HOLDINGS (S) LTD
Registration No.: 199304349M

RESPONSE TO SGX QUERIES

The Board of Directors of BBR Holdings (S) Ltd (the "Company" and together with its subsidiaries, the "Group") wishes to provide the following information in response to the queries raised by the Singapore Exchange Securities Trading Limited (the "SGX-ST") on 5 March 2020 in relation to the Company's announcement dated 25 February 2020 regarding the Group's results for the full year ended 31 December 2019.

SGX-ST's Query 1:

We refer to the Full Yearly Results announced on 25 February 2020. We noted a significant fair value gain on Wisteria Mall in FY2018, resulting in S$8.6 million profit recognised from the share of results from joint ventures. Please reconcile why the joint venture is still loss making despite a significant increase in the fair value of the mall? On what basis was the recoverable amount in 2018 determined that resulted in the gain?

Company's Response:

In FY2019, the Group's share of results of joint ventures comprise share of losses of S$0.4 million (2018: share of profits of S$8.4 million) contributed from NorthernOne Development Pte Ltd ("NorthernOne") and share of profits of S$0.3 million (2018: S$0.2 million) from other joint ventures.

NorthernOne is the developer for a mix-development comprising the residential development named as The Wisteria and the commercial development named as Wisteria Mall. Temporary Occupancy Permit ("TOP") was obtained in July 2018 and Wisteria Mall was held as an investment property for generation of income from rental proceeds.

Included in the share of profits from NorthernOne for FY2018 was a combination of the recognition of development profits from The Wisteria, operating results and fair value gain from Wisteria Mall.

In FY2019, share of profits from NorthernOne declined firstly because no development profit was recognised in the year as development profits from The Wisteria were substantially recognised in prior years, and secondly due to absence of fair value gain from Wisteria Mall. Wisteria Mall incurred an operating loss in FY2019 mainly due to increase in interest expense for a loan taken after TOP and fair value loss on derivatives for hedging interest rates for the loan.

Fair value gain/(loss) on Wisteria Mall was determined based on independent valuation by independent professional valuer for both financial years. In determining the fair value, the valuer considered three approaches to the valuation – market approach, income approach, discounted cash flow approach and the fair value amount was determined based on a combination of these three approaches.

SGX-ST's Query 2:

We noted that the Group disclosed that the significant increase in "Other operating costs" by 16.8% to S$22,013k was mainly due to an increase in impairment loss on trade receivables and contract assets of S$5.0 million. It was noted that this was mainly due to one of the Group's debtors who has defaulted in meeting contractual payment terms. Please disclose what contract this relates to, how significant this contract is to the Group, what is the percentage of completion as at year end and what would be the total financial impact to the Company should the debtor be unable to repay its debts. Please also disclose whether the Company's substantial shareholders, directors or key management have any interests in the debtor.

Company's Response:

The impairment loss is in relation to a contract for design, fabrication and installation of Prefabricated Prefinished Volumetric Construction ("PPVC") modular system with contract sum of S$55.6 million. The impairment loss provided for this contract amounted to S$4.6 million, comprising trade receivables and contract assets of S$1.3 million and S$3.3 million respectively as at year-end, being the total financial impact to the Group should the debtor be unable to repay its debts.

None of the Company's substantial shareholders, directors or key management staff have any interests in the debtor.

SGX-ST's Query 3:

We noted in Paragraph 12 that no dividend has been declared/recommended for the current financial period. Please provide the reasons for the company not declaring/recommending dividends.

Company's Response:

No dividend has been proposed as the Group had incurred a loss and also taking into consideration the expected cash needs of the projects on hand.

BY ORDER OF THE BOARD

Andrew Tan Kheng Hwee
Chief Executive Officer
9 March 2020