

KEONG HONG HOLDINGS LIMITED

Unaudited Financial Statement For The Three Months Ended 31 December 2016

PART I - INFORMATION REQUIRED FOR QUARTERLY (Q1, Q2 & Q3), HALF-YEAR AND FULL YEAR ANNOUNCEMENTS

1(a)(i) An income statement and statement of comprehensive income, or a statement of comprehensive income, for the group, together with a comparative statement for the corresponding period of the immediately preceding financial year.

	Group		
	Three months ended		
	31/12/2016 Unaudited S\$'000	31/12/2015 Unaudited S\$'000	+(-) %
Revenue	43,092	68,569	(37.2%)
Cost of sales	(36,575)	(61,159)	(40.2%)
Gross profit	6,517	7,410	(12.1%)
Other income	3,057	2,029	50.7%
Administration expenses	(3,235)	(2,862)	13.0%
Finance costs	(883)	(897)	(1.6%)
Share of results of joint venture, net of tax	(8)	-	n.m.
Share of results of associate, net of tax	(529)	11	n.m.
Profit before income tax	4,919	5,691	(13.6%)
Income tax expense	(1,134)	(924)	22.7%
Profit after tax for the financial year	3,785	4,767	(20.6%)
Other comprehensive income: <i>Items that may be reclassified subsequently to profit or loss</i>			
Exchange differences on translating of foreign operations	(289)	(10)	n.m.
Share of other comprehensive income of joint venture	235	-	n.m.
Share of other comprehensive income of associate	-	56	n.m.
Other comprehensive income for the financial year, net of tax	(54)	46	n.m.
Total comprehensive income for the financial year	3,731	4,813	(22.5%)
Profit attributable to:			
Owners of the parent	3,785	4,784	(20.9%)
Non-controlling interests	-	(17)	n.m.
	3,785	4,767	(20.6%)
Total comprehensive income attributable to:			
Owners of the parent	3,731	4,835	(22.8%)
Non-controlling interests	-	(22)	n.m.
	3,731	4,813	(22.5%)

n.m. denotes not meaningful

1(a)(ii) Profit for the financial year is stated after charging/(crediting):

	Group Three months ended		
	31/12/2016 Unaudited S\$'000	31/12/2015 Unaudited S\$'000	+(-) %
Amortisation of intangible asset	-	2	n.m.
Amortisation of bond issuance cost	60	60	-
Depreciation of property, plant and equipment	1,218	1,574	(22.6%)
Fair value (gain) / loss on derivative on convertible bond	147	-	n.m.
Operating lease expenses	91	89	2.2%
Professional fees	403	80	403.8%
Share option expense	71	13	453.8%
Foreign exchange (gain) / loss – Net	(1,457)	47	n.m.
Gain on disposal of plant and equipment	-	(7)	n.m.
Interest income	(483)	(761)	(36.5%)
(Over) / Under provision of tax in respect of prior years	-	(105)	n.m.

n.m. denotes not meaningful

1(b)(i) **A statement of financial position (for the issuer and group), together with a comparative statement as at the end of the immediately preceding financial year**

	Group As at		Company As at	
	31/12/2016 Unaudited S\$'000	30/09/2016 Audited S\$'000	31/12/2016 Unaudited S\$'000	30/09/2016 Audited S\$'000
Non-current assets				
Property, plant and equipment	34,726	36,857	-	-
Investments in subsidiaries	-	-	24,574	24,574
Investment in associates	4,316	7,245	-	-
Investments in joint ventures	15,414	15,886	-	-
Intangible assets	309	309	-	-
Available-for-sale financial assets	6,750	6,750	6,750	6,750
Finance lease receivables	872	904	-	-
Deferred tax assets	316	307	-	-
Total non-current assets	62,703	68,258	31,324	31,324
Current assets				
Trade and other receivables	200,316	198,488	62	251
Due from subsidiaries	-	-	48,128	46,878
Due from contract customers	7,951	8,856	-	-
Convertible bond	4,912	4,912	4,912	4,912
Derivative on convertible bond	276	423	276	423
Finance lease receivables	125	126	-	-
Current income tax recoverable	332	314	-	-
Prepayments	310	355	-	3
Non-current assets held for sale	851	851	-	-
Cash and cash equivalents	66,415	58,618	1,767	1,158
Total currents assets	281,488	272,943	55,145	53,625
Total assets	344,191	341,201	86,469	84,949
Equity				
Share capital	23,836	23,836	23,836	23,836
Treasury shares	(4,005)	(4,005)	(4,005)	(4,005)
Other reserves	(3,628)	(3,645)	536	465
Retained earnings	123,948	120,163	7,423	7,368
Total equity	140,151	136,349	27,790	27,664
Non-current liabilities				
Bank borrowings	909	1,818	-	-
Finance lease payables	162	162	-	-
Medium term notes	49,653	49,593	49,653	49,593
Provision for reinstatement	232	232	-	-
Total non-current liabilities	50,956	51,805	49,653	49,593
Current liabilities				
Trade and other payables	105,431	110,945	447	1,161
Due to contract customers	30,955	24,881	-	-
Due to subsidiaries	-	-	8,563	6,515
Bank borrowings	9,777	11,872	-	-
Finance lease payables	66	87	-	-
Current income tax payable	6,855	5,262	16	16
Total current liabilities	153,084	153,047	9,026	7,692
Total liabilities	204,040	204,852	58,679	57,285
Total equity and liabilities	344,191	341,201	86,469	84,949

1(b)(ii) Aggregate amount of group's borrowings and debt securities**Amount repayable in one year or less, or on demand**

As at 31/12/2016 Unaudited		As at 30/09/2016 Audited	
Secured S\$'000	Unsecured S\$'000	Secured S\$'000	Unsecured S\$'000
9,777	-	11,872	-

Amount repayable after one year

As at 31/12/2016 Unaudited		As at 30/09/2016 Audited	
Secured S\$'000	Unsecured S\$'000	Secured S\$'000	Unsecured S\$'000
909	49,653	1,818	49,593

Details of collateral:

The Group's secured borrowings are secured by corporate guarantee, property and project proceeds in respect of the Company's construction projects.

The unsecured borrowing relates to net proceeds of S\$49.4 million from the issuance of S\$50 million 3-year Fixed Rate Notes ("**Term Notes**") on 15 June 2015 under Keong Hong Holdings Limited S\$150 million Multicurrency Medium Term Note Programme. The Term Notes bear interest of 6.00 per cent per annum payable semi-annually in arrear and will mature on 15 June 2018.

1(c) **A statement of cash flows (for the group), together with a comparative statement for the corresponding period of the immediately preceding financial year**

	Group	
	Three Months ended	
	31/12/2016	31/12/2015
	Unaudited	Unaudited
	S\$'000	S\$'000
Operating activities		
Profit before income tax	4,919	5,691
Adjustments for:		
Amortisation of intangible assets	-	2
Depreciation of property, plant and equipment	1,218	1,574
Gain on disposal of plant and equipment	-	(7)
Fair value (gain) / loss on derivative on convertible bond	147	-
Share option expense	71	13
Interest income	(483)	(761)
Interest expenses	883	957
Accretion of convertible bond discount	-	(49)
Share of results of joint venture, net of tax	8	-
Share of result of associates, net of tax	529	(11)
Operating cash flows before movements in working capital	7,292	7,409
Working Capital Changes:		
Trade and other receivables	(11,519)	14,107
Due from contract customers	905	(3,282)
Prepayments	45	114
Due to contract customers	6,074	(9,947)
Trade and other payables	(5,514)	(1,717)
Cash generated from / (used in) operations	(2,717)	6,684
Income tax refunded	452	105
Net cash (used in) / generated from operating activities	(2,265)	6,789
Investing activities		
Investment in joint ventures	(600)	(694)
Purchase of plant and equipment	(111)	(367)
Proceeds from disposal of plant and equipment	-	7
Loan to associates	(900)	(2,400)
Loan to joint ventures	(6,860)	(3,000)
Repayment of loan from joint ventures	17,513	8,000
Interest received	420	761
Dividend received	3,700	-
Net cash generated from investing activities	13,162	2,307

1(c) **A statement of cash flows (for the group), together with a comparative statement for the corresponding period of the immediately preceding financial year (Cont'd)**

	Group	
	Three Months ended	
	31/12/2016	31/12/2015
	Unaudited	Unaudited
	S\$'000	S\$'000
Financing activities		
Proceeds from finance lease receivables	31	31
Proceeds from loans & borrowings	1,000	-
Repayments of loans & borrowings	(4,004)	(917)
Issued of treasury shares	-	998
Purchase of treasury shares	-	-
Repayments of finance lease payables	(21)	(132)
Interest paid	(823)	(897)
Net cash used in financing activities	(3,817)	(917)
Net change in cash and cash equivalents	7,080	8,179
Cash and cash equivalents at the beginning of the financial period	58,618	100,339
Exchange difference on cash and cash equivalents	717	8
Cash and cash equivalents at end of the financial period	66,415	108,526

Cash and cash equivalents comprised of:

	31/12/2016	31/12/2015
	Unaudited	Unaudited
	S\$'000	S\$'000
Fixed deposits, cash and bank balances	66,415	108,756
Fixed deposits pledged	-	(230)
	66,415	108,526

- 1(d)(i) A statement (for the issuer and group) showing either (i) all changes in equity or (ii) changes in equity other than those arising from capitalisation issues and distributions to shareholders, together with a comparative statement for the corresponding period of the immediately preceding financial year

Group (Unaudited)	Share capital S\$'000	Treasury shares S\$'000	Foreign currency translation accounts S\$'000	Share option reserve S\$'000	Merger reserve S\$'000	Available -for- sale reserve S\$'000	Other reserve S\$'000	Retained earnings S\$'000	Total S\$'000
Balance at 1 October 2016	23,836	(4,005)	798	540	(4,794)	(75)	(114)	120,163	136,349
Profit for the financial period	-	-	-	-	-	-	-	3,785	3,785
Other comprehensive income for the financial period:									
Exchange differences on translating foreign operations	-	-	(289)	-	-	-	-	-	(289)
Share of other comprehensive income of joint venture	-	-	-	-	-	-	235	-	235
Total comprehensive income for the period	-	-	(289)	-	-	-	235	3,785	3,731
Contribution by and distribution to owners of the parents:									
Issued of treasury shares	-	-	-	-	-	-	-	-	-
Purchase of treasury shares	-	-	-	-	-	-	-	-	-
Share option expense	-	-	-	71	-	-	-	-	71
Total transactions with owners of the parent	-	-	-	71	-	-	-	-	71
Balance at 31 December 2016	23,836	(4,005)	509	611	(4,794)	(75)	121	123,948	140,151

1(d)(i) A statement (for the issuer and group) showing either (i) all changes in equity or (ii) changes in equity other than those arising from capitalisation issues and distributions to shareholders, together with a comparative statement for the corresponding period of the immediately preceding financial year

Group (Unaudited)	Share capital S\$'000	Treasury shares S\$'000	Foreign currency translation accounts S\$'000	Share option reserve S\$'000	Merger reserve S\$'000	Available-for-sale reserve S\$'000	Other reserve S\$'000	Retained earnings S\$'000	Equity attributable to owners of the parent S\$'000	Non-controlling interest S\$'000	Total S\$'000
Balance at 1 October 2015	23,836	(5,728)	479	1,029	(4,794)	(150)	212	96,583	111,467	1,277	112,744
Profit for the financial period	-	-	-	-	-	-	-	4,784	4,784	(17)	4,767
Other comprehensive income for the financial period:											
Exchange differences on translating foreign operations	-	-	(5)	-	-	-	-	-	(5)	(5)	(10)
Share of other comprehensive income of associates	-	-	-	-	-	-	56	-	56	-	56
Total comprehensive income for the period	-	-	(5)	-	-	-	56	4,784	4,835	(22)	4,813
Contribution by and distribution to owners of the parents:											
Issued of treasury shares	-	1,723	-	(725)	-	-	-	-	998	-	998
Purchase of treasury shares	-	-	-	-	-	-	-	-	-	-	-
Share option expense	-	-	-	13	-	-	-	-	13	-	13
Total transactions with owners of the parent	-	-	-	(712)	-	-	-	-	1,011	-	1,011
Balance at 31 December 2015	23,836	(4,005)	474	317	(4,794)	(150)	268	101,367	117,313	1,255	118,568

- 1(d)(i) A statement (for the issuer and group) showing either (i) all changes in equity or (ii) changes in equity other than those arising from capitalisation issues and distributions to shareholders, together with a comparative statement for the corresponding period of the immediately preceding financial year (cont'd)

	Share capital S\$'000	Treasury Shares S\$'000	Share option reserve S\$'000	Available-for-sale reserve S\$'000	Retained earnings S\$'000	Total S\$'000
Company (Unaudited)						
Balance at 1 October 2016	23,836	(4,005)	540	(75)	7,368	27,664
Total comprehensive income for the financial period	-	-	-	-	55	55
Balance at 31 December 2016	23,836	(4,005)	611	(75)	7,423	27,790
Company (Unaudited)						
Balance at 1 October 2015	23,836	(5,728)	1,029	(150)	9,433	28,420
Total comprehensive income for the financial period	-	-	-	-	96	96
Issue of treasury shares		1,723	(725)	-	-	998
Share option expense			13	-	-	13
Balance at 31 December 2015	23,836	(4,005)	317	(150)	9,529	29,527

- 1(d)(ii) **Details of any changes in the company's share capital arising from right 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 well as the number of shares held as treasury shares of the issuer, if any, against the total number of issued shares excluding treasury shares of the issuer, 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.**

	Number of shares	Share capital (S\$)
As at 1 October 2016	229,170,000	23,836,074
	-	-
As at 31 December 2016	229,170,000	23,836,074

As at 31 December 2016, the Company held 10,830,000 treasury shares (31 December 2015: 10,830,000 treasury shares). The total number of issued shares (excluding treasury shares) of the company was 229,170,000 as at 31 December 2016 and 31 December 2015.

Employee Share Option Scheme (the "ESOS")

As at 31 December 2016, there were 7,030,000 outstanding options issued under the ESOS (31 December 2015: 2,855,000), which are convertible into 7,030,000 (31 December 2015: 2,855,000) shares.

Save for the options, the Company did not have any outstanding convertibles as at 31 December 2016 and 31 December 2015.

- 1(d)(iii) **To show the 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.**

	31/12/2016 Unaudited	30/09/2016 Audited
Total number of issued shares	240,000,000	240,000,000
Treasury shares	(10,830,000)	(10,830,000)
Total number of issued shares, excluding treasury shares	229,170,000	229,170,000

- 1(d)(iv) **A statement showing all sales, transfers, disposals, cancellation and/or use of treasury shares as at the end of the current financial period reported on.**

Movement of treasury shares:

	Number of Treasury Shares
As at 1 October 2016	10,830,000
Sales, transfers, disposals and/or cancellation	-
As at 31 December 2016	10,830,000

2. Whether the figures have been audited, or reviewed and in accordance with which standard

The figures have not been audited or reviewed by the Company's auditors.

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 note (5) below, the financial results for the current financial year reported on have been presented using the same accounting policies and methods of computation as in the Company's most recently audited financial statement as set out in the annual report for the financial year ended 30 September 2016.

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

The Group has adopted all new and revised Financial Reporting Standard ("FRS") and Interpretations of FRS ("INT FRS") that are relevant to its operations and effective for annual periods beginning on or after 1 October 2016, where applicable.

The adoption of these new/revised FRS and INT FRS did not result in any substantial change to the Group's accounting policies and has no material/significant impact on the financial statements of the Group for the current reporting period or prior years reporting period.

6. Earnings per ordinary share of the group for the current period reported on and the corresponding period of the immediately preceding financial year, after deducting any provision for preference dividends.

- (a) Based on the weighted average number of ordinary shares on issue; and
(b) On a fully diluted basis (detailing any adjustments made to the earnings).**

	Group	
	Three Months ended	
	31/12/2016 Unaudited	31/12/2015 Unaudited
Profit attributable to owners of the parent (S\$'000)	3,785	4,784
(i) Earnings per share ("EPS") - Basic (Singapore cents) ⁽¹⁾	1.65	2.12
Weighted average number of ordinary shares ⁽³⁾	229,170,000	226,102,283
(ii) Earnings per share ("EPS") – Diluted (Singapore cents) ⁽²⁾	1.60	2.06
Weighted average number of ordinary shares ⁽³⁾	236,200,000	232,025,000

Notes:

- (1) The calculation for the basic EPS for the relevant financial periods is based on the weighted average number of ordinary shares of the Company during the relevant financial periods.
- (2) The calculation for the diluted EPS is based on the weighted average number of ordinary shares of the Company after adjusting for lapsed Options and dilution assuming the Options are fully exercised into ordinary shares of the Company.
- (3) The figure was computed taking into account the shares bought back by the Company during the relevant financial period.

7. Net asset value (for the issuer and group) per ordinary share based on the total number of issued share capital excluding treasury shares of the issuer at the end of the (a) current period reported on and (b) immediately preceding financial year

	Group		Company	
	31/12/2016 Unaudited	30/09/2016 Audited	31/12/2016 Unaudited	30/09/2016 Audited
Net asset value per ordinary share (Singapore cents)	61.16	59.50	12.13	12.07
Number of issued shares excluding treasury shares at the end of the financial year	229,170,000	229,170,000	229,170,000	229,170,000

8. A review of the performance of the group, to the extent necessary for a reasonable understanding of the group's business. It must include a discussion of the following:-

- (a) any significant factors that affected the turnover, costs, and earnings of the group for the current financial period reported on, including (where applicable) seasonal or cyclical factors; and
- (b) any material factors that affected the cash flow, working capital, assets or liabilities of the group during the current financial period reported on.

Review of the performance

Revenue

For the 3 months ended 31 December 2016 (“1Q2017”), revenue decreased by 37.2% to S\$43.1 million as compared to S\$68.6 million in the corresponding period ended 31 December 2015 (“1Q2016”). The decrease was due to lower recognition of revenue from construction projects as some of the projects, such as Skypark Residences, Jurong Gateway and Amore, had largely been completed in previous financial year. The decrease in revenue was partially offset by higher revenue recognition from construction of the two resorts and the airport extension in Maldives.

8. A review of the performance of the group, to the extent necessary for a reasonable understanding of the group's business. It must include a discussion of the following:-
- (a) any significant factors that affected the turnover, costs, and earnings of the group for the current financial period reported on, including (where applicable) seasonal or cyclical factors; and
 - (b) any material factors that affected the cash flow, working capital, assets or liabilities of the group during the current financial period reported on.
- (Cont'd)

Gross Profit & Gross Profit Margin

In tandem with the decrease in revenue, gross profit for 1Q2017 decreased by 12.1% or S\$0.9 million to S\$6.5 million as compared to S\$7.4 million in 1Q2016. Despite the lower gross profit, the Group managed to achieve a better gross profit margin of 15.1% in 1Q2017 as compared to 10.8% in 1Q2016 due to higher margin contribution from projects in advanced stage.

Other Income

Other income increased by 50.7% or S\$1.1 million from S\$2.0 million in 1Q2016 to S\$3.1 million in 1Q2017 due mainly to foreign exchange gain of \$1.5 million. The increase was partially offset by lower interest income.

Administration Expenses

Administration expenses increased by 13.0% or S\$0.4 million to S\$3.2 million in 1Q2017 due mainly to legal & professional fees of S\$0.3 million.

Finance Costs

Finance costs, which comprises mainly of interest payable for the Term Notes, remained the same at S\$0.9 million in 1Q2017 as compared to 1Q2016.

Profit before Income Tax

As a result of lower revenue and share of loss of joint ventures and associates, the Group's profit before tax decreased by 13.6% to S\$4.9 million in 1Q2017 as compared to S\$5.7 million in 1Q2016.

Review of Financial Position

Non-Current Assets

Plant and equipment decreased from S\$36.9 million as at 30 September 2016 to S\$34.7 million as at 31 December 2016 due to depreciation expenses of S\$1.2 million and unrealized foreign currency loss on translation of foreign operation amounting to S\$1.0 million. The decrease was partially offset by increase in acquisition of plant and equipment amounting to approximately S\$0.1 million.

8. **A review of the performance of the group, to the extent necessary for a reasonable understanding of the group's business. It must include a discussion of the following:-**
- (a) any significant factors that affected the turnover, costs, and earnings of the group for the current financial period reported on, including (where applicable) seasonal or cyclical factors; and**
 - (b) any material factors that affected the cash flow, working capital, assets or liabilities of the group during the current financial period reported on.**
- (Cont'd)**

Current Assets

Trade and other receivables increased by S\$1.8 million from S\$198.5 million as at 30 September 2016 to S\$200.3 million as at 31 December 2016. This was mainly due to an increase in trade receivables of S\$11.5 million and shareholders loan of S\$7.8m extended to joint ventures and associates. The increase was partially offset by shareholders loan repayment of S\$17.5m from joint ventures.

The decrease in amount due from contract customer of S\$0.9 million was due to decrease in unbilled revenue for work done in 1Q2017.

Current Liabilities

As at 30 September 2016, current liabilities stood at S\$153.0 million which was similar to the amount as of 30 September 2016. During the financial period under review, trade and other payables decreased by S\$5.5 million while amount due to contract customers increased by S\$6.1 million.

The working capital of the Group strengthened by S\$8.5 million from S\$119.9 million as at 30 September 2016 to S\$128.4 million as at 31 December 2016.

Non-Current Liabilities

The decrease in non-current liabilities of S\$0.8 million from S\$51.8 million as at 30 September 2016 to S\$51.0 million as at 31 December 2016 was due mainly to repayment of bank borrowings.

Review of Cash Flow Statement

For 1Q2017, the Group generated a positive operating cash flow of S\$7.3 million before movements in the working capital. After taking into consideration of changes in the working capital, which included an increase of S\$11.5 million in trade and other receivables, an decrease of S\$0.9 million in amount due from contract customers, and a decrease of S\$5.5 million in trade and other payables and increase in amount due to contract customers of S\$6.1 million, the Group incurred a net cash outflow of S\$2.7 million from operations.

Net cash generated from investing activities of S\$13.2 million in 1Q2017 was mainly attributable to loan repayments from joint ventures of S\$17.5 million and dividend income of S\$3.7 million, which was partially offset by loan of S\$7.8 million extended to associates and joint ventures.

Net cash used in financing activities of S\$3.8 million in 1Q2017 was mainly due to net repayment of bank borrowings and interest payment of S\$0.8 million.

9. Where a forecast, or a prospect statement, has been previously disclosed to shareholders, any variance between it and the actual results.

Not applicable as no forecast or prospect statement has been previously disclosed to shareholders.

10. A commentary at the date of the announcement of the 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.

Building Construction

Building and Construction Authority (BCA) announced that the total construction demand in 2017 is projected at \$28.0 billion to \$35.0 billion, higher than the preliminary estimate of \$26.1 billion for 2016, with about 70.0% driven by public sector demand. However, the private sector construction demand is likely to remain subdued, given the current slowdown in the property market and continued economic uncertainties ¹.

Sentiments among building contractors continued to dip and more contractors expect business conditions to be less favourable in 1H2017 as compared to 2H2016. In a survey conducted by BCA, about 73% of building and civil engineering contractors expect tender prices to decline over the next six months due to intense competition ².

Against this backdrop, the Group will focus on streamlining operations, enhancing productivity and keeping a keen eye on potential opportunities, especially in the commercial, industrial and institutional sectors.

As at 31 December 2016, the Group's construction order book stood at approximately \$309 million.

Property Development and Investment

Parc Life Executive Condominium (EC) has registered sales booking of approximately 27.1% to-date, we will monitor the sales closely and adjust the marketing campaign accordingly.

The 843-unit Seaside Residences condominium at Siglap, a joint development with FCL Topaz Pte Ltd and Sekisui House Ltd, is expected to be launched in the second quarter of 2017.

Singapore property market outlook in private residential remain challenging in 2017, due to less favourable economic conditions and an increased supply of completed private housing projects. Urban Redevelopment Authority (URA) reported that prices of private homes fell 3.1% for the whole of 2016, easing from a 3.7% decline in 2015. For the full year of 2016, developers sold 7,972 units of private residential units, a slight pick-up in sales compared to 7,440 units in 2015. For the whole of 2016, developers sold 3,999 EC units, compared with 2,550 EC units in 2015. The market is expected to see 18,307 units (including ECs) of private homes completed in 2017 and another 13,785 units (including ECs) will be completed in 2018 ³.

Despite the headwinds, the Group will continue to seek out viable property development and investment opportunities in Singapore and overseas.

¹ Building and Construction Authority, "Public sector construction demand is expected to increase this year."

https://www.bca.gov.sg/newsroom/others/PR_Prospects2017.pdf

² Building and Construction Authority, "Business expectations of the construction sector (1H2017)."

https://www.bca.gov.sg/keyconstructioninfo/others/biz_exp_overview.pdf

³ Urban Redevelopment Authority, "Release of 4th quarter 2016 real estate statistics."

<https://www.ura.gov.sg/uol/media-room/news/2017/Jan/pr17-06>

- 10. A commentary at the date of the announcement of the 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.
(Cont'd)**

Hotel Development and Investment

Construction of the 68-villa Mercure Kooddoo Maldives resort project has been substantially completed in January 2017. The Resort will commence operations in second quarter of 2017 together with the completion of Kooddoo Airport extension works.

Visitor arrivals in Maldives grew 4.2% in 2016, with an average occupancy rate of 74% for the resorts⁴. Singapore also registered an increase of 7.9% in visitor arrivals in 2016 as compared to 2015⁵. We are confident that the long-term prospects of Maldives' and Singapore's tourism sector are good. Besides Maldives and Singapore, the Group sees long term expansion prospects in the hospitality sector in Japan, Australia, Malaysia and Indonesia.

- 11. Dividend**

(a) Current Financial Period Reported On

None.

(b) Corresponding Period of the Immediately Preceding Financial Year

None.

(c) Date payable

Not applicable.

(d) Books closure date.

Not applicable.

- 12. If no dividend has been declared/recommendeded, a statement to that effect.**

Not applicable.

- 13. If the Group has obtained a general mandate from shareholders for Interested Person Transactions ("IPT"), the aggregate value of such transactions as required under Rule 920(1)(a)(ii). If no IPT mandate has been obtained, a statement to that effect.**

The Group does not have a general mandate for IPT. There was no IPT in 1Q2017.

⁴ Ministry of Tourism, Maldives, "Tourist arrivals by Nationality, January – December 2016."
<http://www.tourism.gov.mv/?wpdmdl=10474>

⁵ Singapore Tourism Board, "International Visitor Arrivals Statistics."

[https://www.stb.gov.sg/statistics-and-market-insights/marketstatistics/ivastat_nov_2016%20\(updated%2011jan17\).pdf](https://www.stb.gov.sg/statistics-and-market-insights/marketstatistics/ivastat_nov_2016%20(updated%2011jan17).pdf)

14. Negative confirmation pursuant to Rule 705(5) of the SGX-ST Listing Manual

To the best of its knowledge, nothing has come to the attention of the Board of Directors which may render the unaudited financial results of the Company and the Group for first quarter and three months ended 31 December 2016 presented in this announcement, to be false or misleading in any material aspect.

15. Confirmation pursuant to Rule 720 (1) of the SGX-ST Listing Manual.

The Company confirms that it has procured undertakings from all its Directors and Executive Officers (in the format set out in Appendix 7.7) under Rule 720 (1) of the SGX-ST Listing Manual.

By Order of the Board

Leo Ting Ping Ronald
Executive Chairman and Chief Executive Officer
13 February 2017