

# KEONG HONG HOLDINGS LIMITED

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## **Unaudited Financial Statement For the Financial Year Ended 30 September 2014**

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*This announcement has been prepared by the Company and its contents have been reviewed by the Company's sponsor, PrimePartners Corporate Finance Pte. Ltd. (the "Sponsor") for compliance with the relevant rules of the Singapore Exchange Securities Trading Limited ("SGX-ST"). The Sponsor has not independently verified the contents of this announcement.*

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

**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<br>12 months ended           |                                  | Increase/<br>(Decrease) |
|---|------------------------------------|----------------------------------|-------------------------|
|   | 30/09/2014<br>Unaudited<br>S\$'000 | 30/09/2013<br>Audited<br>S\$'000 | %                       |
| <b>Revenue</b>  | 272,881                            | 146,622                          | 86.1%                   |
| Cost of sales   | (242,550)                          | (116,198)                        | 108.7%                  |
| Gross profit  | 30,331                             | 30,424                           | (0.3%)                  |
| Other income  | 2,777                              | 1,608                            | 72.7%                   |
| Administration expenses                                       | (8,584)                            | (6,496)                          | 32.1%                   |
| Finance costs   | (320)                              | (62)                             | 416.7%                  |
| Share of results of joint ventures, net of tax                | (550)                              | 1                                | n.m.                    |
| Share of results of associate, net of tax                     | (36)                               | -                                | n.m.                    |
| <b>Profit before income tax</b>                               | <b>23,618</b>                      | <b>25,475</b>                    | <b>(7.3%)</b>           |
| Income tax expense  | (4,221)                            | (3,943)                          | 7.1%                    |
| <b>Profit after tax for the financial year</b>                | <b>19,397</b>                      | <b>21,532</b>                    | <b>(9.9%)</b>           |
| <b>Other comprehensive income:</b>                            |                                    |                                  |                         |
| Exchange differences on translating of foreign operations     | 12                                 | 44                               | (72.7%)                 |
| Income tax on other comprehensive income                      | -                                  | -                                | n.m.                    |
| Other comprehensive income for the financial year, net of tax | 12                                 | 44                               | (72.7%)                 |
| <b>Total comprehensive income for the financial year</b>      | <b>19,409</b>                      | <b>21,576</b>                    | <b>(10.0%)</b>          |
| <b>Profit attributable to:</b>                                |                                    |                                  |                         |
| Owners of the parent  | 19,673                             | 21,873                           | (10.1%)                 |
| Non-controlling interests                                     | (276)                              | (341)                            | (19.1%)                 |
|   | <b>19,397</b>                      | <b>21,532</b>                    | <b>(9.9%)</b>           |
| <b>Total comprehensive income attributable to:</b>            |                                    |                                  |                         |
| Owners of the parent  | 19,679                             | 21,895                           | (10.1%)                 |
| Non-controlling interests                                     | (270)                              | (319)                            | (15.4%)                 |
|   | <b>19,409</b>                      | <b>21,576</b>                    | <b>(10.0%)</b>          |
|   |                                    |                                  |                         |

*n.m. denotes not meaningful*

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

|   | Group<br>12 months ended           |                                  | Increase/<br>(Decrease)<br><br>% |
|---|------------------------------------|----------------------------------|----------------------------------|
|   | 30/09/2014<br>Unaudited<br>S\$'000 | 30/09/2013<br>Audited<br>S\$'000 |                                  |
| Depreciation of plant and equipment   | 2,243                              | 2,442                            | (8.1%)                           |
| Amortisation of intangible asset  | 12                                 | 10                               | 20%                              |
| Bad third parties trade receivables written off                             | -                                  | 3                                | n.m.                             |
| Operating lease expenses  | 243                                | 143                              | 69.9%                            |
| Professional fees   | 426                                | 179                              | 138.0%                           |
| Fair value gain on financial assets at fair value<br>through profit or loss | (48)                               | (142)                            | (66.2%)                          |
| Unrealised foreign exchange (gains)/losses –<br>net                         | (169)                              | 218                              | (177.5%)                         |
| Realised foreign exchange gains   | (11)                               | -                                | n.m.                             |
| (Under)/Overprovision of tax in respect of prior<br>years                   | (616)                              | 112                              | (650%)                           |
| Gain on disposal of plant and equipment                                     | (1)                                | -                                | n.m.                             |
| Interest income   | (1,588)                            | (682)                            | 132.8%                           |

*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<br>As at                     |                                   | Company<br>As at                   |                                  |
|---|------------------------------------|-----------------------------------|------------------------------------|----------------------------------|
|   | 30/09/2014<br>Unaudited<br>S\$'000 | 30/09/2013<br>Restated<br>S\$'000 | 30/09/2014<br>Unaudited<br>S\$'000 | 30/09/2013<br>Audited<br>S\$'000 |
| <b>Non-current assets</b>                             |                                    |                                   |                                    |                                  |
| Plant and equipment                                   | 15,194                             | 5,914                             | -                                  | -                                |
| Investment in associate                               | 5,752                              | -                                 | -                                  | -                                |
| Investments in joint ventures                         | 90                                 | 290                               | -                                  | -                                |
| Investments in subsidiaries                           | -                                  | -                                 | 21,574                             | 20,619                           |
| Intangible assets                                     | 243                                | 236                               | -                                  | -                                |
| Convertible bond                                      | 4,633                              | 4,473                             | 4,633                              | 4,473                            |
| Derivative on convertible bond                        | 307                                | 812                               | 307                                | 812                              |
| Financial assets, held-to-maturity                    | -                                  | 2,839                             | -                                  | -                                |
|   | 26,219                             | 14,563                            | 26,514                             | 25,903                           |
| <b>Current assets</b>                                 |                                    |                                   |                                    |                                  |
| Financial assets at fair value through profit or loss | -                                  | 745                               | -                                  | -                                |
| Amount due from associates                            | 37,964                             | 21,605                            | -                                  | -                                |
| Amount due from joint ventures                        | 54,174                             | 28,541                            | -                                  | -                                |
| Trade and other receivables                           | 51,114                             | 39,305                            | 250                                | -                                |
| Due from contract customers                           | 13,157                             | 8,996                             | -                                  | -                                |
| Current income tax recoverable                        | 293                                | 289                               | -                                  | -                                |
| Prepayments   | 63                                 | 84                                | 8                                  | 7                                |
| Cash and cash equivalents                             | 38,726                             | 18,218                            | 1,092                              | 4,721                            |
|   | 195,491                            | 117,783                           | 1,350                              | 4,728                            |
| <b>Less:</b>  |                                    |                                   |                                    |                                  |
| <b>Current liabilities</b>                            |                                    |                                   |                                    |                                  |
| Due to contract customers                             | 16,702                             | 8,919                             | -                                  | -                                |
| Due to subsidiaries                                   | -                                  | -                                 | 6,375                              | 5,012                            |
| Trade and other payables                              | 97,899                             | 49,520                            | 243                                | 237                              |
| Bank borrowings                                       | 18,918                             | 3,005                             | -                                  | -                                |
| Finance lease payables                                | 604                                | 586                               | -                                  | -                                |
| Current income tax payable                            | 4,463                              | 4,011                             | -                                  | -                                |
|   | 138,586                            | 66,041                            | 6,618                              | 5,249                            |
| <b>Net current assets/(liabilities)</b>               | <b>56,905</b>                      | <b>51,742</b>                     | <b>(5,268)</b>                     | <b>(521)</b>                     |
| <b>Less:</b>  |                                    |                                   |                                    |                                  |
| <b>Non-current liabilities</b>                        |                                    |                                   |                                    |                                  |
| Finance lease payables                                | 326                                | 930                               | -                                  | -                                |
| Bank borrowings                                       | 2,495                              | -                                 | -                                  | -                                |
| Deferred tax liabilities                              | 167                                | 167                               | -                                  | -                                |
|   | 2,988                              | 1,097                             | -                                  | -                                |
|   | <b>80,136</b>                      | <b>65,208</b>                     | <b>21,246</b>                      | <b>25,382</b>                    |
| <b>Capital and reserves</b>                           |                                    |                                   |                                    |                                  |
| Share capital   | 23,836                             | 23,836                            | 23,836                             | 23,836                           |
| Treasury shares                                       | (2,425)                            | (2,140)                           | (2,425)                            | (2,140)                          |
| Other reserves  | (4,340)                            | (4,825)                           | 479                                | -                                |
| Accumulated profits                                   | 62,567                             | 47,569                            | (644)                              | 3,686                            |
| Equity attributable to owners of the parent           | <b>79,638</b>                      | <b>64,440</b>                     | 21,246                             | 25,382                           |
| Non-controlling interests                             | 498                                | 768                               | -                                  | -                                |
| <b>Total equity</b>                                   | <b>80,136</b>                      | <b>65,208</b>                     | <b>21,246</b>                      | <b>25,382</b>                    |

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

**Amount repayable in one year or less, or on demand**

| <b>As at 30/09/2014<br/>Unaudited</b> |                              | <b>As at 30/9/2013<br/>Audited</b> |                              |
|---------------------------------------|------------------------------|------------------------------------|------------------------------|
| <b>Secured<br/>S\$'000</b>            | <b>Unsecured<br/>S\$'000</b> | <b>Secured<br/>S\$'000</b>         | <b>Unsecured<br/>S\$'000</b> |
| 18,918                                | -                            | 3,005                              | -                            |

**Amount repayable after one year**

| <b>As at 30/09/2014<br/>Unaudited</b> |                              | <b>As at 30/9/2013<br/>Audited</b> |                              |
|---------------------------------------|------------------------------|------------------------------------|------------------------------|
| <b>Secured<br/>S\$'000</b>            | <b>Unsecured<br/>S\$'000</b> | <b>Secured<br/>S\$'000</b>         | <b>Unsecured<br/>S\$'000</b> |
| 2,495                                 | -                            | -                                  | -                            |

Details of collateral:

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

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**

|  | <b>Group</b>      |                   |
|--|-------------------|-------------------|
|  | <b>30/09/2014</b> | <b>30/09/2013</b> |
|  | <b>Unaudited</b>  | <b>Restated</b>   |
|  | <b>S\$'000</b>    | <b>S\$'000</b>    |
| <b>Operating activities</b>  |                   |                   |
| Profit before income tax   | 23,618            | 25,475            |
| Adjustments for:   |                   |                   |
| Bad third parties trade receivables written off                          | -                 | 3                 |
| Amortisation of intangible assets  | 12                | 10                |
| Depreciation of plant and equipment                                      | 2,243             | 2,441             |
| Fair value gain on financial assets at fair value through profit or loss | (48)              | (142)             |
| Fair value loss/(gain) on derivative on convertible bond                 | 505               | (284)             |
| Disposal of financial assets held to maturity - net                      | 58                | -                 |
| Gain on disposal of plant and equipment                                  | (1)               | -                 |
| Plant and equipment written off  | 1                 | 42                |
| Interest income  | (1,588)           | (682)             |
| Interest expenses  | 320               | 62                |
| Imputed interest income  | (161)             | -                 |
| Unrealised foreign exchange - net  | (169)             | -                 |
| Realised foreign exchange  | (11)              | -                 |
| Share option expenses  | 479               | -                 |
| Share of result of joint ventures  | 550               | (1)               |
| Share of result of associates  | 36                | -                 |
| <b>Operating cash flows before movements in working capital</b>          | <b>25,844</b>     | <b>26,924</b>     |
| Working Capital Changes:   |                   |                   |
| Trade and other receivables  | (27,027)          | (4,495)           |
| Due from contract customers  | (4,161)           | (6,515)           |
| Prepayments  | 22                | (38)              |
| Due to contract customers  | 7,782             | (11,420)          |
| Trade and other payables   | 48,379            | 3,703             |
| <b>Cash generated from operations</b>                                    | <b>50,839</b>     | <b>8,159</b>      |
| Income tax paid  | (3,770)           | (3,997)           |
| <b>Net cash generated from operating activities</b>                      | <b>47,069</b>     | <b>4,162</b>      |
| <b>Investing activities</b>  |                   |                   |
| Investment in joint ventures   | (350)             | (200)             |
| Investment in associates   | (5,788)           | -                 |
| Purchase of plant and equipment  | (11,520)          | (3,332)           |
| Purchase of convertible bond   | -                 | (5,000)           |
| Purchase of intangible assets  | (19)              | (4)               |
| Proceeds from financial assets held for maturity                         | 2,781             | -                 |
| Proceeds from financial assets through profit & loss                     | 805               | -                 |
| Proceeds from disposal of plant and machinery                            | 1                 | -                 |
| Interest received  | 1,588             | 682               |
| <b>Net cash used in investing activities</b>                             | <b>(12,502)</b>   | <b>(7,854)</b>    |

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)**

|  | <b>Group</b>           |                   |
|--|------------------------|-------------------|
|  | <b>12 months ended</b> |                   |
|  | <b>30/09/2014</b>      | <b>30/09/2013</b> |
|  | <b>Unaudited</b>       | <b>Audited</b>    |
|  | <b>S\$'000</b>         | <b>S\$'000</b>    |
| <b>Financing activities</b>                                      |                        |                   |
| Fixed deposit unpledged from financial institutions              | 1,016                  | 997               |
| Loan to associates   | (11,929)               | (12)              |
| Loan to joint ventures   | (26,296)               | (28,541)          |
| Proceeds from bank borrowings                                    | 18,408                 | 3,000             |
| Purchase of treasury shares                                      | (285)                  | (2,140)           |
| Repayments of finance lease payables                             | (585)                  | (890)             |
| Repayment of loan from joint ventures                            | 11,451                 | -                 |
| Dividends paid   | (4,675)                | (5,580)           |
| Interest paid  | (320)                  | (57)              |
| <b>Net cash (used in)/generated from financing activities</b>    | <b>(13,215)</b>        | <b>(33,223)</b>   |
| Net change in cash and cash equivalents                          | 21,352                 | (36,915)          |
| Cash and cash equivalents at the beginning of the financial year | 16,973                 | 53,854            |
| Exchange difference on cash and cash equivalents                 | 172                    | 34                |
| <b>Cash and cash equivalents at end of the financial year</b>    | <b>38,497</b>          | <b>16,973</b>     |

Cash and cash equivalents comprised of:

|  | <b>12 months ended</b> |                   |
|--|------------------------|-------------------|
|  | <b>30/09/2014</b>      | <b>30/09/2013</b> |
|  | <b>Unaudited</b>       | <b>Audited</b>    |
|  | <b>S\$'000</b>         | <b>S\$'000</b>    |
| Fixed deposits, cash and bank balances | 38,726                 | 18,217            |
| Fixed deposits pledged                 | (229)                  | (1,244)           |
|  | <b>38,497</b>          | <b>16,973</b>     |

**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<br>(Unaudited)                                      | Share capital | Treasury Shares | Foreign currency translation account | Share option reserve | Merger reserve | Accumulated profits | Equity attributable to owners of the parent | Non-controlling interests | Total   |
|---|---------------|-----------------|--------------------------------------|----------------------|----------------|---------------------|---|---------------------------|---------|
|   | S\$'000       | S\$'000         | S\$'000                              | S\$'000              | S\$'000        | S\$'000             | S\$'000                                     | S\$'000                   | S\$'000 |
| Balance at 1 October 2013                                 | 23,836        | (2,140)         | (31)                                 | -                    | (4,794)        | 47,569              | 64,440                                      | 768                       | 65,208  |
| Profit for the period                                     | -             | -               | -                                    | -                    | -              | 19,673              | 19,673                                      | (276)                     | 19,397  |
| Other comprehensive income for the period:                |               |                 |                                      |                      |                |                     |   |                           |         |
| Exchange differences on translating foreign operations    | -             | -               | 6                                    | -                    | -              | -                   | 6   | 6                         | 12      |
| Total comprehensive income for the period                 | -             | -               | 6                                    | -                    | -              | 19,673              | 19,679                                      | (270)                     | 19,409  |
| Contribution by and distribution to owners of the parent: |               |                 |                                      |                      |                |                     |   |                           |         |
| Dividend  | -             | -               | -                                    | -                    | -              | (4,675)             | (4,675)                                     | -                         | (4,675) |
| Purchase of treasury shares                               | -             | (285)           | -                                    | -                    | -              | -                   | (285)                                       | -                         | (285)   |
| Grant of share options to employees                       | -             | -               | -                                    | 479                  | -              | -                   | 479   | -                         | 479     |
| Total transactions with owners of the parent              | -             | (285)           | -                                    | 479                  | -              | (4,675)             | (4,481)                                     | -                         | (4,481) |
| Balance at 30 September 2014                              | 23,836        | (2,425)         | (25)                                 | 479                  | (4,794)        | 62,567              | 79,638                                      | 498                       | 80,136  |



**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)**

| <b>Group Audited</b>                                      | <b>Share capital<br/>S\$'000</b> | <b>Treasury Shares<br/>S\$'000</b> | <b>Foreign currency translation reserve<br/>S\$'000</b> | <b>Merger reserve<br/>S\$'000</b> | <b>Accumulated profits<br/>S\$'000</b> | <b>Equity attributable to owners of the parent<br/>S\$'000</b> | <b>Non-controlling interests<br/>S\$'000</b> | <b>Total<br/>S\$'000</b> |
|---|----------------------------------|------------------------------------|---|-----------------------------------|--|--|--|--------------------------|
| Balance at 1 October 2012                                 | 23,836                           | -                                  | (53)  | (4,794)                           | 31,276                                 | 50,265   | 1,087  | 51,352                   |
| Profit for the financial year                             | -                                | -                                  | -   | -                                 | 21,873                                 | 21,873   | (341)  | 21,532                   |
| Other comprehensive income for the financial year:        |                                  |                                    |   |                                   |  |  |  |                          |
| Exchange differences on translating foreign operations    | -                                | -                                  | 22  | -                                 | -                                      | 22   | 22   | 44                       |
| Total comprehensive income for the financial year         | -                                | -                                  | 22  | -                                 | 21,873                                 | 21,895   | (319)  | 21,576                   |
| Contribution by and distribution to owners of the parent: |                                  |                                    |   |                                   |  |  |  |                          |
| Dividends   | -                                | -                                  | -   | -                                 | (5,580)                                | (5,580)  | -  | (5,580)                  |
| Purchase of treasury shares                               | -                                | (2,140)                            | -   | -                                 | -                                      | (2,140)  | -  | (2,140)                  |
| Total transactions with owners of the parent              |                                  | (2,140)                            |   |                                   | (5,580)                                | (7,720)  | -  | (7,720)                  |
| Balance at 30 September 2013                              | 23,836                           | (2,140)                            | (31)  | (4,794)                           | 47,569                                 | 64,440   | 768  | 65,208                   |

**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)**

|   | <b>Share capital<br/>S\$'000</b> | <b>Treasury Shares<br/>S\$'000</b> | <b>Share option reserve<br/>S\$'000</b> | <b>Accumulated profits<br/>S\$'000</b> | <b>Total<br/>S\$'000</b> |
|---|----------------------------------|------------------------------------|---|--|--------------------------|
| <b>Company</b>                            |                                  |                                    |   |  |                          |
| Balance at 1 October 2013                 | 23,836                           | (2,140)                            | -                                       | 3,686                                  | 25,382                   |
| Total comprehensive income for the period | -                                | -                                  | -                                       | 345                                    | 345                      |
| Dividend                                  | -                                | -                                  | -                                       | (4,675)                                | (4,675)                  |
| Share option reserve                      | -                                | -                                  | 479                                     | -                                      | 479                      |
| Purchase of treasury shares               | -                                | (285)                              | -                                       | -                                      | (285)                    |
| Balance at 30 September 2014              | <b>23,836</b>                    | <b>(2,425)</b>                     | <b>479</b>                              | <b>(644)</b>                           | <b>21,246</b>            |
| Balance at 1 October 2012                 | 23,836                           | -                                  | -                                       | 1,208                                  | 25,044                   |
| Total comprehensive income for the period | -                                | -                                  | -                                       | 8,058                                  | 8,058                    |
| Dividend                                  | -                                | -                                  | -                                       | (5,580)                                | (5,580)                  |
| Purchase of treasury shares               | -                                | (2,140)                            | -                                       | -                                      | (2,140)                  |
| Balance at 30 September 2013              | <b>23,836</b>                    | <b>(2,140)</b>                     | <b>-</b>                                | <b>3,686</b>                           | <b>25,382</b>            |
|   |                                  |                                    |   |  |                          |

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 April 2014         | 155,500,000      | 23,836,074          |
| Bonus Share <sup>(1)</sup> | 77,750,000       | -                   |
| As at 30 September 2014    | 233,250,000      | 23,836,074          |

Note:

(1) On 20 June 2014, 80,000,000 bonus shares (comprising 77,750,000 new shares and 2,250,000 treasury shares) have been allocated and issued to the shareholders pursuant to the Proposed Bonus Issue announced on 8 May 2014. The bonus shares were issued on the basis of one (1) bonus shares for every two (2) existing issued shares for a nil consideration.

As at 30 September 2014, the Company held 6,750,000 treasury shares (30 September 2013: 4,000,000 treasury shares). The total number of issued shares (excluding treasury shares) of the Company was 233,250,000 as at 30 September 2014 and 156,000,000 as at 30 September 2013.

#### Employee Share Option Scheme

On 1 October 2013, the Company granted options to key executives and senior staff pursuant to the Keong Hong Employee Share Option Scheme (the "**Options**"). The total number of Options granted was 4,000,000 at an exercise price of \$0.47 per share.

Following the Proposed Bonus Issue announced on 8 May 2014 and pursuant to the rules of the Company's Options, the Company had announced on 26 May 2014 that total number of Options granted was adjusted from 4,000,000 to 6,000,000 and the exercise price was adjusted from \$0.47 per share to \$0.31 per share.

As at 30 September 2014, the maximum number of new shares that will be issued upon full exercise of the Options are 6,000,000 shares (30 September 2013: Nil). The Options are still within their vesting period and can only be exercised after 24 months from the date of grant.

Save for the Options, the Company did not have any outstanding convertibles as at 30 September 2014 and 30 September 2013.

**(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**

|   | <b>30/9/2014<br/>Unaudited</b> | <b>30/9/2013<br/>Audited</b> |
|---|--------------------------------|------------------------------|
| Total number of issued shares                               | 160,000,000                    | 160,000,000                  |
| Bonus shares  | 80,000,000                     | -                            |
| Treasury shares   | (6,750,000)                    | (4,000,000)                  |
| Total number of issued shares,<br>excluding treasury shares | 233,250,000                    | 156,000,000                  |

**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**

There were no sales, transfers, disposals, cancellation and/or use of treasury shares during and as at the end of the current financial year reported on.

**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 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**

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 2013, 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                         |                            |
|--|-------------------------------|----------------------------|
|  | 12 months ended               |                            |
|  | 30/9/2014<br>Unaudited        | 30/9/2013<br>Audited       |
| Profit attributable to owners of the parent (S\$'000)                      | 19,673                        | 21,873                     |
| (i) Earnings per share ("EPS") - Basic (Singapore cents) <sup>(1)</sup>    | 11.1                          | 13.9                       |
| Weighted average number of ordinary shares                                 | 177,653,912 <sup>(3)(4)</sup> | 157,424,658 <sup>(3)</sup> |
| (ii) Earnings per share ("EPS") – Diluted (Singapore cents) <sup>(2)</sup> | 11.1                          | 13.9                       |
| Weighted average number of ordinary shares                                 | 177,670,351 <sup>(3)(4)</sup> | 157,441,096 <sup>(3)</sup> |

Notes:

- (1) The calculation for the basic EPS for 12 month period ended 30 September 2014 and 30 September 2013 is based on the weighted average number of ordinary shares of the Company.
- (2) The calculation for the diluted EPS is based on the weighted average number of ordinary shares of the Company after adjusting for 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 during the financial period.
- (4) The figure was computed taking into account 80,000,000 bonus shares (comprising 77,750,000 new shares and 2,250,000 treasury shares) allocated and issued to the shareholders on 20 June 2014 pursuant to the Proposed Bonus Issue announced on 8 May 2014. The bonus shares were issued on the basis of one (1) bonus shares for every two (2) existing issued shares for a nil consideration

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                 |                       |
|--|-------------------------|-----------------------|-------------------------|-----------------------|
|  | 30/09/2014<br>Unaudited | 30/09/2013<br>Audited | 30/09/2014<br>Unaudited | 30/09/2013<br>Audited |
| Net asset value per ordinary share (Singapore cents)                               | 34.1                    | 41.3                  | 9.1                     | 16.3                  |
| Number of issued shares excluding treasury shares at the end of the financial year | 233,250,000             | 156,000,000           | 233,250,000             | 156,000,000           |

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 12 months ended 30 September 2014 (“FY2014”), the Group recorded a 86.1% increase in revenue to S\$272.8 million as compared to S\$146.6 million in the corresponding period ended 30 September 2013 (“FY2013”). The increase was mainly due to higher revenue recognition for ongoing projects as well as new projects such as Alexandra Central, J Gateway and Skypark Residences that commenced work mainly in the fourth quarter of FY2013. The Group had also commenced construction works for the new executive condominium The Amore at Edgedale Plains/Punggol Central in the fourth quarter of FY2014.

#### **Gross Profit & Gross Profit Margin**

Gross profit for FY2014 decreased marginally by 0.3% or S\$0.1 million to S\$30.3 million as compared to S\$30.4 million in FY2013.

The gross profit margin decreased from 20.7% in FY2013 to 11.1% in FY2014 due mainly to:

- higher wages, labour levies and costs incurred for the work safety; and
- lower margin for new projects in the initial stages of the construction.

#### **Other Income**

Other income increased by 72.7% to S\$2.8 million in FY2014 as compared S\$1.6 million in FY2013 due mainly to higher interest income and management fee in FY2014. The increase was offset by lower income from miscellaneous works and services rendered.

#### **Administrative Expenses**

Administrative expenses increased by S\$2.1 million from S\$6.5 million in FY2013 to S\$8.6 million in FY2014 due mainly to S\$0.2 million paid for property tax and land lease for the Company's land at Sungei Kadut (FY2013: S\$0.1 million), higher legal and professional fee of S\$ 0.8 million incurred in FY2014 as compared to FY2013, expenses of S\$0.5 million incurred for the grant of Options and a fair value loss of S\$0.5 million on the derivative of the convertible bond.

#### **Finance Costs**

Finance costs increased by approximately S\$0.3 million in FY2014 as compared to FY2013 due to increase in bank borrowings.

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)**

### **Profit before tax**

Despite higher revenue, the Group's net profit before tax decreased by S\$ 1.9 million or 7.3% to S\$23.6 million in FY2014 as compared to S\$25.5 million in FY2013 on the back of marginally lower gross profit and higher administrative expenses and finance costs.

### **Review of Financial Position**

#### **Non-Current Assets**

The increase in plant and equipment of S\$9.3 million from S\$5.9 million as at 30 September 2013 to S\$15.2 million as at 30 September 2014, was mainly attributable to capital expenditure of S\$11.5 million on acquisition of plant and equipment and development cost for the Company's light industry factory at Sungei Kadut that is currently in progress. The increase was partially offset by depreciation expense of S\$2.2 million.

The increase in investment in associates of S\$5.6 million was for investment in Sembawang Residence Pte Ltd ("**SRPL**") pursuant to the joint venture agreement announced on 10 October 2014 and Pristine Investment Island Pte Ltd ("**PIIPL**"), pursuant to the shareholder agreement announced on 17 July 2014.

As at 30 September 2014, the derivative on convertible bond decreased by S\$0.5 million due to fair value loss. Financial assets, held to maturity reduced from S\$2.8 million to nil due to disposal made during the FY2014.

#### **Current Assets**

Trade and other receivables increased by S\$11.8 million from S\$39.3 million as at 30 September 2013 to S\$51.1 million as at 30 September 2014. The amount due from contract customers increased by S\$4.2 million from S\$8.9 million as at 30 September 2013 to S\$13.1 million as at 30 September 2014. The increase was mainly due to progress billing billed towards the end of September 2014 and unbilled revenue for work completed.

The increase in amount due from joint venture companies of S\$25.6 million in FY2014 was due mainly to shareholder's loan to Katong Holdings Pte Ltd ("**KHPL**"). KHPL was incorporated in February 2014 for the development of a hotel located at 883 East Coast Road pursuant to the joint venture agreement with Master Contract Services Pte. Ltd. and Asia Development Pte. Ltd announced in April 2014. The increase was also partially due to progress billing for construction works done for two joint venture companies. The increase was partially offset by partial repayment of shareholders' loan from joint venture companies.

The increase in amount due from associates of S\$16.0 million in FY2014 was due mainly to shareholder's loan to SRPL. SRPL was incorporated in August 2014 for the development of an Executive Condominium located at Sembawang Avenue Lot

6138X MK13 pursuant to the joint venture agreement with FCL Tampines Court Pte Ltd announced in October 2014. The increase was also partially due to progress billing for construction works done for another associate company.

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**

Current liabilities increased by S\$72.5 million from S\$66.0 million as at 30 September 2013 to S\$138.5 million as at 30 September 2014. This was attributable mainly to the increase in bank borrowings of S\$15.9 million for working capital purpose, the increase in trade and other payables and amount due to contract customers of S\$48.4 million and S\$7.8 million respectively as a result of higher volume of work carried out for projects on hand.

### **Non-Current Liabilities**

The increase in non-current liabilities of S\$1.9 million from S\$1.1 million as at 30 September 2013 to S\$3.0 million as at 30 September 2014 was mainly due to bank borrowings of S\$2.5 million for the financing of the development cost for the Company's light industry factory at Sungei Kadut. The increase was partially offset by a decrease of S\$0.6 million in finance lease payables.

The working capital of the Group strengthened by S\$5.2 million from S\$51.7 million as at 30 September 2013 to S\$56.9 million as at 30 September 2014.

### **Review of Cash Flow Statement**

For FY2014, the Group generated positive operating cash flows of S\$25.8 million before movements in working capital. After taking into account changes in working capital, which included mainly the increase in trade and other receivables of S\$27.0 million, increase in due from contract customers of S\$4.2million, increase in trade and other payables and amount due to contract customers of S\$56.2 million, as well as income tax payment of S\$3.8 million, the Group generated a net cash inflow from operating activities of S\$47 million.

Net cash used in investing activities of S\$12.5 million in FY2014 was due mainly to capital expenditure of S\$11.5 million for acquisition of plant and equipment and development cost for the construction of the Company's light industry factory at Sungei Kadut as well as proceeds from disposal of financial assets of S\$3.6 million. The Group also made an investment of S\$0.4 million and S\$5.8 million in joint venture companies and associates respectively in FY2014. In FY2014, the group received interest amounted to S\$1.6 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)**

Net cash used in financing activities of S\$13.2 million in FY2014 was due mainly to loan extended to joint venture and associate companies of S\$26.3 million and S\$11.9 million respectively, dividend payment of S\$4.7 million, share buybacks of S\$0.3 million, financial lease repayment of S\$0.6 million and interest payment of S\$0.3 million. This was partially offset by the proceeds from repayment of shareholders' loan of S\$11.5 million from joint venture companies, proceeds from bank borrowings of S\$18.4 million and unpledged fixed deposit S\$1.0 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.**

Based on press release from the Ministry of Trade and Industry ("MTI") on 25 November 2014 <sup>(1)</sup>, the Singapore economy grew by 2.8 per cent year-on-year in the third quarter of 2014, higher than the 2.3 per cent growth in the preceding quarter. The construction sector grew by 1.7 per cent on a year-on-year basis, moderating from the 3.7 per cent growth in the previous quarter. The slowdown was mainly due to weaker private sector construction activities. On a quarter-on-quarter basis, the sector contracted at an annualised rate of 0.3 per cent, following the 4.2 per cent contraction in the previous quarter.

For 2015 and 2016, BCA has projected the average construction demand to be between S\$25 billion and S\$34 billion per annum, with 60% of the total demand to come from building projects while the remaining 40% is expected to come from civil engineering projects. This is lower than the S\$31 billion to S\$38 billion projected for 2014 <sup>(2)</sup>. The less favourable outlook is in view of the current market volatility amid the Government's multi-pronged approach to stabilise the property market, the substantial supply of completed housing units coming on-stream over the next few years, as well as the scaling back of new Government land sales for the first half of 2014.

Weighed down by concerns of tightening of foreign manpower, rising labour costs and likely more intense market competition due to anticipated reduction in tendering opportunities for private building projects, the Group foresees business environment for the construction industry to be less favourable in the next 12 months.

To mitigate the risk of increasingly challenging environment, we have taken steps to form strategic partnerships and alliances with reputable industry players to take on property and hotel development projects. Our overseas ventures in Maldives will also provide an alternate revenue stream that will add to the Group's overall competitive business position. Moving forward, we will continue to actively seek new contracts to replenish our order books and to explore opportunities locally and overseas to grow our business.

The Group has an order book on construction projects of approximately \$463 million as at 30 September 2014, supported by a pipeline of projects which includes Alexandra Central, J Gateway, Twin Waterfalls, SkyPark Residences and a 378-unit executive condominium at Edgedale Plains.

(1) [http://www.mti.gov.sg/ResearchRoom/SiteAssets/Pages/Economic-Survey-of-Singapore-Third-Quarter-2014/PR\\_3Q14.pdf](http://www.mti.gov.sg/ResearchRoom/SiteAssets/Pages/Economic-Survey-of-Singapore-Third-Quarter-2014/PR_3Q14.pdf)

(2) [http://www.bca.gov.sg/Newsroom/pr09012014\\_BCA.html](http://www.bca.gov.sg/Newsroom/pr09012014_BCA.html)

## 11. Dividend

### (a) *Current Financial Period Reported On*

Yes.

| Name of Dividend                  | Interim               | Final                 |
|-----------------------------------|-----------------------|-----------------------|
| Type of Dividend                  | Cash                  | Cash                  |
| Dividend Amount per share (cents) | 1.0                   | 1.25                  |
| Tax rate                          | Tax exempt (one-tier) | Tax exempt (one-tier) |

### (b) *Corresponding Period of the Immediately Preceding Financial Year*

Yes.

| Name of Dividend                  | Interim               | Final                 |
|-----------------------------------|-----------------------|-----------------------|
| Type of Dividend                  | Cash                  | Cash                  |
| Dividend Amount per share (cents) | 0.5                   | 2.0                   |
| Tax rate                          | Tax exempt (one-tier) | Tax exempt (one-tier) |

### (c) **Date payable**

To be announced at a later date.

### (d) **Books closure date.**

Notice will be given at a later date on the closure of the Share Transfer Books and Register of Members of the Company to determine members' entitlement to the dividend.

## 12. **If no dividend has been declared/recommended, 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 general mandate for IPT. There were no IPT in FY2014.

## PART II – ADDITIONAL INFORMATION REQUIRED FOR FULL YEAR ANNOUNCEMENT

14. Segmented revenue and results for operating segments (of the group) in the form presented in the issuer’s most recently audited annual financial statements, with comparative information for the immediately preceding year.

(a) By Activities

Business segments

|                              | FY2014<br>S\$'000 | FY2013<br>S\$'000 |
|------------------------------|-------------------|-------------------|
| <b>Turnover</b>              |                   |                   |
| - Buildings and construction | 272,267           | 146,622           |
| - Others                     | 614               | -                 |
|                              | <u>272,881</u>    | <u>146,622</u>    |

(b) By Geographical Regions

|                                 |                |                |
|---------------------------------|----------------|----------------|
| <b>Turnover</b>                 |                |                |
| - Singapore                     | 271,784        | 145,104        |
| - Maldives                      | 1,097          | 1,518          |
|                                 | <u>272,881</u> | <u>146,622</u> |
| <br><b>Non-current Assets</b>   |                |                |
| - Singapore                     | 25,920         | 14,511         |
| - Maldives                      | 299            | 52             |
|                                 | <u>26,219</u>  | <u>14,563</u>  |
| <br><b>Capital Expenditures</b> |                |                |
| - Singapore                     | 8,955          | 3,336          |
| - Maldives                      | 297            | -              |
|                                 | <u>9,252</u>   | <u>3,336</u>   |

15. In the review of performance, the factors leading to any material changes in contributions to turnover and earnings by operating segments.

Please see section 14 above.

**16. A breakdown of sales**

|  | <u>Group</u>   |                |                   |
|--|----------------|----------------|-------------------|
|  | <b>FY2014</b>  | <b>FY2013</b>  | <b>Increase /</b> |
|  | <b>S\$'000</b> | <b>S\$'000</b> | <b>(Decrease)</b> |
|  |                |                | <b>%</b>          |
| Sales reported for first half year   | 118,030        | 52,789         | 123.6%            |
| Profit after tax before deducting minority interests reported for first half year  | 8,552          | 5,745          | 48.9%             |
| Sales reported for second half year  | 154,851        | 93,833         | 65.0%             |
| Profit after tax before deducting minority interests reported for second half year | 10,845         | 15,787         | (31.3%)           |

**17. A breakdown of the total annual dividend (in dollar value) for the issuer's latest full year and its previous full year.**

|                 | <b>FY2014</b> | <b>FY2013</b> |
|-----------------|---------------|---------------|
|                 | <b>\$'000</b> | <b>\$'000</b> |
| Ordinary Shares |               |               |
| - Interim       | 1,555         | 780           |
| - Final         | 2,916*        | 3,120         |
| Total           | <u>4,471</u>  | <u>3,900</u>  |

\* The final dividend for FY2014 is subject to shareholders' approval at the forthcoming annual general meeting of the Company.

**18. Disclosure of person occupying a managerial position in the issuer or any of its principal subsidiaries who is a relative of a director or chief executive officer or substantial shareholder of the issuer pursuant to Rule 704 (10) in the format below. If there are no such persons, the issuer must make an appropriate negative statement.**

As at the date of this announcement, there are no persons occupying managerial positions in the Company or any of its principal subsidiaries who are relatives of a director or chief executive officer or substantial shareholder of the Company.

**By Order of the Board**

Leo Ting Ping Ronald  
Executive Chairman and Chief Executive Officer  
27 November 2014