



FOR IMMEDIATE RELEASE

Lian Beng’s achieves 9MFY2017 net profit of S\$24.3 million

- Maintains strong financial position with cash and cash equivalents of S\$133.1 million as at 28 February 2017
- Construction order book of approximately \$597 million to-date offers steady flow of activity through FY2020
- Group will continue its successful revenue diversification strategy with a focus in property development and investment locally and overseas

SINGAPORE, 12 April 2017 – Lian Beng Group (“Lian Beng” or “the Group”) (聯明集團), a Singapore BCA Grade A1 construction group, reported a net profit of S\$24.3 million for its nine months ended 28 February 2017 (“1HFY2017”).

Table 1 – Financial highlights

(S\$ '000)	9 months ended 28 February 2017 (1HFY2017)	9 months ended 28 February 2016 (1HFY2016)	%change
Revenue	156,234	367,164	(57.4%)
Gross profit	39,364	42,879	(8.2%)
Net Profit	24,341	77,049	(68.4%)

9MFY2017 revenue decreased 57.4% year-on-year (y-o-y) to S\$156.2 million mainly due to a decrease in revenue generated from the construction segment and ready-mixed concrete segment. Gross profit decreased marginally from S\$42.9 million in 9M16 to \$39.4 million in 9M17 mainly due to the higher profit recognition from the construction division.



Other operating expenses increased \$8.2 million to \$11.3 million in 9MFY2017 mainly due to increase in unrealised exchange loss which arose from the revaluation of loans denominated in foreign currency to finance investments in the United Kingdom and impairment loss on investment securities arising from the valuation of the shares of Centurion Corporation. Distribution expense increased \$1.8 million mainly due to increase in marketing expenses incurred for the launch of industrial property development, T-Space, located at Tampines North Drive 1.

9MFY2017 share of results of associates and joint ventures declined \$49.1 million to \$14.2 million mainly due to the completion of some property development projects such as NEWest and the Midtown and Midtown Residences in the last financial year.

As a result of the above factors, the Group recorded a 68.4% y-o-y decrease in net profit for 9MFY2017 to S\$24.3 million. The Group maintained a strong balance sheet with healthy cash level of S\$133.1 million as at 28 February 2017 which allows it to continue to explore local and overseas opportunities to further expand its business.

Mr Ong Pang Aik (王邦益), Lian Beng's Executive Chairman, commented, "Our strategy to diversify our income streams has worked well for us in reducing the reliance on any one sector. Over the last one to two years, our investments in local development projects have brought in the desired returns. We are optimistic that our push now towards overseas development and investment projects will be rewarding likewise."

Overseas, a few of our investment projects have made good progress. Our joint hotel development in Leeds, UK has just crossed a significant milestone. International hotel operator Hilton has signed a franchise agreement to front our proposed 192-bedroom hotel. Operations are expected to commence in late 2019. Having Hilton, a world-renowned brand in hospitality on board, will definitely lift the stature of our new hotel.



Our investment of a 10% stake in a development project in Gaobeidian, Hebei, PRC also welcomed an elating development. The PRC Government will establish a new special economic zone (“NSEZ”) in the province of Hebei’s Xiongqian, Anxin and Rongcheng cities, to promote integration with the neighbouring cities of Beijing and Tianjin. As Gaobeidian sits near this NSEZ, we believe the NSEZ will offer a positive and favourable impact on our development project there.

Locally, the Group’s 32%-owned joint venture company that solely engages in the property investment project of Prudential Tower, Epic Land Pte Ltd (“Epic Land”) has disposed of its 12 wholly-owned subsidiaries in late March for a sale consideration of approximately S\$23.8 million. The outstanding shareholder’s loan of approximately S\$182.5 million owed by these 12 subsidiaries has also been fully settled upon this disposal. The disposal is expected to have a positive impact on the net earnings of the Group for the current financial year ending 31 May 2017. Besides, Epic Land has also executed a non-binding letter of intent in early April to dispose another eight strata-titled office units within Prudential Tower.

The Group has also made headway in its construction core business. It has secured its largest construction contract of approximately \$435 million from the Housing & Development Board (“HDB”) at Kim Chuan Road recently. This has increased the Group’s construction order book of public and private sector projects to approximately \$597 million to-date, which should ensure a steady flow of activity through FY2020.

The Building and Construction Authority (“BCA”) has, in its media release on 6 January 2017, forecasted the total construction demand or value of construction contracts to be awarded in 2017 to reach between \$28.0 billion and \$35.0 billion, from \$26.1 billion in 2016. The public sector is expected to contribute about 70% of the total construction demand, boosted by an increase in demand for most building types and civil engineering works. The private sector construction demand is likely to remain subdued due to slowdown in the property market and continued economic uncertainties.

Leveraging on its strong track record and proven expertise, the Group will continue to tender for public and private projects. It will also continue to explore business opportunities in the region through acquisition, joint ventures and/or strategic alliances that will complement its construction, property development and investment business. The Group believes that its expanding investment property portfolio locally and overseas can generate stable rental incomes going forward.



- The End -

About Lian Beng Group Ltd

Established in 1973, Lian Beng Group Ltd is one of few Singapore's major home-grown construction groups with integrated civil engineering and construction support service capabilities. The Group is principally involved in the construction of residential, industrial and commercial projects, and civil engineering projects as a main contractor.

As a Building and Construction Authority (BCA) Grade A1 contractor in General Building, Lian Beng can tender for public sector building projects of unlimited contract value, while its A2 grade in Civil Engineering allows it to tender for engineering projects of up to \$85 million in contract value. Based on years of experience and impeccable track record, the Group has established a reputation in managing large-scale and complex construction projects.

Lian Beng also engages in other construction related activities such as the provision of scaffolding and engineering services, supply of ready-mix concrete and asphalt premix, leasing of equipment and machinery, reinforcement bar fabrication, sourcing and management of construction materials and training of foreign construction labour.

Apart from construction, Lian Beng also engages in property development locally and overseas, mostly through joint ventures. Some of its completed and ongoing property development projects include Lincoln Suites, M-Space, Spottiswoode Suites, The Midtown & Midtown Residences, NEWest, KAP Residences, Eco-tech@Sunview and Hexacube. The Group also has a few property investment projects locally and overseas which include Prudential Tower. In addition, Lian Beng presently operates two local workers' dormitories, both through joint ventures.

The Group, an advocate for sustainable living, was awarded with the Green Mark Platinum award by BCA in 2010 for its project at 29 Harrison Road, the Group's headquarters building.

Lian Beng Group Ltd was listed on the Main Board of the Singapore Exchange in 1999.

For more information, please visit <http://www.lianbeng.com.sg>.

Issued for and on behalf of Lian Beng Group Ltd

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