Trade receivables [Note 13(iii)]	**5,462**	2,263
- Trade payables [Note 25(ii)]	**10,700**	14,276

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

	Company	
	2011	2010
	S$'000	S$'000
Investment in subsidiaries		
Balance at 1 January		
- Unquoted equity shares, at cost	**68,068**	68,068
- Financial guarantee contracts	**8,843**	7,655
	76,911	75,723
Increase in financial guarantee contracts	**996**	1,188
Balance at 31 December	**77,907**	76,911
Amounts due from subsidiaries (non-trade) [Note 15(i)]		
- Current	**8,534**	8,142
- Non-current	**4,745**	8,562
	13,279	16,704
Amounts due to subsidiaries (non-trade) [Note 15(i)]		
- Current	**(9,185)**	(6,907)
- Non-current	**(7,338)**	(6,923)
	(16,523)	(13,830)

i. The current and non-current amounts due from and to subsidiaries are unsecured and interest-free. The current amounts due from and to subsidiaries are repayable on demand. The non-current amounts due from and to subsidiaries are not expected to be repaid within 12 months from the balance sheet date and their fair values approximate to their carrying amounts.

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

ii. In the financial year 2010, the Group completed the liquidation of two subsidiaries. The fair values of identifiable net assets of these subsidiaries amounted to S$2,989,000. Details of the identifiable net assets of these subsidiaries are as follows:

	Group 2010 S$'000
Identifiable assets and liabilities	
Cash and cash equivalents	1,698
Trade and other receivables	2,338
Inventories	5
Total assets	4,041
Trade and other payables	(231)
Current income tax liabilities	(821)
Total liabilities	(1,052)
Identifiable net assets of subsidiaries in liquidation	2,989
Loss on liquidation of subsidiaries (Note 5)	(115)
Net cash inflows from liquidation	2,874

16. Amounts due from/(to) an associated company

The carrying amounts of trade balances due from/(to) an associated company approximate their fair values.

17. Inventories

	Group	
	2011 S$'000	2010 S$'000
Raw materials	**4,739**	6,095
Work-in-progress	**59**	-
Finished goods	**4,038**	1,665
	8,836	7,760

The cost of inventories recognised as an expense and included in "cost of sales" amounted to S$30,836,000 (2010: S$53,716,000).

18. Other assets

	Group		Company	
	2011	2010	**2011**	2010
	S$'000	S$'000	**S$'000**	S$'000
Deposits	**1,983**	1,468	**-**	-
Prepayments	**572**	636	**-**	-
Staff advances	**27**	22	**-**	-
Sundry receivables	**1,677**	2,018	**-**	-
Amounts due from related parties (non-trade) [see below]	**6**	12	**-**	-
	4,265	4,156	**-**	-
Less: Allowance for impairment of sundry receivables – third parties	**(150)**	(902)	**-**	-
	4,115	3,254	**-**	-

The non-trade amounts due from related parties include balances owing by companies which are controlled or significantly influenced by the Group's key management personnel and their close family members of S$6,000 (2010: S$8,000) and an amount due to non-controlling interests of S$nil (2010: S$4,000). The amounts are interest-free, unsecured and are repayable on demand.

19. Development properties

	Group		
	2011	2010 (restated)	2009 (restated)
	S$'000	S$'000	S$'000
Cost of land	**126,422**	118,465	118,456
Development cost	**78,162**	65,057	38,905
Add: Attributable profits recognised	**30,815**	12,369	10,941
Less: Progress billings	**(71,549)**	(65,262)	(50,697)
	163,850	130,629	117,605
Interest capitalised during the financial year	**2,173**	2,963	3,256

Details of the restatements are set out in Note 2.1.

Details of development properties are set out in Note 38.

As at 31 December 2011, development properties with a carrying value of S$114,322,000 (2010: S$130,200,000) are mortgaged to banks for credit facilities granted (Note 29).

20. Properties held for sale

	Group 2011 S$'000	Group 2010 S$'000
At net realisable value		
Cost of land	**41**	7
Development cost	**15**	39
Interest	**2**	2
Currency translation differences	**(45)**	(1)
	13	47

Details of properties held for sale are set out in Note 39.

21. Investment in an associated company

	Group 2011 S$'000	Group 2010 S$'000
Balance at 1 January	**444**	581
Share of profit/(loss) an associated company	**242**	(32)
Dividend paid during the year	**(11)**	(105)
Balance at 31 December	**675**	444

The summarised financial information of the associated company not adjusted for the proportion of ownership interest held by the Group is as follows:

	Group 2011 S$'000	Group 2010 S$'000
Sales	**3,916**	3,129
Profit/(loss) after income tax	**698**	(90)
Assets	**2,837**	2,139
Liabilities	**901**	871

Details of the associated company are set out in Note 36.

22. Joint ventures

The Group has included in its profit or loss and consolidated balance sheet its share of the results, assets and liabilities of the joint ventures, as follows:

	Group	
	2011	2010 (restated)
	S$'000	S$'000
Sales	**71,612**	17,507
Other operating income	**2,883**	3,275
Expenses	**(50,836)**	(13,992)
Profit before income tax	**23,659**	6,790
Non-current assets	**127,291**	126,383
Current assets	**142,913**	146,078
Current liabilities	**34,386**	56,469
Non-current liabilities	**184,386**	165,329

i. The Group has no commitments relating to joint ventures except as disclosed in Note 32(c).

ii. Details of the joint ventures are set out in Note 36.

23. Investment properties

	Group	
	2011	2010
	S$'000	S$'000
Balance at 1 January	**204,831**	202,136
Additions during the year	**1,327**	1,804
Fair value (losses)/gains recognised in profit or loss (Note 5)	**(997)**	968
Currency translation differences	**-**	(77)
Balance at 31 December	**205,161**	204,831

23. Investment properties (continued)

The following amounts are recognised in profit or loss:

	Group	
	2011	2010
	S$'000	S$'000
Rental income (Note 4)	**12,513**	11,389
Direct operating expenses arising from investment properties that generated rental income	**(6,886)**	(6,709)

i. Investment properties are carried at fair values at the balance sheet date as determined by management on the recommendation of independent professional valuers. Valuations are made annually based on the properties' highest-and-best-use using the direct market comparison and income methods.

ii. Investment properties are leased to third parties under operating leases [Note 32(b)].

iii. Investment properties with carrying values totalling S$196,600,000 (2010: S$196,500,000) are mortgaged to banks for credit facilities granted (Notes 27 and 29).

iv. Details of the investment properties are set out in Note 37.

24. Property, plant and equipment

Group	Freehold land S$'000	Buildings S$'000	Leasehold premises S$'000	Plant and machinery S$'000	Motor vehicles and trucks S$'000	Furniture, fittings, office equipment and computers S$'000	Hotel equipment S$'000	Construction in progress S$'000	Total S$'000
Cost or valuation									
At 1 January 2011									
Cost	-	15,798	6,910	62,995	19,036	7,996	1,476	-	114,211
Independent valuation in 1993 [Note 24(iii)]	16,250	6,487	7,375	-	-	-	-	-	30,112
	16,250	22,285	14,285	62,995	19,036	7,996	1,476	-	144,323
Currency translation differences	-	-	23	56	86	(35)	-	-	130
Additions	-	-	-	760	332	1,252	50	234	2,628
Disposals	-	-	(66)	(985)	(71)	(154)	-	-	(1,276)
Written off	-	-	-	(35)	(8)	(169)	(688)	-	(900)
At 31 December 2011	16,250	22,285	14,242	62,791	19,375	8,890	838	234	144,905
Represented by:									
Cost	-	15,798	7,389	62,791	19,375	8,890	838	234	115,315
Independent valuation in 1993 [Note 24(iii)]	16,250	6,487	6,853	-	-	-	-	-	29,590
	16,250	22,285	14,242	62,791	19,375	8,890	838	234	144,905
Accumulated depreciation and impairment loss									
At 1 January 2011	-	6,961	7,151	43,548	13,514	6,573	1,224	-	78,971
Currency translation differences	-	(16)	5	42	71	(47)	-	-	55
Disposals	-	-	(32)	(985)	(58)	(94)	-	-	(1,169)
Written off	-	-	-	(35)	(8)	(159)	(688)	-	(890)
Depreciation charge [Note 24(i)]	-	392	481	5,936	1,505	460	13	-	8,787
At 31 December 2011	-	7,337	7,605	48,506	15,024	6,733	549	-	85,754
Net book value at 31 December 2011	**16,250**	**14,948**	**6,637**	**14,285**	**4,351**	**2,157**	**289**	**234**	**59,151**

24. Property, plant and equipment (continued)

Group	Freehold land S$'000	Buildings S$'000	Leasehold premises S$'000	Plant and machinery S$'000	Motor vehicles and trucks S$'000	Furniture, fittings, office equipment and computers S$'000	Hotel equipment S$'000	Total S$'000
Cost or valuation								
At 1 January 2010								
Cost	-	15,798	8,258	61,308	19,095	7,758	1,382	113,599
Independent valuation in 1993 [Note 24(iii)]	16,250	6,487	7,386	-	-	-	-	30,123
	16,250	22,285	15,644	61,308	19,095	7,758	1,382	143,722
Currency translation differences	-	-	(14)	78	(63)	(36)	-	(35)
Additions	-	-	-	7,746	303	704	162	8,915
Disposals	-	-	(1,345)	(6,129)	(244)	(91)	-	(7,809)
Written off	-	-	-	(8)	(55)	(339)	(68)	(470)
At 31 December 2010	16,250	22,285	14,285	62,995	19,036	7,996	1,476	144,323
Represented by:								
Cost	-	15,798	6,910	62,995	19,036	7,996	1,476	114,211
Independent valuation in 1993 [Note 24(iii)]	16,250	6,487	7,375	-	-	-	-	30,112
	16,250	22,285	14,285	62,995	19,036	7,996	1,476	144,323
Accumulated depreciation and impairment loss								
At 1 January 2010	-	6,528	7,972	43,205	12,182	6,500	1,255	77,642
Currency translation differences	-	2	21	102	(33)	(28)	-	64
Disposals	-	-	(1,324)	(6,027)	(222)	(71)	-	(7,644)
Written off	-	-	-	(8)	(51)	(216)	(41)	(316)
Depreciation charge [Note 24(i)]	-	431	482	6,276	1,638	388	10	9,225
At 31 December 2010	-	6,961	7,151	43,548	13,514	6,573	1,224	78,971
Net book value at 31 December 2010	16,250	15,324	7,134	19,447	5,522	1,423	252	65,352

24. Property, plant and equipment (continued)

	Group	
	2011	2010
	S$'000	S$'000

i.

	Group 2011 S$'000	Group 2010 S$'000
Depreciation capitalised in construction contract work-in-progress (Note 14)	**4,095**	4,107
Depreciation charged to profit or loss (Note 6)	**4,692**	5,118
Total depreciation	**8,787**	9,225

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

	Group 2011 S$'000	Group 2010 S$'000
Plant and machinery	**11,096**	14,110
Motor vehicles and trucks	**3,135**	5,039
	14,231	19,149

iii. 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.

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

	Group 2011 S$'000	Group 2010 S$'000
Freehold land	**15,293**	15,293
Buildings	**4,090**	4,215
Leasehold premises	**1,189**	1,375

v. At 31 December 2011, freehold land, buildings and leasehold premises with a carrying value of S$35,533,000 (2010: S$36,004,000) are mortgaged to banks for credit facilities granted (Notes 27 and 29).

24. Property, plant and equipment (continued)

vi. 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)	16 Gul Avenue Singapore 629659	Office building-cum-workshop	79,230	21,894	30 years lease from 21 September 1984
(b)	Koh Brothers Building 11 Lorong Pendek Singapore 348639	Industrial building	12,002	23,835	Freehold
(c)	Oxford Hotel 218 Queen Street Singapore 188549	Hotel	8,049	52,890	Freehold
(d)	65 Sungei Kadut Drive Singapore 729564	Factory-cum-office building	94,399	48,540	30 years lease from 16 December 1990
(e)	32 Gul Road Singapore 629349	Factory-cum-office building	34,380	2,093	35 years lease from 16 June 1980
(f)	50 Tuas Crescent Singapore 638730	Factory-cum-office building	234,625	123,107	60 years lease from 16 July 1982

25 Trade payables

i. Included in trade payables is an amount of S$44,000 (2010: S$nil) due to non-controlling interests and S$48,000 (2010: S$114,000) due to the companies which are controlled or significantly influenced by the Group's key management personnel and their close family members.

ii. Included in current and non-current trade payables are retentions on construction contracts of S$10,700,000 (2010: S$14,276,000) (Note 14).

25. Trade payables (continued)

iii. The non-current trade payables due from 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% (2010: 5%) per annum.

26. Other liabilities

	Group		Company	
	2011	2010	**2011**	2010
	S$'000	S$'000	**S$'000**	S$'000
Current				
Accruals for operating expenses	**23,153**	18,970	**111**	109
Sundry payables	**3,083**	3,155	**103**	3
Deposits and advances received	**4,820**	3,803	**-**	-
Due to related parties [Note 26(i)]	**1,653**	1,623	**-**	-
Due to directors [Note 26(ii)]	**654**	540	**313**	250
Indirect taxes payable	**2,563**	3,042	**-**	-
Financial guarantee contracts due within one year	**-**	-	**163**	343
	35,926	31,133	**690**	705
Non-current				
Financial guarantee contracts due within two to five years	**-**	-	**206**	412

i. The non-trade amounts due to related parties are unsecured, interest-free and non-trade include amounts due to non-controlling interests of S$1,617,000 (2010: S$1,593,000) and amounts due to the companies which are controlled or significantly influenced by the Group's key management personnel and their close family members of S$36,000 (2010: S$30,000). The amounts are repayable on demand.

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

27. Short-term borrowings

	Group 2011 S$'000	Group 2010 S$'000
Bank overdrafts		
Secured [Note 27(ii)]	**-**	928
	-	928
Bills payable		
Secured [Note 27(iii)]	**-**	1,324
Unsecured	**1,364**	2,000
	1,364	3,324
Short-term bank loans		
Secured [Note 27(iv)]	**14,800**	2,800
Unsecured	**13,000**	8,000
	27,800	10,800
Term loans payable within one year (Note 29)		
Secured	**53,786**	50,660
Unsecured	**215**	1,020
	54,001	51,680
Finance lease payables within one year (Note 28)	**3,987**	5,285
	87,152	72,017

i. Effective interest rates

The bills payable are interest-bearing at a rate of 2.31% (2010: 2.43% to 2.94%) per annum.

Weighted average effective interest rates per annum of bank overdrafts and short-term bank loans at the balance sheet date are as follows:

	Group 2011 S$'000	Group 2010 S$'000
Bank overdrafts	**-**	5.00%
Short-term bank loans	**1.89%**	2.15%

ii. The bank overdrafts are secured on the following assets:

	Group 2011 S$'000	Group 2010 S$'000
Investment property [Note 23(iii)]	**-**	928

27. Short-term borrowings (continued)

iii. The bills payable are secured as follows:

	Group	
	2011	2010
	S$'000	S$'000
Leasehold premises [Note 24(v)]	**-**	1,324

iv. The short-term bank loans are secured as follows:

	Group	
	2011	2010
	S$'000	S$'000
Freehold land and buildings [Note 24(v)]	**2,800**	2,800
Investment property [Note 23(iii)]	**12,000**	-
	14,800	2,800

28. Finance leases

	Group	
	2011	2010
	S$'000	S$'000
Minimum lease payments due:	**4,141**	5,692
- Not later than one year	**705**	4,578
- Between two and five years	**4,846**	10,270
Less: Future finance charges	**(174)**	(539)
Present value of finance lease liabilities	**4,672**	9,731

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

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

	Group	
	2011	2010
	S$'000	S$'000
Current liabilities		
- Not later than one year (Note 27)	**3,987**	5,285
Non-current liabilities		
- Between two and five years	**685**	4,446
	4,672	9,731

The weighted average effective interest rate of finance leases at the balance sheet date is 3.47% (2010: 4.69%) per annum.

29. Bank term loans

Group	Due within one year 2011 S$'000	2010 S$'000	Due after one year 2011 S$'000	2010 S$'000
Secured	**53,786**	50,660	**158,608**	167,303
Unsecured	**215**	1,020	**-**	215
	54,001	51,680	**158,608**	167,518
	(Note 27)			

Details of the secured term loans are as follows:

i. A term loan of S$17,500,000 (2010: S$18,978,000) is secured by way of a first legal mortgage on a freehold property [Note 24(v)]. It is repayable in equal monthly instalment basis up to 31 December 2020.

ii. A term loan of S$141,000,000 (2010: S$143,000,000) is utilised by a joint venture, in which the Group has a 50% interest. The term loan is secured by way of a first legal mortgage on a completed leasehold investment property and an assignment of the rental proceeds and fire insurance policy of the joint venture [Note 23(iii)]. It is repayable in 5 annual instalments of S$2,000,000 each, commencing from 30 June 2011 and a final principal repayment of S$133,000,000 upon maturity of the loan on 28 February 2016.

iii. Term loans of S$102,000,000 (2010: S$63,360,000) and S$nil (2010: S$18,270,000) are utilised by a joint venture, in which the Group has a 50% interest. The term loans are secured by way of a first legal mortgage on a freehold development property [Note 19] and an assignment of all rights and benefits under the sale and purchase agreements, tenancy, rental lease or licence agreement, construction contracts, performance bonds and all insurance policies in connection with the property project. The term loan is repayable in 2 instalments of S$7,500,000 each, on 31 October 2012 and 31 December 2012, and a bullet repayment for the remaining term loan principal by 13 November 2014.

iv. A term loan of S$18,145,000 (2010: S$18,145,000) is secured by way of first legal and collateral mortgage on freehold investment properties [Note 23(iii)]. It is also secured by way of an assignment of rental and sale proceeds, all rights, titles and interests in contracts in connection with the properties. The term loan is fully repayable on 31 August 2013.

v. A term loan of S$19,854,000 (2010: S$19,854,000) is secured by way of first legal and collateral mortgage on freehold investment properties [Note 23(iii)]. It is also secured by way of an assignment of rental and sale proceeds, all rights, titles and interests in contracts in connection with the properties. The term loan is fully repayable on 31 August 2013.

29. Bank term loans (continued)

vi. In 2010, a term loan of S$6,674,000 was secured by way of first legal mortgage on a freehold development property (Note 19). It was also secured by way of an assignment of all rights and benefits under the sale and purchase agreements in connection with the property. The term loan was fully paid on 30 November 2011.

vii A term loan of S$141,580,000 (2010: S$167,580,000) is utilised by a joint venture, in which the Group has a 25% interest. The term loan is secured by way of a first legal mortgage on a freehold development property (Note 19) and an assignment of all rights and benefits under any construction contract(s) and performance, an assignment of all rights and benefits under the sale and purchase agreement, tenancy, rental lease or licence agreement, construction contracts, performance bonds and all insurance policies in connection with the property project. The term loan is fully repayable on 9 July 2013 or 6 months after the date of issuance of Temporary Occupation Permit, whichever is earlier.

viii. The weighted average effective interest rate at the balance sheet date is 1.76% (2010: 2.06%) per annum.

ix. 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 at the option of the Group.

30. Share capital and treasury shares

(a) Share capital

	No. of ordinary shares		Amount	
	Issued share capital ‘000	Treasury shares ‘000	Share capital S$’000	Treasury shares S$’000
Group and Company				
2011				
Beginning of financial year	**479,613**	**-**	**47,966**	**-**
Treasury shares purchased	**-**	**(11,442)**	**-**	**(2,287)**
End of financial year	**479,613**	**(11,442)**	**47,966**	**(2,287)**
2010				
Beginning of financial year	479,613	-	47,966	-
Treasury shares purchased	-	-	-	-
End of financial year	479,613	-	47,966	-

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

30. Share capital and treasury shares (continued)

(a) Share capital (continued)

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

The Company acquired 11,442,000 (2010: nil) of its shares in the open market during the financial year. The total amount paid to acquire the shares was S$2,287,000 (2010: S$nil) and this was presented as a component within shareholders' equity.

(b) Capital and other reserves

As at 31 December 2011 and 31 December 2010, capital and other reserves comprise goodwill in relation to acquisitions of subsidiaries prior to 1 January 2001. All capital and other reserves are not available for dividend distribution.

(c) Retained profits

Retained profits of the Group and the Company are fully distributable.

(d) Currency translation reserve

	Group	
	2011	2010
	S$'000	S$'000
Balance at 1 January	**(6,610)**	(5,920)
Net currency translation differences of financial statements of foreign operations	**792**	(674)
Less: Non-controlling interests	**(67)**	(16)
Balance at 31 December	**(5,885)**	(6,610)

31. Dividend

	Group	
	2011	2010
	S$'000	S$'000
Final one-tier exempt dividend of 0.30 cent per ordinary share, paid in respect of the financial year ended 31 December 2009	**-**	1,439
Final one-tier exempt dividend of 0.35 cent per ordinary share, paid in respect of the financial year ended 31 December 2010	**1,679**	-
	1,679	1,439

At the forthcoming Annual General Meeting on 26 April 2012, a final one-tier exempt dividend of 0.35 cent per share amounting to a total of S$1,679,000 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 2012.

32. Commitments

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

The Group leases various premises under non-cancellable operating lease agreements. The leases have varying terms, escalation clauses and renewal rights.

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

	Group	
	2011	2010
	S$'000	S$'000
Not later than one year	**1,127**	1,911
Between two and five years	**4,267**	4,899
Later than five years	**7,908**	8,735
	13,302	15,545

32. Commitments (continued)

(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 these 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 analysed as follows:

	Group	
	2011	2010
	S$'000	S$'000
Not later than one year	**6,653**	7,037
Between two and five years	**4,057**	3,802
	10,710	10,839

(c) Capital commitments

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

	Group	
	2011	2010
	S$'000	S$'000
Proportionate interest in a joint venture's capital commitment for a development property	**-**	14,912

33. 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	
	2011	2010
	S$'000	S$'000
(a) Sales and purchases of goods and services		
i. Sub-contract works performed by Ah Boon Civil Engineering & Contractor Pte Ltd, a company owned by a brother of certain directors, namely Mr Koh Tiat Meng and Mr Koh Teak Huat, of the Company.	**(25)**	(50)
ii. Provision of transportation services by KGH Transportation & Trading Pte Ltd, a company owned by a brother of certain directors, namely Mr Koh Tiat Meng and Mr Koh Teak Huat, of the Company.	**(303)**	(237)
iii. Provision of legal services by Lai Mun Onn & Co, a company owned by Mr Lai Mun Onn, a director of the Company.	**(5)**	(70)
iv. Progessive revenue recognised from sale of one unit residential property in a residential project known as "Fiorenza" to Mdm Quek Chee Nee, a director of the Company.	**154**	601

Other related parties relate to companies which are controlled or significantly influenced by the Group's key management personnel and their close family members.

Outstanding balances at 31 December 2011, arising from sale/purchase of goods and services, are disclosed in Notes 13, 15, 16, 18 and 26.

33. Related party transactions (continued)

(b) Key management personnel compensation

Key management personnel compensation is analysed as follows:

	Group	
	2011	2010
	S$'000	S$'000
Salaries and other short-term employee benefits	**6,096**	4,863
Post-employment benefits – contribution to Central Provident Fund	**151**	140
	6,247	5,003

Included in the above was total compensation to directors of the Company amounting to S$4,297,000 (2010: S$3,307,000).

34. Financial risk management

Financial risk management objectives and policies

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 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.

34. Financial risk management (continued)

(a) Market risk

(i) Currency risk

The Group operates in Singapore and Asia and is exposed to foreign currency risk arising from various currency transactions. Entities in the Group transact predominantly in their functional currencies, except for balances between entities in the Group.

The Group monitors the foreign currency exchange rate movements closely to ensure that its exposures are minimised. The Group has investments in foreign subsidiaries and is exposed to currency translation risk.

The Group's currency exposure is as follows:

2011	SGD S$'000	USD S$'000	RMB S$'000	Others S$'000	Total S$'000
Financial assets					
Cash and cash equivalents and financial assets at fair value through profit or loss	44,237	192	6,629	151	51,209
Trade and other receivables	50,735	12	8,963	1,103	60,813
Inter-company balances	3,245	-	18,720	82	22,047
	98,217	204	34,312	1,336	134,069
Financial liabilities					
Borrowings	(246,445)	-	-	-	(246,445)
Trade and other payables	(70,644)	(491)	(12,257)	(461)	(83,853)
Inter-company balances	(3,195)	-	(18,770)	(82)	(22,047)
	(320,284)	(491)	(31,027)	(543)	(352,345)
Net financial (liabilities)/assets	(222,067)	(287)	3,285	793	(218,276)
Add: Net financial liabilities/(assets) denominated in the respective entities' functional currency	216,713	-	2,746	(767)	218,692
Net currency exposure	**(5,354)**	**(287)**	**6,031**	**26**	**416**

34. Financial risk management (continued)

(a) Market risk (continued)

(i) Currency risk (continued)

2010	SGD S$'000	USD S$'000	RMB S$'000	Others S$'000	Total S$'000
Financial assets					
Cash and cash equivalents and financial assets at fair value through profit or loss	53,495	1	8,837	139	62,472
Trade and other receivables	48,067	12	6,213	830	55,122
Inter-company balances	1,713	91	20,713	7	22,524
	103,275	104	35,763	976	140,118
Financial liabilities					
Borrowings	(242,657)	(1,324)	-	-	(243,981)
Trade and other payables	(81,105)	(30)	(11,628)	(648)	(93,411)
Inter-company balances	(1,713)	(91)	(20,713)	(7)	(22,524)
	(325,475)	(1,445)	(32,341)	(655)	(359,916)
Net financial (liabilities)/assets	(222,200)	(1,341)	3,422	321	(219,798)
Add: Net financial liabilities/(assets) denominated in the respective entities' functional currency	221,725	-	5,587	(499)	226,813
Net currency exposure	(475)	(1,341)	9,009	(178)	7,015

The Company's currency exposure is as follows:

2011	SGD S$'000	RMB S$'000	USD S$'000	Total S$'000
Financial assets				
Cash and cash equivalents and financial assets at fair value through profit or loss	2,184	-	-	2,184
Inter-company balances	13,279	-	-	13,279
	15,463	-	-	15,463
Financial liabilities				
Inter-company balances	(4,260)	(12,263)	-	(16,523)
Other payables	(896)	-	-	(896)
	(5,156)	(12,263)	-	(17,419)
Net financial assets/(liabilities)	10,307	(12,263)	-	(1,956)
Add: Net financial assets denominated in the Company's functional currency	(10,307)	-	-	(10,307)
Net currency exposure	**-**	**(12,263)**	**-**	**(12,263)**

34. Financial risk management (continued)

(a) Market risk (continued)

(i) Currency risk (continued)

2010	SGD S$'000	RMB S$'000	USD S$'000	Total S$'000
Financial assets				
Cash and cash equivalents and financial assets at fair value through profit or loss	952	-	-	952
Inter-company balances	16,613	-	91	16,704
	17,565	-	91	17,656
Financial liabilities				
Inter-company balances	(245)	(13,585)	-	(13,830)
Other payables	(1,117)	-	-	(1,117)
	(1,362)	(13,585)	-	(14,947)
Net financial assets/(liabilities)	16,203	(13,585)	91	2,709
Add: Net financial assets denominated in the Company's functional currency	(16,203)	-	-	(16,203)
Net currency exposure	-	(13,585)	91	(13,494)

If the USD and RMB changes against the SGD by 5% (2010: 5%) respectively with all other variables including tax rate being held constant, the effects arising from the net financial assets and liabilities on profit after tax and other comprehensive income will be as follows:

	2011		2010	
	Increase / (Decrease)			
	Profit after tax S$'000	**Other comprehensive income S$'000**	Profit after tax S$'000	Other comprehensive income S$'000
Group				
USD against SGD				
- Strengthened	**(12)**	**-**	(56)	-
- Weakened	**12**	**-**	56	-
RMB against SGD				
- Strengthened	**250**	**806**	374	688
- Weakened	**(250)**	**(806)**	(374)	(688)
Company				
RMB against SGD				
- Strengthened	**(509)**	**-**	(564)	-
- Weakened	**509**	**-**	564	-

34. Financial risk management (continued)

(a) Market risk (continued)

(ii) Interest rate risk

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

The Group's borrowings at variable rates on which effective hedges have not been entered into, are denominated mainly in SGD. If the SGD interest rates increase/decrease by 1% (2010: 1%) with all other variables including tax rate being held constant, the profit after tax will be lower/higher by S$1,290,000 (2010: S$1,202,000) as a result of higher/lower interest expense on these borrowings.

(iii) Price risk

The Group is exposed to equity 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. These securities are listed in Singapore. The Group is not exposed to commodity price risk.

If prices for equity securities listed in Singapore change by 10% (2010: 10%) with all other variables including tax rate being held constant, the profit after tax and other comprehensive income will be:

	2011		2010	
	Increase / (Decrease)			
	Profit after tax S$'000	**Other comprehensive income S$'000**	Profit after tax S$'000	Other comprehensive income S$'000
Group				
- Increased by 10%	**57**	**-**	73	-
- Decreased by 10%	**(57)**	**-**	(73)	-

The Company is not exposed to significant price risk.

34. Financial risk management (continued)

(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, except as follows:

i. At 31 December 2011, the Company furnished banks and financial institutions guarantees for facilities extended to subsidiaries and joint venture companies amounting to S$516,897,000 (2010: S$539,070,000) of which the amount utilised at 31 December 2011 was S$309,920,000 (2010: S$319,622,000).

ii. The Company has agreed to provide continuing financial support to certain subsidiaries, which have combined net liabilities at 31 December 2011 of approximately S$nil (2010: S$895,000).

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	
	2011	2010	**2011**	2010
	S$'000	S$'000	**S$'000**	S$'000
By geographical areas				
Singapore	**51,088**	47,919	**13,279**	16,704
People's Republic of China	**8,055**	6,156	**-**	-
The rest of Asia	**1,670**	1,047	**-**	-
	60,813	55,122	**13,279**	16,704
By types of customers				
Related corporations	**-**	-	**13,279**	16,704
Associated companies	**9**	71	**-**	-
Related parties	**-**	79	**-**	-
Non-related parties				
- Other corporations	**44,228**	28,161	**-**	-
- Government-related	**16,576**	26,811	**-**	-
	60,813	55,122	**13,279**	16,704

34. 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.

The Group's receivables not past due include receivables amounting to S$898,000 (2010: S$442,000) that would have been past due or impaired if the terms were not re-negotiated during the financial year.

(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		**Company**	
	2011	2010	**2011**	2010
	S$'000	S$'000	**S$'000**	S$'000
Past due 0 to 3 months	**4,297**	8,856	**436**	4,254
Past due 3 to 6 months	**814**	2,764	**333**	97
Past due over 6 months	**19,312**	10,951	**12,510**	12,353
	24,423	22,571	**13,279**	16,704

34. Financial risk management (continued)

(b) Credit risk (continued)

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

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

	Group		Company	
	2011	2010	**2011**	2010
	S$'000	S$'000	**S$'000**	S$'000
Gross amount				
- Past due over 6 months	**5,160**	9,855	**-**	-
Less: Allowance for impairment	**(5,160)**	(9,855)	**-**	-
	-	-	**-**	-
Balance at 1 January	**(9,855)**	(6,630)	**-**	-
Currency translation difference	**(133)**	162	**-**	-
Allowance made	**(60)**	(4,146)	**-**	-
Allowance written off	**1,356**	759	**-**	-
Allowance written back	**3,532**	-	**-**	-
Balance at 31 December	**(5,160)**	(9,855)	**-**	-

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

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

(c) Liquidity risk

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

	Less than 1 year S$'000	Between 1 and 2 years S$'000	Between 2 and 5 years S$'000	Over 5 years S$'000
Group				
At 31 December 2011				
Payables	**77,253**	**4,367**	**2,233**	**-**
Borrowings	**88,816**	**76,537**	**78,357**	**8,934**
	166,069	**80,904**	**80,590**	**8,934**
At 31 December 2010				
Payables	86,852	4,094	2,465	-
Borrowings	73,772	48,957	50,022	77,974
	160,624	53,051	52,487	77,974
Company				
At 31 December 2011				
Other payables	**690**	**165**	**41**	**-**
Amount due to subsidiaries	**9,185**	**7,338**	**-**	**-**
	9,875	**7,503**	**41**	**-**
At 31 December 2010				
Other payables	705	196	216	-
Amount due to subsidiaries	6,907	6,923	-	-
	7,612	7,119	216	-

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.

34. Financial risk management (continued)

(d) Capital risk

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

The gearing ratio is calculated as total borrowings divided by shareholders funds.

	Group	
	2011	2010 (restated)
	S$'000	S$'000
Total borrowings	**246,445**	243,981
Shareholders funds	**180,834**	164,188
Gearing ratio (times)	**1.36**	1.49

The Group and the Company are in compliance with all externally imposed capital requirements for the financial years ended 31 December 2011 and 2010.

(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).

34. Financial risk management (continued)

(e) Fair value measurements (continued)

The assets measured at fair value related to the Group and Company are the financial assets at fair value through profit or loss. The fair value of this instrument traded in active markets is based on quoted market prices at the balance sheet date. The quoted market price used for financial assets held by the Group and the Company is the current bid price. This instrument is included in Level 1. The amounts of the assets measured at fair value under Level 1 for the Group and the Company are S$688,000 (2010: S$877,000) and S$5,000 (2010: S$4,000) respectively.

The carrying value less impairment provision of receivables and payables are assumed to approximate their fair value. The fair value of borrowings approximates their carrying value.

35. 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.

35. Segment information (continued)

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

Group (S$'000)	Real Estate	Leisure & Hospitality	Construction & Building Materials	Others	Total
2011					
Sales					
- External	68,021	4,332	268,792	-	**341,145**
- Inter-segment	7,973	20	14,980	-	**22,973**
	75,994	4,352	283,772	-	**364,118**
Elimination					**(22,973)**
					341,145
Results					
Segment results	20,405	445	7,039	(1,547)	**26,342**
Net investment gain	-	-	21	-	**21**
Interest income					**871**
Finance expenses (Note 8)					**(2,879)**
Share of profit of an associated company	-	-	242	-	**242**
Profit before income tax					**24,597**
Other information					
Capital expenditure	431	705	1,492	-	**2,628**
Depreciation	197	536	3,959	-	**4,692**

Group (S$'000)	Real Estate	Leisure & Hospitality	Construction & Building Materials	Others	Elimination	Total
Segment assets	400,484	27,858	164,747	7,053	(64,236)	**535,906**
Associated companies						**675**
Unallocated assets:						
Short-term bank deposits						**17,845**
Financial assets at fair value through profit or loss						**688**
Tax recoverable						**685**
Consolidated total assets						**555,799**
Segment liabilities	67,050	2,527	94,658	11,358	(70,325)	**105,268**
Unallocated liabilities:						
Current income tax liabilities						**5,677**
Deferred income tax liabilities						**15,783**
Borrowings						**246,445**
Consolidated total liabilities						**373,173**

35. Segment information (continued)

Group (S$'000)	Real Estate	Leisure & Hospitality	Construction & Building Materials	Others	Total
2010 (restated)					
Sales					
- External	28,890	3,936	328,776	-	361,602
- Inter-segment	978	40	44,698	-	45,716
	29,868	3,976	373,474	-	407,318
Elimination					(45,716)
					361,602
Results					
Segment results	5,689	54	8,417	127	14,287
Net investment gain	-	-	100	-	100
Interest income					205
Finance expenses (Note 8)					(2,935)
Share of loss of an associated company	-	-	(32)	-	(32)
Profit before income tax					11,625
Other information					
Capital expenditure	202	410	8,303	-	8,915
Depreciation	186	486	4,446	-	5,118

Group (S$'000)	Real Estate	Leisure & Hospitality	Construction & Building Materials	Others	Elimination	Total
Segment assets	351,114	27,623	181,228	9,364	(47,080)	522,249
Associated companies						444
Unallocated assets:						
Short-term bank deposits						15,156
Financial assets at fair value through profit or loss						877
Tax recoverable						1,084
Consolidated total assets						539,810
Segment liabilities	39,670	2,321	107,182	7,285	(43,817)	112,641
Unallocated liabilities:						
Current income tax liabilities						1,357
Deferred income tax liabilities						16,652
Borrowings						243,981
Consolidated total liabilities						374,631

35. **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 tax recoverable.

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 three main geographical areas: Singapore, People's Republic of China and the rest of Asia.

The following table presents sales and non-current assets information for the three main geographical areas for the financial years ended 31 December 2011 and 2010.

	Total sales	
	2011	2010 (restated)
Group	**S$'000**	S$'000
Singapore	**326,421**	351,247
People's Republic of China	**14,130**	8,495
The rest of Asia	**594**	1,860
	341,145	361,602

35. Segment information (continued)

Geographical information (continued)

Group	Total non-current assets 2011 S$'000	2010 S$'000
Singapore	**262,262**	263,558
People's Republic of China	**1,425**	1,676
The rest of Asia	**6,762**	7,656
	270,449	272,890

36. Group companies

The subsidiaries, joint ventures and associated company at 31 December 2011 and 31 December 2010 are as follows:

Name of company	Country of incorporation and business	Principal activities	Effective holding by the Group 2011	2010
SUBSIDIARIES				
Held by the Company:				
Changi Hotel Pte Ltd*	Singapore	Dormant	**100%**	100%
Construction Consortium Pte. Ltd.*	Singapore	Investment holding	**100%**	100%
Koh Brothers Development Pte Ltd*	Singapore	Property development and provision of management services	**100%**	100%
Koh Brothers Holdings Pte Ltd*	Singapore	Investment holding and property investment	**100%**	100%
Koh Brothers Investment Pte Ltd*	Singapore	Hotel investment	**100%**	100%
Oxford Hotel Pte Ltd*	Singapore	Hotel management	**100%**	100%

36. Group companies (continued)

Name of company	Country of incorporation and business	Principal activities	Effective holding by the Group 2011	2010
Held by subsidiaries:				
Asta-Profits Investments Pte Ltd*	Singapore	Investment holding	**90%**	90%
Batam Vision Pte Ltd*	Singapore	Investment holding	**100%**	100%
Bellwood Investments Pte Ltd*	Singapore	Investment holding	**90%**	90%
Building & Construction Resources Pte. Ltd.[f]	Singapore	Trading and building services	**100%**	100%
KBD Caldecott Development Pte. Ltd.*	Singapore	Property development	**100%**	100%
KBD Kosdale Pte. Ltd.*	Singapore	Property investment	**100%**	100%
Kosland Pte. Ltd.*	Singapore	Property investment	**100%**	100%
Koh Brothers Building & Civil Engineering Contractor (Pte.) Ltd.*	Singapore	Building and civil engineering contracting	**100%**	100%
Eminent Capital Investments Pte Ltd*	Singapore	Investment holding	**90%**	90%
G & W Concrete Products Pte Ltd*	Singapore	Manufacture and sale of concrete products	**100%**	100%
G & W Industries Pte Ltd*	Singapore	Manufacture and sale of cement	**100%**	100%
G & W Industrial Corporation Pte Ltd*	Singapore	Investment holding	**100%**	100%
G & W Precast Pte Ltd*	Singapore	Manufacture and sale of precast products	**100%**	100%
G & W Ready-Mix Pte Ltd*	Singapore	Manufacture and sale of building materials and rental of construction equipment	**100%**	100%
Megacity Investment Pte Ltd*	Singapore	Investment holding	**100%**	100%
Realty Consortium Pte. Ltd.*	Singapore	Project management and property development	**100%**	100%
Megaplus Investments Pte Ltd*	Singapore	Investment holding	**90%**	90%
Meng Wah High Technology Pte Ltd*	Singapore	Mechanical and electrical contracting	**100%**	100%
Scenic City Investment Pte Ltd*	Singapore	Investment holding	**90%**	90%
VNT Travel Pte Ltd*	Singapore	Project and travelling services	**100%**	100%
Wealthplus Pte Ltd*	Singapore	Investment holding	**90%**	90%
Beijing G & W Cement Products Co., Ltd**	People's Republic of China	Manufacture and sale of building materials	**55%**	55%
USL Asia Pacific Pte Ltd*	Singapore	Manufacture and sale of construction products	**75%**	75%
USL Asia Pacific (M) Sdn. Bhd.[b]	Malaysia	Trading of construction products	**68.25%**	68.25%
Shantou SEZ Jia Xin Real Estate Development Co., Ltd [e]	People's Republic of China	Dormant	**70%**	70%

36. Group companies (continued)

Name of Company	Country of incorporation and business	Principal activities	Effective holding by the Group 2011	2010
Held by subsidiaries:				
Shantou Scenic Bay Property Development Co., Ltd [e]	People's Republic of China	Dormant	**90%**	90%
Shantou Scenic View Property Development Co., Ltd [e]	People's Republic of China	Dormant	**90%**	90%
Dalian Megacity Trading Co., Ltd [d]	People's Republic of China	Provision of logistic, and business services	**100%**	100%
PT. Batam Vision Indonesia [e]	Indonesia	Dormant	**100%**	100%
PT. Gunanusa Wiratama[a]	Indonesia	Manufacture of building materials	**100%**	100%
PT. Koh Brothers Indonesia[a]	Indonesia	Property investment and development	**100%**	100%
PT. KB Marinindo [e]	Indonesia	Dormant	**100%**	100%
PT. Pulau Pisang Granitindo [e]	Indonesia	Dormant	**100%**	100%
G & W Industries (M) Sdn. Bhd.[b]	Malaysia	Equipment rental and sale	**100%**	100%
JOINT VENTURE COMPANIES				
Held by subsidiaries:				
Canberra Development Pte Ltd [c]	Singapore	Property investment	**50%**	50%
Buildhome Pte Ltd [c]	Singapore	Property development	**50%**	50%
Phileap Pte Ltd [c]	Singapore	Property development	**25%**	25%
JOINT VENTURE ENTITY				
Held by subsidiary:	Singapore	Civil engineering	**45%**	45%
Soletanche Bachy – Koh Brothers Joint Venture*				
ASSOCIATED COMPANY				
Held by subsidiary:				
Hi Con (S) Pte Ltd *	Singapore	Manufacture and sale of chemicals	**35%**	35%

* Audited by PricewaterhouseCoopers LLP, Singapore.

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

a Audited by Riyanto, SE, AK, Registered Public Accountants.

b Audited by Roger Yue, Tan and Associates.

c Audited by Ernst & Young LLP, Singapore.

d Audited by Liao Ning Hao Da Certified Public Accountants.

e Unaudited management accounts have been reviewed for the purpose of preparing the consolidated financial statements of the Group.

f Audited by SP Ng & Co, Certified Public Accountants.

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

37. Investment properties

Property	Title	Site area/gross floor area (sq ft)
i. The Sun Plaza, a 5-storey commercial and entertainment complex at Sembawang, Singapore	99 years lease from 26 June 1996	92,570 252,392
ii. 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 to September 2018*	200,456 186,066
iii. 8 shop units at Alocassia Apartments at 383 Bukit Timah Road, Singapore	Freehold	44,863** 22,895
iv. 45 apartment units at Alocassia Apartments at 383 Bukit Timah Road, Singapore	Freehold	44,863** 35,166
v. 2 residential units at 1 Khiang Guan Avenue, Singapore	Freehold	3,455 3,455

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

** The 8 shop units and 45 apartment units are located within the same building.

38. Development properties

Property	Title	Percentage of completion at 31.12.2011/expected date of completion	Site area/gross floor area (sq ft)	Group's effective interest in property
i. Site for proposed residential development at Florence Road, Singapore	Freehold	100% / June 2011	22,067 30,894	100%
ii. Site for proposed residential development at 9 Leonie Hill, Singapore	Freehold	100% / August 2011	34,793 97,404	50%
iii. Site for proposed residential development at 1 & 3 Khiang Guan Avenue, Singapore	Freehold	30% / June 2013	59,984 167,955	25%
iv. Site for proposed residential development at Flora Drive, Singapore	99 years lease	nil% / *	322,368 *	100%

* Not available as the development has not commenced construction or has not been launched yet.

39. Properties held for sale

Property	Title	Percentage of completion at 31.12.2011	Gross floor area (sq ft)	Group's effective interest in property
1 unit of 2-storey terrace houses at Jodoh Permai, Pulau Batam, Indonesia	Land-use right for 30 years with effect from March 1988	100%	2,293	100%

40. New or revised accounting standards and interpretations

Set out below are the mandatory standards, amendments and interpretations to existing standards that have been published, and are relevant for the Group's accounting periods beginning on or after 1 January 2012 or later periods which the Group has not early adopted:

Amendments to FRS 12 – Income taxes *(effective for annual periods commencing on or after 1 January 2012)*

The amendment introduces a presumption that an investment property is recovered entirely through sale. Accordingly, unless the presumption is rebutted, the measurement of the deferred tax liability or deferred tax asset shall reflect the tax consequences of recovering the carrying amount of the investment property entirely through sale. This presumption is rebutted if the investment property is depreciable and is held within a business model whose objective is to consume substantially all of the economic benefits embodied in the investment property over time, rather than through sale. Previously, the Group had recognised deferred tax liability on its investment properties on the basis through use.

Management is still in the process assessing the amendment to FRS 12 to determine the impact on the financial statements and whether additional disclosures will be required. It is therefore not possible to disclose the financial impact of the amendment to FRS12.

41. Authorisation of financial statements

These financial statements were authorised for issue in accordance with a resolution of the Board of Directors of Koh Brothers Group Limited on 26 March 2012.

UNAUDITED CONSOLIDATED FIRST QUARTER AND THREE MONTHS FINANCIAL STATEMENTS OF KOH BROTHERS GROUP LIMITED AND ITS SUBSIDIARIES FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2014

The information in this Appendix V has been reproduced from the announcement dated 9 May 2014 in respect of the unaudited consolidated first quarter and three months financial statements of Koh Brothers Group Limited and its subsidiaries for the financial period ended 31 March 2014 and has not been specifically prepared for inclusion in this Information Memorandum. Investors should read the consolidated financial data in conjunction with the related notes.

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

Unaudited First Quarter and 3 Months Financial Statement And Dividend Announcement for the Period Ended 31 March 2014

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

1(a) CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

		3 months ended		
		31/03/2014	31/03/2013 (restated) *	Change
	Note	S$'000	S$'000	%
Sales	1	101,159	80,522	26%
Cost of sales		(86,721)	(69,605)	25%
Gross profit		14,438	10,917	32%
Other gains	2	330	371	-11%
Expenses				
- Distribution		(788)	(910)	-13%
- Administrative		(6,495)	(5,617)	16%
- Other		(89)	(125)	-29%
- Finance		(474)	(535)	-11%
Share of (loss)/profit from				
- associated companies		62	59	5%
- joint ventures accounted for using equity method		(452)	380	-219%
Profit before income tax	3	6,532	4,540	44%
Income tax expense	4	(2,107)	(1,194)	76%
Profit after income tax		4,425	3,346	32%
Other comprehensive loss, net of tax:				
Exchange differences on translating foreign operations		(263)	(112)	135%
Total comprehensive income		4,162	3,234	29%
Profit/(Loss) attributable to:				
Equity holders of the Company		4,727	3,262	45%
Non-controlling interests		(302)	84	-460%
		4,425	3,346	32%
Total comprehensive income/(loss) attributable to:				
Equity holders of the Company		4,466	3,295	36%
Non-controlling interests		(304)	(61)	-402%
		4,162	3,234	29%

(*) - Certain comparative figures have been restated due to the adoption of the new FRS 111 Joint Arrangements.
Please refer to paragraph 5 of this announcement for details.

Notes to the Consolidated Statement of Comprehensive Income

	3 months ended	
	31/03/2014	31/03/2013 (restated)
	S$'000	S$'000
Note 1		
Sales include the following:		
Sales of products	30,010	23,260
Services rendered	1,805	1,820
Property development and rental	42,358	23,172
Contract revenue	26,986	32,270
	101,159	80,522
Note 2		
Other gains include the following:		
Rental income	101	116
(Loss)/Profit on disposal of property, plant and equipment	(4)	7
Fair value loss on long-term financial assets and financial liabilities	(16)	(51)
Fair value (loss)/gain on financial assets at fair value through profit or loss	(12)	4
Other income	67	143
Interest income	194	152
	330	371
Note 3		
Profit before income tax is stated after charging/(crediting) the following items:		
Allowance for/(Write-back of) impairment on trade and non-trade receivables	278	(1,085)
Depreciation of property, plant and equipment	1,340	958
Net foreign exchange (gain)/loss	(19)	19
Note 4		
Income tax includes the following:		
Current income tax		
- in respect of current period	814	385
- (over)/under provision in respect of prior period	(105)	101
Deferred income tax		
- in respect of current period	1,483	604
- (over)/under provision in respect of prior period	(85)	104
	2,107	1,194

The Group's taxation charge for the period ended 31 March 2014 is higher than that determined by applying the Singapore income tax rate of 17% to the Group's profit before income tax mainly due to losses of certain subsidiaries being unable to be offsetted against profits of other subsidiaries and some of the costs incurred were non-deductble under tax law.

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

	GROUP			COMPANY	
	31/03/2014	31/12/2013 (restated)	31/12/2012 (restated)	31/03/2014	31/12/2013
	S$'000	S$'000	S$'000	S$'000	S$'000
ASSETS					
CURRENT ASSETS					
Cash and bank balances	32,665	37,732	45,003	408	464
Financial assets at fair value through profit or loss	147	159	176	1,149	1,149
Trade receivables	65,173	77,554	67,770	-	-
Due from customers on construction contracts	11,895	12,873	7,047	-	-
Amounts due from subsidiaries	-	-	-	7,974	9,379
Amounts due from an associated company	13	15	7	-	-
Amount due from joint ventures	33,354	35,966	28,613	-	-
Inventories	13,077	12,577	12,526	-	-
Other assets	15,786	16,012	14,355	-	-
Development properties	187,110	132,356	158,573	-	-
	359,220	325,244	334,070	9,531	10,992
NON-CURRENT ASSETS					
Amount due from subsidiaries	-	-	-	2,405	2,405
Trade receivables	471	466	745	-	-
Investments in associated companies	1,572	1,510	800	-	-
Investments in joint ventures	52,156	52,608	50,215	-	-
Investments in subsidiaries	-	-	-	91,798	91,015
Investment properties	82,023	82,023	79,161	-	-
Property, plant and equipment	85,496	87,063	60,015	-	-
Goodwill	5,078	5,078	-	-	
	226,796	228,748	190,936	94,203	93,420
TOTAL ASSETS	586,016	553,992	525,006	103,734	104,412
LIABILITIES					
CURRENT LIABILITIES					
Trade payables	48,425	63,791	51,225	-	-
Other liabilities	39,505	39,782	36,344	578	610
Due to customers on construction contracts	52,166	42,934	34,619	-	-
Amounts due to subsidiaries	-	-	-	2,913	3,040
Amounts due to an associated company	584	950	1,005	-	-
Amounts due to joint ventures	-	-	1,660	-	-
Current income tax liabilities	4,353	3,487	3,562	-	10
Short-term borrowings	23,146	23,536	34,308	-	-
	168,179	174,480	162,723	3,491	3,660
NON-CURRENT LIABILITIES					
Amounts due to subsidiaries	-	-	-	9,423	9,464
Trade payables	1,850	1,438	3,956	-	-
Finance lease	2,778	3,201	497	-	-
Bank borrowings	170,498	136,107	144,993	-	-
Other liabilities	1,098	1,137	-	39	39
Deferred income tax liabilities	9,929	8,727	7,061	-	-
	186,153	150,610	156,507	9,462	9,503
TOTAL LIABILITIES	354,332	325,090	319,230	12,953	13,163
NET ASSETS	231,684	228,902	205,776	90,781	91,249
EQUITY					
Capital and reserves attributable to equity holders of the Company					
Share capital	45,320	45,320	45,320	45,320	45,320
Treasury shares	(7,175)	(5,795)	(854)	(7,175)	(5,795)
Capital and other reserves	(375)	(375)	1,411	-	-
Retained profits	189,645	184,918	165,196	52,636	51,724
Currency translation reserve	(5,831)	(5,570)	(6,052)	-	-
	221,584	218,498	205,021	90,781	91,249
Non-controlling interests	10,100	10,404	755	-	-
Total equity	231,684	228,902	205,776	90,781	91,249

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

	As at 31/03/2014		As at 31/12/2013	
	Secured	Unsecured	Secured	Unsecured
	S$'000	S$'000	S$'000	S$'000
Amount repayable in one year or less, or on demand	4,343	18,803	3,054	20,482
Amount repayable after one year	172,490	786	138,450	858

Details of any collateral

The Group's secured borrowings are secured by the Group's freehold and leasehold properties, development properties, investment properties, plant and machinery and motor vehicles.

1(c) **CONSOLIDATED STATEMENT OF CASH FLOWS**

	3 months ended	
	31/03/2014	31/03/2013 (restated)
	S$'000	S$'000
<u>CASH FLOWS FROM OPERATING ACTIVITIES</u>		
Profit after income tax	4,425	3,346
Adjustments for non-cash items:		
Income tax	2,107	1,194
Depreciation of property, plant and equipment	1,340	958
Loss/(Profit) on disposal of property, plant and equipment	4	(7)
Fair value loss on long-term financial assets and financial liabilities	16	51
Fair value loss/(gain) on financial assets at fair value through profit or loss	12	(4)
Share of profit from associated companies	(62)	(59)
Share of loss/(profit) from joint ventures	452	(380)
Interest expense	474	535
Interest income	(194)	(152)
Unrealised foreign exchange gain	(285)	(66)
Operating profit before working capital changes	8,289	5,416
Working capital changes:		
- Receivables	11,942	7,713
- Inventories	(500)	155
- Due from/to customers on construction contracts	11,411	7,643
- Development properties	(54,183)	3,676
- Payables	(12,977)	(19,291)
Cash (used in)/provided by operations	(36,018)	5,312
Income tax paid/(refunded)	(48)	33
Interest paid	(1,052)	(2,110)
Net cash (used in)/provided by operating activities	(37,118)	3,235
<u>CASH FLOWS FROM INVESTING ACTIVITIES</u>		
Acquisition of subsidiaries, net of cash acquired	-	11,845
Purchase of property, plant and equipment	(83)	(7,691)
Proceeds from disposal of property, plant and equipment	5	6
Additions to investment properties	-	(686)
Interest received	194	152
Net cash provided by investing activities	116	3,626
<u>CASH FLOWS FROM FINANCING ACTIVITIES</u>		
Proceeds from bank borrowings	43,515	8,823
Purchase of treasury shares	(1,380)	(854)
Repayment of finance lease	(598)	(614)
Repayment of bank borrowings	(9,574)	(15,432)
Deposit pledge	(197)	-
Net cash provided by/(used in) financing activities	31,766	(8,077)
NET CHANGE IN CASH AND CASH EQUIVALENTS	(5,236)	(1,216)
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE FINANCIAL PERIOD	34,021	44,803
EFFECTS OF CURRENCY TRANSLATION ON CASH AND CASH EQUIVALENTS	(28)	93
CASH AND CASH EQUIVALENTS AT END OF THE FINANCIAL PERIOD	28,757	43,680
Represented by:		
CASH AND CASH EQUIVALENTS		
Cash and bank balances	32,665	45,318
Restricted cash	(3,908)	(1,638)
	28,757	43,680

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

GROUP (S$'000)	Attributable to equity holders of the Group						NON-CONTROLLING INTERESTS	TOTAL EQUITY
	Share Capital	Treasury Shares	Capital and Other Reserves	Retained Profits	Currency Translation Reserve	TOTAL		
Balance as at 01/01/2014	45,320	(5,795)	(375)	184,918	(5,570)	218,498	10,404	228,902
Total comprehensive income/(loss) for the period	-	-	-	4,727	(261)	4,466	(304)	4,162
Purchase of treasury shares	-	(1,380)	-	-	-	(1,380)	-	(1,380)
Balance as at 31/03/2014	45,320	(7,175)	(375)	189,645	(5,831)	221,584	10,100	231,684
Balance as at 01/01/2013	45,320	(854)	1,411	165,196	(6,052)	205,021	755	205,776
Total comprehensive income/(loss) for the period	-	-	-	3,262	33	3,295	(61)	3,234
Purchase of treasury shares	-	(854)	-	-	-	(854)	-	(854)
Warrants issued by a subsidiary	-	-	(1,786)	-	-	(1,786)	1,786	-
Acquisition of a subsidiary	-	-	-	-	-	-	7,742	7,742
Balance as at 31/03/2013	45,320	(1,708)	(375)	168,458	(6,019)	205,676	10,222	215,898

COMPANY (S$'000)	Attributable to equity holders of the Company			
	Share Capital	Tresuary Shares	Retained Profits	TOTAL
Balance as at 01/01/2014	45,320	(5,795)	51,724	91,249
Total comprehensive income for the period	-	-	912	912
Purchase of treasury shares	-	(1,380)	-	(1,380)
Balance as at 31/03/2014	45,320	(7,175)	52,636	90,781
Balance as at 01/01/2013	45,320	(854)	37,249	81,715
Total comprehensive income for the period	-	-	11,403	11,403
Purchase of treasury shares	-	(854)	-	(854)
Balance as at 31/03/2013	45,320	(1,708)	48,652	92,264

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

	No. of shares	
	31/03/2014	31/12/2013
Total number of issued shares	466,475,400	466,475,400

1(d)(iii) To show the total number of issued shares excluding treasury shares as at the end of the current financial period and as at the end of the immediately preceding year.

	No. of shares	
	31/03/2014	31/12/2013
Total number of issued shares excluding treasury shares	441,730,400	446,177,400

1(d)(iv) A statement showing all sales, transfer, disposal, cancellation and/or use of treasury shares as at end of the current financial period reported on.

Not applicable.

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

The figures have neither been audited nor reviewed.

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

Not applicable.

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

Except as disclosed in paragraph 5 below, the Group has applied the same accounting policies and methods of computation in the financial statements for the current reporting period as that of the audited financial statements for the financial year ended 31 December 2013.

5 If there are any changes in the accounting policies and methods of computation, including any required by an accounting standard, what has changed, as well as the reasons for, and the effect of, the change.

Financial Reporting Standards ("FRS") which became effective from the Group's financial period beginning on or after 1 January 2014 are:

FRS 110 *Consolidated Financial Statements*
FRS 111 *Joint Arrangements*
FRS 112 *Disclosure of Interests in Other Entities*

The adoption of the above FRSs did not result in substantial changes to the Group's accounting policies and had no material effect on the amounts reported for the current or prior financial periods except for the adoption of FRS 111 *Joint Arrangements*.

Under FRS 111, interests in joint arrangements are classified as either joint operations or joint ventures depending on the contractual rights and obligations each investor has rather than legal structure of the joint arrangements. The existing policy choice of proportionate consolidation for jointly controlled entities has been eliminated and equity accounting is mandatory for participants in joint ventures. Entities that participate in joint operations will follow accounting much like that for joint asstes or joint operations currently.

5 **The effects of the Group's financial statements arising from the adoption of FRS 111 are as follows:**

(a) Impact of change in accounting policy on balance sheets

	Group	
	31/12/2013	31/12/2012
	Increase/ (Decrease) S$'000	Increase/ (Decrease) S$'000
ASSETS		
CURRENT ASSETS		
Cash and bank balances	(5,433)	(8,978)
Trade receivables	(26)	(1,786)
Amounts due from joint ventures	35,965	28,612
Other assets	(327)	(66)
Development properties	(106,996)	(109,523)
	(76,817)	(91,741)
NON-CURRENT ASSETS		
Investments in joint ventures	52,608	50,215
Investment properties	(126,202)	(125,000)
Property, plant and equipment	(2)	(4)
	(73,596)	(74,789)
TOTAL ASSETS	(150,413)	(166,530)
LIABILITIES		
CURRENT LIABILITIES		
Trade payables	(2,029)	(5,140)
Other liabilities	(2,499)	(2,954)
Amounts due to joint ventures	-	1,660
Current income tax liabilities	(539)	(2,116)
Short-term borrowings	(76,895)	(15,500)
	(81,962)	(24,050)
NON-CURRENT LIABILITIES		
Bank borrowings	(68,500)	(142,145)
Deferred income tax liabilities	49	(335)
	(68,451)	(142,480)
TOTAL LIABILITIES	(150,413)	(166,530)
NET ASSETS	-	-

(b) Impact of change in accounting policy on consolidated statement of comprehensive income

	Group
	3 months ended 31/03/2013
	Increase/ (Decrease) S$'000
Sales	(3,670)
Cost of sales	2,765
Other gains	122
Distribution expenses	53
Administrative expenses	217
Other expenses	46
Share of profit from joint ventures	380
Income tax expenses	87
Profit attributable to equity holders of the Company	- *

(*) - No impact on earnings per share.

5 (c) Impact of change in accounting policy on consolidated statement of cash flows

	Group 3 months ended 31/03/2013 Increase/ (Decrease) S$'000
<u>CASH FLOWS FROM OPERATINGACTIVITIES</u>	
Cash generated from operations	(4,044)
Income tax paid	277
Interest paid	9
<u>CASH FLOWS FROM INVESTING ACTIVITIES</u>	
Addition to investment properties	28
Interest received	570
<u>CASH FLOWS FROM FINANCING ACTIVITIES</u>	
Repayment of bank borrowings	2,500
NET CHANGE IN CASH AND CASH EQUIVALENTS	(660)

6 **Earnings per ordinary share of the Group for the current financial period reported on and the corresponding period of the immediately preceding financial year, after deducting any provision for preference dividends.**

Earnings per ordinary share for the period after deducting any provision for preference dividends:	GROUP 3 months ended 31/03/2014 (cents)	 31/03/2013 (cent)
(i) Basic	1.06	0.71
(ii) On a fully diluted basis	1.06	0.71

Basic earnings per share is calculated by dividing the net profit attributable to equity holders of the Company over the weighted average number of ordinary shares in issue during the current financial period of 444,904,522 ordinary shares (2013: 461,492,467 ordinary shares).

7 **Net asset value (for the issuer and group) per ordinary share based on the total number of issued shares excluding treasury shares of the issuer as at the end of the (a) current financial period reported on and (b) immediately preceding financial year.**

	GROUP		COMPANY	
	31/03/2014 (cents)	31/12/2013 (cents)	31/03/2014 (cents)	31/12/2013 (cents)
Net asset value backing per ordinary share based on existing issued share capital (excluding treasury shares) as at the end of the period reported on	50.16	48.97	20.55	20.45

Note:

The net asset value per share is calculated based on the issued share capital excluding treasury shares of 441,730,400 ordinary shares as at 31 March 2014 (31 December 2013: 446,177,400 ordinary shares).

8 **A review of the performance of the Group, to the extent necessary for a reasonable understanding of the Group's business. The review must discuss any significant factors, including (where applicable) seasonal or cyclical factors. It must also discuss any material factors that affected the cash flows, working capital, assets or liabilities of the Group during the current financial period reported on.**

<u>Review of Group performance</u>

Group sales for the first quarter ended 31 March 2014 ("1Q2014") amounted to S$101.2 million, an increase of 26% when compared to S$80.5 million for the corresponding period ended 31 March 2013 ("1Q2013"). The increase primarily resulted from higher revenue from the real estate division. The Group's profit before tax increased by 44% in 1Q2014 to S$6.5 million compared to S$4.5 million in 1Q2013 primarily due to higher profit contributed by the real estate division. The Group's net profit attributable to shareholders increased by 45% to S$4.7 million in 1Q2014 from S$3.3 million in 1Q2013.

Earnings per share improved to 1.06 cents in 1Q2014 compared to 0.71 cent in 1Q2013.

8 **<u>Review of changes in working capital, assets and liabilities</u>**

The main movements in assets and liabilities are as follows:

1) Decrease in cash and cash equivalents was mainly due to repayment of bank borrowings.

2) Decrease in trade receivables was mainly due to improved collection from customers.

3) Increase in development properties was mainly due to land acquisition and development cost incurred.

4) Decrease in trade payables was mainly due to settlement of debt in line with progress of project works.

5) The net increase in amount due to customers on construction contracts was mainly due to progress billings in excess of construction work-in-progress.

6) Increase in bank borrowings was mainly due to drawdown of bank loans for development properties.

<u>Review of changes in cashflow</u>

The Group reported a net decrease in cash and cash equivalents mainly due to usage of funds for development properties.

9 **Where a forecast, or a prospect statement, has been previously disclosed to shareholders, any variance between it and the actual results.**

The current announced results are in line with the general prospect commentary previously disclosed in the results announcement for the financial year ended 31 December 2013.

10 **A commentary at the date of the announcement of the significant trends and competitive conditions of the industry in which the Group operates and any known factors or events that may affect the Group in the next reporting period and the next 12 months.**

The Building and Construction Authority has estimated construction demand in 2014 to be between $31 billion and $38 billion. The demand is expected to be generated more from the public sector and as a group with an established track record in this sector, we are cautiously optimistic.

According to flash estimates by the URA, prices of private residential properties declined by 1.3% in 1Q2014. This follows the decline of 0.9% in the last quarter of 2013. The number of transactions in 1Q2014 was 1,791 units, down from 2,568 units in the fourth quarter of 2013. With the residential property market being affected by various property cooling measures by the government, in particular the total debt servicing rules, we expect prices in the residential property market to further moderate in 2014.

11 **Dividend**

(a) **Current Financial Period Reported On: 31 March 2014**

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

(ii) Any dividend recommended for the current financial period reported on? No

(b) **Corresponding Period of the Immediately Preceding Financial Year**

Any dividend declared for the corresponding period of the immediately preceding financial year? No

(c) **Date payable**

Not applicable.

(d) **Books closure date**

Not applicable.

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

Not applicable

13 **Interested Person Transaction**

There is no interested person transaction more than S$100,000 during the period under review.

14 **Comparatives**

Where necessary, comparative figures have been adjusted to conform with changes in presentation for the current financial period.

CONFIRMATION BY THE BOARD PURSUANT TO RULE 705(5) OF THE LISTING MANUAL

On behalf of the Board of Directors of the Company, we, the undersigned, hereby confirm to the best of our knowledge that nothing has come to the attention of the Board of Directors of the Company which may render the financial results for the first quarter ended 31 March 2014 to be false or misleading.

ON BEHALF OF THE BOARD

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

9 May 2014
Singapore