

KEONG HONG HOLDINGS LIMITED

Unaudited Financial Statement For The Three Months Ended 31 December 2017

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		
	31/12/2017 Unaudited S\$'000	31/12/2016 Unaudited S\$'000	+(-) %
Revenue	40,821	43,092	(5.3)
Cost of sales	(33,283)	(36,575)	(9.0)
Gross profit	7,538	6,517	15.7
Other income	1,118	3,057	(63.4)
Administration expenses	(4,666)	(3,235)	44.2
Finance costs	(1,290)	(883)	46.1
Share of results of joint venture, net of tax	-	(8)	n.m.
Share of results of associate, net of tax	(332)	(529)	(37.2)
Profit before income tax	2,368	4,919	(51.9)
Income tax expense	(335)	(1,134)	(70.5)
Profit after tax for the financial year	2,033	3,785	(46.3)
Other comprehensive income:			
<i>Items that may be reclassified subsequently to profit or loss</i>			
Exchange differences on translating of foreign operations	(17)	(289)	(94.1)
Share of other comprehensive income of joint venture	-	235	n.m.
Share of other comprehensive income of associate	-	-	n.m.
Other comprehensive income for the financial year, net of tax	(17)	(54)	(68.5)
Total Comprehensive Income attributable to financial year	2,016	3,731	(46.0)
Profit attributable to:			
Owners of the parent	1,756	3,785	(53.6)
Non-controlling interests	277	-	n.m.
	2,033	3,785	(46.3)
Total comprehensive income attributable to:			
Owners of the parent	1,739	3,731	(53.4)
Non-controlling interests	277	-	n.m.
	2,016	3,731	(46.0)

n.m. denotes not meaningful

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

	Group Three months ended		
	31/12/2017 Unaudited S\$'000	31/12/2016 Unaudited S\$'000	+(-) %
Amortisation of intangible asset	4	-	n.m.
Depreciation of investment properties	148	67	120.9
Depreciation of property, plant and equipment	1,226	1,151	6.5
Fair value (gain) / loss on derivative on convertible	-	147	n.m.
Operating lease expenses	188	91	106.6
Professional fees	410	403	1.7
Share option expense	72	71	1.4
Foreign exchange loss/(gain) - Net	485	(1,457)	n.m.
Gain on disposal of plant and equipment	(29)	-	n.m.
Interest income	(972)	(483)	101.2

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		Company	
	As at		As at	
	31/12/2017 Unaudited S\$'000	30/09/2017 Audited S\$'000	31/12/2017 Unaudited S\$'000	30/09/2017 Audited S\$'000
Non-current assets				
Property, plant and equipment	21,861	23,061	-	-
Investment properties	22,798	23,321	-	-
Investments in subsidiaries	-	-	28,830	28,830
Investment in associates	7,561	7,894	5,610	5,610
Investments in joint ventures	1,572	3,572	-	-
Intangible assets	257	253	-	-
Available-for-sale financial assets	56,107	56,107	6,600	6,600
Finance lease receivables	740	772	-	-
Other receivables	1,000	1,000	1,000	1,000
Deferred tax assets	82	81	-	-
Total non-current assets	111,978	116,061	42,040	42,040
Current assets				
Inventories	2,150	2,323	-	-
Trade and other receivables	230,560	223,757	46,224	46,065
Due from contract customers	18,616	31,894	-	-
Finance lease receivables	131	131	-	-
Current income tax recoverable	307	312	-	-
Prepayments	430	593	14	2
Fixed deposits pledged	525	525	-	-
Cash and cash equivalents	83,080	76,800	26,668	26,989
Total currents assets	335,799	336,335	72,906	73,056
Total assets	447,777	452,396	114,946	115,096
Equity				
Share capital	25,061	25,061	25,061	25,061
Treasury shares	(3,657)	(3,657)	(3,657)	(3,657)
Other reserves	(4,214)	(4,269)	485	413
Retained earnings	178,518	176,762	3,311	4,830
Non-controlling interests	2,894	2,617	-	-
Total equity	198,602	196,514	25,200	26,647
Non-current liabilities				
Other payables	1,345	1,345	-	-
Finance lease payables	105	123	-	-
Medium term notes	85,297	84,075	85,297	84,075
Provision for reinstatement	239	239	-	-
Deferred tax liabilities	193	193	-	-
Total non-current liabilities	87,179	85,975	85,297	84,075
Current liabilities				
Trade and other payables	143,151	149,125	813	4,366
Due to subsidiaries	-	-	3,628	-
Bank borrowings	12,350	14,519	-	-
Finance lease payables	94	119	-	-
Current income tax payable	6,401	6,144	8	8
Total current liabilities	161,996	169,907	4,449	4,374
Total liabilities	249,175	255,882	89,746	88,449
Total equity and liabilities	447,777	452,396	114,946	115,096

1(b)(ii) Aggregate amount of group's borrowings and debt securities

Amount repayable in one year or less, or on demand

As at 31/12/2017 Unaudited		As at 30/09/2017 Audited	
Secured S\$'000	Unsecured S\$'000	Secured S\$'000	Unsecured S\$'000
12,350	-	14,519	-

Amount repayable after one year

As at 31/12/2017 Unaudited		As at 30/09/2017 Audited	
Secured S\$'000	Unsecured S\$'000	Secured S\$'000	Unsecured S\$'000
-	85,297	-	84,075

Details of collateral:

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

The unsecured borrowing relates to net proceeds of S\$84.1 million from the issuance of S\$85.0 million 4-year Fixed Rate Notes ("**Series 2 Term Notes**") on 15 September 2017 under Keong Hong Holdings Limited S\$150 million Multicurrency Medium Term Note Programme. The Series 2 Term Notes bear interest of 5.75 per cent per annum payable semi-annually in arrear and will mature on 15 September 2021.

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	
	31/12/2017 Unaudited S\$'000	31/12/2016 Unaudited S\$'000
Operating activities		
Profit before income tax	2,368	4,919
Adjustments for:		
Amortisation of intangible assets	4	-
Depreciation of investment properties	148	67
Depreciation of property, plant and equipment	1,226	1,151
Gain on disposal of plant and equipment	(29)	-
Fair value (gain) / loss on derivative on convertible bond	-	147
Share option expense	72	71
Interest income	(972)	(483)
Interest expenses	1,290	883
Loss on unrealised foreign exchange	485	-
Share of results of joint venture, net of tax	-	8
Share of result of associates, net of tax	332	529
Operating cash flows before movements in working capital	4,924	7,292
Working Capital Changes:		
Inventories	173	-
Trade and other receivables	1,996	(11,519)
Due from contract customers	13,230	905
Prepayments	160	45
Due to contract customers	-	6,074
Trade and other payables	(6,459)	(5,514)
Cash generated from / (used in) operations	14,024	(2,717)
Income tax (paid)/refund	(78)	452
Net cash generated from / (used in) operating activities	13,946	(2,265)
Investing activities		
Investment in joint ventures	-	(600)
Purchase of plant and equipment	(55)	(111)
Purchase of intangible assets	(8)	-
Proceeds from finance lease receivables	33	-
Proceeds from disposal of plant and equipment	11	-
Loan to associates	(2,760)	(900)
Loan to joint ventures	(6,658)	(6,860)
Repayment of loan from joint ventures	1,200	17,513
Interest received	155	420
Dividend received	2,000	3,700
Net cash (used in) / generated from investing activities	(6,082)	13,162

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	
	31/12/2017	31/12/2016
	Unaudited	Unaudited
	S\$'000	S\$'000
Financing activities		
Fixed deposit pledged with financial institutions	(525)	-
Proceeds from finance lease receivables	-	31
Proceeds from loans & borrowings	-	1,000
Repayments of loans & borrowings	(2,106)	(4,004)
Repayments of finance lease payables	(44)	(21)
Interest paid	(87)	(823)
Net cash used in financing activities	(2,762)	(3,817)
Net change in cash and cash equivalents	5,102	7,080
Cash and cash equivalents at the beginning of the financial	77,325	58,618
Exchange difference on cash and cash equivalents	339	717
Cash and cash equivalents at end of the financial period	82,766	66,415

Cash and cash equivalents comprised of:

	31/12/2017	31/12/2016
	Unaudited	Unaudited
	S\$'000	S\$'000
Fixed deposits, cash and bank balances	83,605	66,415
Fixed deposits pledged	(525)	-
	<u>83,080</u>	<u>66,415</u>
Bank overdrafts	(314)	-
	<u><u>82,766</u></u>	<u><u>66,415</u></u>

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

	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 interests S\$'000	Total S\$'000
Group (Unaudited)											
Balance at 1 October 2017	25,061	(3,657)	529	639	(4,794)	(529)	(114)	176,762	193,897	2,617	196,514
Profit for the financial period	-	-	-	-	-	-	-	1,756	1,756	277	2,033
Other comprehensive income for the financial period:											
Exchange differences on translating foreign operations	-	-	(17)	-	-	-	-	-	(17)	-	(17)
Fair value changes	-	-	-	-	-	-	-	-	-	-	-
Total comprehensive income for the period	-	-	(17)	-	-	-	-	1,756	1,739	277	2,016
Contribution by and distribution to owners of the parents:											
Issued of treasury shares	-	-	-	-	-	-	-	-	-	-	-
Purchase of treasury shares	-	-	-	-	-	-	-	-	-	-	-
Share option expense	-	-	-	72	-	-	-	-	72	-	72
Total transactions with owners of the parent	-	-	-	72	-	-	-	-	72	-	72
Balance at 31 December 2017	25,061	(3,657)	512	711	(4,794)	(529)	(114)	178,518	195,708	2,894	198,602

- 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

	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
Group (Unaudited)									
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 (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 2017	25,061	(3,657)	639	(226)	4,830	26,647
Total comprehensive income for the financial period	-	-	-	-	(1,519)	(1,519)
Share option expense	-	-	72	-	-	72
Balance at 31 December 2017	25,061	(3,657)	711	(226)	3,311	25,200
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
Share option expense	-	-	71	-	-	71
Balance at 31 December 2016	23,836	(4,005)	611	(75)	7,423	27,790

- 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 (\$)
As at 1 October 2017	232,385,000	25,060,824
Movement	-	-
As at 31 December 2017	232,385,000	25,060,824

As at 31 December 2017, there were 6,255,000 outstanding options issued under Employee Share Option Scheme (the "ESOS") (31 December 2016: 7,030,000), which are convertible into 6,255,000 (31 December 2016: 7,030,000) shares. The total number of issued shares excluding treasury shares of the Company was 232,385,000 and 229,170,000 as at 31 December 2017 and 31 December 2016 respectively. Save for the options, the Company did not have any outstanding convertibles as at 31 December 2017 and 31 December 2016.

As at 31 December 2017, the Company held 10,180,000 treasury shares (31 December 2016: 10,830,000 treasury shares) representing 4.20% (31 December 2016: 4.51%) of the total number of issued shares (including treasury shares) of 242,565,000 shares (31 December 2016: 240,000,000 shares). The Company does not have any subsidiary holdings as at the periods ended 31 December 2017 and 31 December 2016.

- 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.**

	31/12/2017 Unaudited	30/09/2017 Audited
Total number of issued shares	242,565,000	242,565,000
Treasury shares	(10,180,000)	(10,180,000)
Total number of issued shares, excluding treasury shares	232,385,000	232,385,000

- 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.**

	Number of Treasury Shares
As at 1 October 2017	10,180,000
Sales, transfers, disposals and/or cancellation	-
As at 31 December 2017	10,180,000

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 2017.

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 2017, 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	
	31/12/2017 Unaudited	31/12/2016 Unaudited
Profit attributable to owners of the parent (S\$'000)	1,756	3,785
(i) Earnings per share (" EPS ") - Basic (Singapore cents) ⁽¹⁾	0.76	1.65
Weighted average number of ordinary shares ⁽³⁾	232,385,000	229,170,000
(ii) Earnings per share (" EPS ") – Diluted (Singapore cents) ⁽²⁾	0.75	1.60
Weighted average number of ordinary shares ⁽³⁾	234,506,155	236,200,000

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	
	31/12/2017 Unaudited	30/09/2017 Audited	31/12/2017 Unaudited	30/09/2017 Audited
Net asset value per ordinary share (Singapore cents)	84.22	83.44	10.84	11.47
Number of issued shares excluding treasury shares at the end of the financial year	232,385,000	232,385,000	232,385,000	232,385,000

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 2017 (“1Q2018”), revenue decreased by 5.3% to S\$40.8 million as compared to S\$43.1 million in the corresponding period ended 31 December 2016 (“1Q2017”). The decrease was due to lower recognition of revenue from construction projects as some of the projects, such as Parc Life, Amore and Jurong Gateway had largely been completed in previous financial year. The decrease in revenue was partially offset by higher revenue recognition from construction of Raffles Hospital extension, Seaside Residences and Pullman Maamutaa Maldives.

Gross Profit & Gross Profit Margin

Despite the decrease in revenue, the Group managed to achieve a better gross profit of S\$7.5 million in 1Q2018 as compared to S\$6.5 million in 1Q2017. The improvement in Gross Profit was attributable to higher gross profit margin of 18.5% achieved in 1Q2018 compared to 15.1% in 1Q2017.

Other Income

Other income decreased by 63.4% or S\$2.0 million from S\$3.1 million in 1Q2017 to S\$1.1 million in 1Q2018. The decrease was mainly due to absence of foreign exchange gain of \$1.5 million and management fee of S\$0.4 million from associates which were recorded in 1Q2017.

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)**

Administration Expenses

Administration expenses increased by 44.2% or S\$1.4 million to S\$4.7 million in 1Q2018 as a result of higher legal & professional fees of S\$0.3 million, higher depreciation expense of S\$0.3 million, higher staff and administrative overheads of S\$0.6 million and foreign exchange loss of S\$0.2 million. The increase in administrative expenses in 1Q2018 was partially due to the addition of administrative expenses of Hansin Timber Specialist and Trading Pte Ltd which the Group acquired in August 2017.

Finance Costs

Finance costs increased by 46.1% or S\$0.4 million from S\$0.9 million in 1Q2017 to S\$1.3 million in 1Q2018 due mainly to higher interest payable for the Series 2 Term Notes issued in September 2017.

Profit before Income Tax

As a result of lower revenue and other income, coupled with higher expenses, the Group's profit before tax decreased by 51.9% to S\$2.4 million in 1Q2018 as compared to S\$4.9 million in 1Q2017.

Review of Financial Position

Non-Current Assets

Plant and equipment decreased from S\$23.1 million as at 30 September 2017 to S\$21.9 million as at 31 December 2017 due to depreciation expenses of S\$1.2 million. Investment properties decreased from S\$23.3 million as at 30 September 2017 to S\$22.8 million as at 31 December 2017 due to depreciation expenses of S\$0.2 million and unrealized foreign currency loss on translation of foreign operation amounting to S\$0.3 million.

Current Assets

Trade and other receivables increased by S\$6.8 million from S\$223.8 million as at 30 September 2017 to S\$230.6 million as at 31 December 2017. This was mainly due to an increase in trade receivables of S\$0.1 million and shareholders loan of S\$6.7m extended to associate.

The decrease in amount due from contract customer of S\$13.3 million was due to a decrease in unbilled revenue for work done in 1Q2018.

Current Liabilities

As at 31 December 2017, current liabilities decreased by S\$7.9 million to S\$162.0 million compared to S\$169.9 as of 30 September 2017. During the financial period under review, trade and other payables and bank borrowings decreased by S\$5.7 million and S\$2.2 million respectively.

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 Liabilities (Cont'd)

The working capital of the Group strengthened by S\$7.4 million from S\$166.4 million as at 30 September 2017 to S\$173.8 million as at 31 December 2017.

Non-Current Liabilities

Non-current liabilities increased by S\$1.2 million from S\$86.0 million as at 30 September 2017 to S\$87.2 million as at 31 December 2017 due to interest accrued for medium term notes.

Review of Cash Flow Statement

For 1Q2018, the Group generated a positive operating cash flow of S\$4.9 million before movements in the working capital. After taking into consideration of changes in the working capital, mainly a decrease of S\$13.2 million in amount due from contract customers and a decrease of S\$6.5 million in trade and other payables, the Group achieved a net cash inflow of S\$13.9 million from operations.

Net cash used in investing activities of S\$6.1 million in 1Q2018 was mainly attributable to loan extended to joint ventures and associates of S\$9.4 million which was partially offset by dividend income of S\$2.0 million and loan repayment of S\$1.2 million received from joint ventures.

Net cash used in financing activities of S\$2.8 million in 1Q2018 was mainly due to net repayment of bank borrowings and interest payment of S\$2.2 million and S\$0.5 million respectively and fixed deposit pledged to a financial institution for overdraft facility.

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) has projected the total construction demand in 2018 to range between \$26.0 billion and \$31.0 billion, up from the estimated \$24.5 billion awarded in 2017. The projected higher construction demand is due to an anticipated increase in public sector construction demand, especially in institutional and healthcare facilities¹.

The private sector construction demand is also expected to improve in 2018, on the back of a strengthened overall economic outlook and the upturn in property market sentiment¹.

A more positive outlook for the property market means there are more opportunities for the Group. Going forward, we will continue to participate in government tenders for institutional and healthcare projects as well as private sector construction projects.

As at 31 December 2017, the Group's construction order book stood at approximately \$299.7 million.

Property Development and Investment

Parc Life Executive Condominium has attained sales of approximately 87.0% to date and Seaside Residences Condominium has achieved sales of 70.0% since its launch in April 2017.

Singapore property market outlook is expected to improve in the next few years, driven by pent-up demand and potential reinvestment into real estate by owners who have sold their homes in collective sales².

However, the Group is mindful of the rising land prices and the buoyant collective sales market. We remain prudent in land acquisition and will continue to look out for viable property development and investment projects in Singapore and overseas.

Hotel Development and Investment

Tourist arrivals to Maldives in 2017 achieved a healthy 8.0% growth to 1.39 million. As more hotels opened in 2017, average occupancy rate was lower at 61.1% as compared to 62.9% in 2016. Europe remained the top source market, accounting for 46.5% of total tourist arrivals and Asia Pacific made up 44.4% of the total tourist arrivals³.

Mercure Maldives Kooddoo Hotel has achieved an average occupancy rate of 45.1% since its opening in August 2017. Pullman Maldives Maamutaa Resort is on track to open in 2019. We remain confident that the long-term prospects of Maldives' tourism sector are good.

¹ Building and Construction Authority, "Public sector construction demand is expected to strengthen this year", 11 January 2018.

² <http://www.straitstimes.com/business/property/property-prices-to-rise-10-by-end-2018-report>; and <http://www.straitstimes.com/business/property/long-winter-ending-for-spore-property-market-say-analysts>

³ Ministry of Tourism, Republic of Maldives

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 1Q2018.

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 2017 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
12 February 2018