

**Hock Lian Seng Holdings Limited**

80 Marine Parade Road  
#16-08 Parkway Parade  
Singapore 449269  
Tel: (65) 6344 0555 Fax: (65) 6440 9049  
Company Registration Number 200908903E

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**FINANCIAL STATEMENTS AND RELATED ANNOUNCEMENT FOR THE FINANCIAL  
YEAR ENDED 31 DECEMBER 2017**

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**PART I : Information required for announcement of Full Year Result****1(a)(i) An income statement and statement of comprehensive income or a statement of comprehensive income (for the group), together with comparative statements for the corresponding period of the immediately preceding financial year.**

|  | Group                |            |        |
|--|----------------------|------------|--------|
|  | Financial year ended |            | Change |
|  | 31.12.2017           | 31.12.2016 |        |
|  | \$'000               | \$'000     | %      |
| Revenue  | 151,083              | 118,138    | 27.9%  |
| Cost of sales                                  | (123,975)            | (87,873)   | 41.1%  |
| Gross profit                                   | 27,108               | 30,265     | -10.4% |
| Other income                                   | 3,925                | 4,847      | -19.0% |
| Distribution and selling costs                 | (12)                 | (88)       | n.m.   |
| Administrative costs                           | (5,333)              | (5,361)    | n.m.   |
| Changes in fair value of investment properties | (200)                | (250)      | n.m.   |
| Changes in fair value of investment securities | 125                  | (131)      | n.m.   |
| Impairment loss on investment securities       | (1,132)              | (250)      | n.m.   |
| Other operating costs                          | (1,016)              | (249)      | n.m.   |
| Share of results of joint venture, net of tax  | 490                  | 11,548     | -95.8% |
| Profit before taxation                         | 23,955               | 40,331     | -40.6% |
| Tax expenses                                   | (4,178)              | (4,399)    | -5.0%  |
| Profit after taxation                          | 19,777               | 35,932     | -45.0% |
| Attributable to:                               |                      |            |        |
| Equity holders of the Company                  | 19,777               | 35,932     | -45.0% |

n.m. : - not meaningful

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## Consolidated statement of comprehensive income

|  | Group                |            |
|--|----------------------|------------|
|  | Financial year ended |            |
|  | 31.12.2017           | 31.12.2016 |
|  | \$'000               | \$'000     |
| Profit after taxation  | 19,777               | 35,932     |
| Other comprehensive income:                                    |                      |            |
| Items that may be reclassified subsequently to profit or loss: |                      |            |
| Available-for-sale financial assets                            |                      |            |
| - net change in fair value                                     | 363                  | 218        |
| Other comprehensive income                                     | 363                  | 218        |
| Total comprehensive income                                     | 20,140               | 36,150     |
| Attributable to:   |                      |            |
| Equity holders of the Company                                  | 20,140               | 36,150     |

### 1(a)(ii) Notes to the Income Statement

The Group's profit before taxation is arrived at after charging/(crediting) the following:

|  | Group                |            |
|--|----------------------|------------|
|  | Financial year ended |            |
|  | 31.12.2017           | 31.12.2016 |
|  | \$'000               | \$'000     |
| Depreciation of property, plant and equipment            | 3,975                | 2,355      |
| Loss on foreign exchange                                 | 737                  | -          |
| Loss/(gain) on disposal of property, plant and equipment | (190)                | 6          |
| Gain on disposal of investment securities                | -                    | (45)       |
| Impairment loss on investment securities                 | 1,132                | 250        |
| Allowance for doubtful receivables                       | -                    | 35         |
| Interest income  | (3,315)              | (4,319)    |
| Dividend income from investment securities               | (101)                | (130)      |
| Fair value changes on investment properties              | 200                  | 250        |
| Write back of provisions                                 | (11,261)             | (14,849)   |
| Fair value changes on investment securities              | (125)                | 131        |



**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       |                |
|---|----------------|----------------|---------------|----------------|
|   | 31.12.2017     | 31.12.2016     | 31.12.2017    | 31.12.2016     |
|   | \$'000         | \$'000         | \$'000        | \$'000         |
| <b>Non-current assets</b>                         |                |                |               |                |
| Property, plant and equipment                     | 35,049         | 15,629         | -             | -              |
| Subsidiary companies                              | -              | -              | 37,814        | 37,814         |
| Investment in joint venture                       | 1,303          | 15,313         | -             | -              |
| Investment properties                             | 2,900          | 3,100          | -             | -              |
| Investment securities (non-current)               | 23,013         | 26,765         | -             | -              |
| Deferred tax assets                               | 967            | 3,520          | -             | -              |
|   | <b>63,232</b>  | <b>64,327</b>  | <b>37,814</b> | <b>37,814</b>  |
| <b>Current assets</b>                             |                |                |               |                |
| Development properties                            | 99,725         | 71,904         | -             | -              |
| Contract work-in-progress                         | 9,989          | 7,708          | -             | -              |
| Trade receivables                                 | 19,457         | 13,661         | -             | -              |
| Other receivables                                 | 1,432          | 429            | 49,258        | 56,469         |
| Amounts due from a joint venture partner          | -              | -              | -             | -              |
| Amounts due from a joint venture                  | 7,512          | 1,357          | -             | -              |
| Prepayments and deposits                          | 2,718          | 1,427          | -             | -              |
| Investment securities (current)                   | 9,330          | 4,460          | -             | -              |
| Cash and short term deposits                      | 132,081        | 205,984        | 5,245         | 42,285         |
|   | <b>282,244</b> | <b>306,930</b> | <b>54,503</b> | <b>98,754</b>  |
| <b>Current liabilities</b>                        |                |                |               |                |
| Trade and other payables                          | 62,860         | 50,322         | 474           | 508            |
| Loans and borrowings                              | -              | 13             | -             | -              |
| Amounts due to joint venture partners             | 7,511          | 1,209          | -             | -              |
| Advance payment received for construction project | 5,277          | -              | -             | -              |
| Fair Value of hedging instruments                 | -              | -              | -             | -              |
| Progress billings in excess of work-in-progress   | 36,507         | 30,385         | -             | -              |
| Progress billings to customers                    | 1,566          | 455            | -             | -              |
| Provisions  | 13,058         | 26,797         | -             | -              |
| Provision for taxation                            | 2,190          | 1,562          | 138           | 130            |
|   | <b>128,969</b> | <b>110,743</b> | <b>612</b>    | <b>638</b>     |
| <b>Net current assets</b>                         | <b>153,275</b> | <b>196,187</b> | <b>53,891</b> | <b>98,116</b>  |
| <b>Non-current liabilities</b>                    |                |                |               |                |
| Loans and borrowings                              | 15,090         | 15,490         | -             | -              |
|   | <b>15,090</b>  | <b>15,490</b>  | <b>-</b>      | <b>-</b>       |
| <b>Net assets</b>                                 | <b>201,417</b> | <b>245,024</b> | <b>91,705</b> | <b>135,930</b> |
| <b>Equity</b>                                     |                |                |               |                |
| Share capital                                     | 58,956         | 58,956         | 58,956        | 58,956         |
| Capital reserve                                   | 1,000          | 1,000          | -             | -              |
| Fair value reserve                                | 540            | 177            | -             | -              |
| Hedging reserve                                   | -              | -              | -             | -              |
| Accumulated profits                               | 157,160        | 201,130        | 32,749        | 76,974         |
| Merger deficit                                    | (16,239)       | (16,239)       | -             | -              |
| <b>Total equity</b>                               | <b>201,417</b> | <b>245,024</b> | <b>91,705</b> | <b>135,930</b> |



**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 December 2017 |                       | As at 31 December 2016 |                       |
|------------------------|-----------------------|------------------------|-----------------------|
| Secured<br>(\$'000)    | Unsecured<br>(\$'000) | Secured<br>(\$'000)    | Unsecured<br>(\$'000) |
| -                      | -                     | 13                     | -                     |

Amount repayable after one year

| As at 31 December 2017 |                       | As at 31 December 2016 |                       |
|------------------------|-----------------------|------------------------|-----------------------|
| Secured<br>(\$'000)    | Unsecured<br>(\$'000) | Secured<br>(\$'000)    | Unsecured<br>(\$'000) |
| 15,090                 | -                     | 15,490                 | -                     |

Details of collateral:

As at 31 December 2017, the Group's non-current secured borrowings of \$15,090,000 was obtained for the purpose of a property development project, which was secured over the development site at Tuas.



**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----- >  |                 |
|---|----------------------|-----------------|
|   | Financial year ended |                 |
|   | 31.12.2017           | 31.12.2016      |
|   | \$'000               | \$'000          |
| <b>Cash flows from operating activities</b>                           |                      |                 |
| Profit before taxation  | 23,955               | 40,331          |
| Adjustments :   |                      |                 |
| Depreciation of property, plant and equipment                         | 3,975                | 2,355           |
| Allowance for doubtful receivables                                    | -                    | 35              |
| Loss/(gain) on disposal of property, plant and equipment              | (190)                | 6               |
| Impairment loss on investment securities                              | 1,132                | 250             |
| Fair value changes on investment properties                           | 200                  | 250             |
| Fair value changes on investment securities                           | (125)                | 131             |
| Gain on disposal of investment securities                             | -                    | (45)            |
| Share of results of joint venture                                     | (490)                | (11,548)        |
| Property, plant and equipment written off                             | -                    | -               |
| Interest income   | (3,315)              | (4,319)         |
| Interest expense  | -                    | 2               |
| Unrealised exchange loss  | 737                  | -               |
| Dividend income from investment securities                            | (101)                | (130)           |
| <b>Operating cash flows before working capital changes</b>            | <b>25,778</b>        | <b>27,318</b>   |
| (Increase)/decrease in:   |                      |                 |
| Contract work-in-progress   | (2,281)              | 4,395           |
| Development properties  | (27,821)             | (25,194)        |
| Trade receivables   | (5,796)              | (7,261)         |
| Other receivables   | (1,008)              | (281)           |
| Prepayments and deposits  | (1,291)              | (995)           |
| Increase/(decrease) in:   |                      |                 |
| Trade and other payables and provisions                               | (1,201)              | (18,484)        |
| Progress billings to customers  | 1,111                | 455             |
| Progress billings in excess of work-in-progress                       | 6,122                | 28,557          |
| Advance payments received for construction project                    | 5,277                | -               |
| <b>Cash flows (used in) / generated from operations</b>               | <b>(1,110)</b>       | <b>8,510</b>    |
| Interest received   | 1,717                | 2,807           |
| Income tax paid   | (997)                | (5,695)         |
| <b>Net cash flows (used in) / generated from operating activities</b> | <b>(390)</b>         | <b>5,622</b>    |
| <b>Cash flows from investing activities</b>                           |                      |                 |
| Purchases of property, plant and equipment                            | (23,550)             | (9,108)         |
| Dividend income received from joint venture                           | 14,500               | 1,500           |
| Decrease/(increase) in amount due from a joint venture partner (net)  | 6,300                | 1,220           |
| Decrease/((increase) in amounts due from joint ventures               | (6,153)              | 59,094          |
| Purchases of investment securities (Held-to-maturity)                 | (7,656)              | (5,815)         |
| Proceeds from disposal of property, plant and equipment               | 345                  | 20              |
| Proceeds from maturity/redemption of investment securities            | 6,031                | 5,750           |
| Proceeds from disposal of investment securities                       | -                    | 1,950           |
| Interest received from investment securities                          | 1,466                | 1,517           |
| Dividend income received from investment securities                   | 101                  | 130             |
| <b>Net cash flows (used in) / generated from investing activities</b> | <b>(8,616)</b>       | <b>56,258</b>   |
| <b>Cash flows from financing activities</b>                           |                      |                 |
| Dividend paid   | (63,747)             | (12,750)        |
| Repayment of bank loans   | (400)                | -               |
| Repayment of obligations under finance lease                          | (13)                 | (53)            |
| <b>Net cash flows used in financing activities</b>                    | <b>(64,160)</b>      | <b>(12,803)</b> |
| Net increase/(decrease) in cash and cash equivalents                  | (73,166)             | 49,077          |
| Effect of exchange differences on cash and cash equivalents           | (737)                | -               |
| Cash and cash equivalents, Beginning balance                          | 205,984              | 156,907         |
| <b>Cash and cash equivalents, Ending balance</b>                      | <b>132,081</b>       | <b>205,984</b>  |



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

Statement of changes in equity

| <u>Group</u>                | Share capital | Capital reserve | Accumulated profits | Fair value adjustment reserve | Merger deficit | Total equity |
|-----------------------------|---------------|-----------------|---------------------|-------------------------------|----------------|--------------|
|                             | \$'000        | \$'000          | \$'000              | \$'000                        | \$'000         | \$'000       |
| <b>At 1 January 2017</b>    | 58,956        | 1,000           | 201,130             | 177                           | (16,239)       | 245,024      |
| Total comprehensive income  | -             | -               | 19,777              | 363                           | -              | 20,140       |
| Dividend on ordinary shares | -             | -               | (63,747)            | -                             | -              | (63,747)     |
| <b>At 31 December 2017</b>  | 58,956        | 1,000           | 157,160             | 540                           | (16,239)       | 201,417      |
| <b>At 1 January 2016</b>    | 58,956        | 1,000           | 177,948             | (41)                          | (16,239)       | 221,624      |
| Total comprehensive income  | -             | -               | 35,932              | 218                           | -              | 36,150       |
| Dividend on ordinary shares | -             | -               | (12,750)            | -                             | -              | (12,750)     |
| <b>At 31 December 2016</b>  | 58,956        | 1,000           | 201,130             | 177                           | (16,239)       | 245,024      |

Company

|                             | Share capital | Accumulated profits | Total equity |
|-----------------------------|---------------|---------------------|--------------|
|                             | \$'000        | \$'000              | \$'000       |
| <b>At 1 January 2017</b>    | 58,956        | 76,974              | 135,930      |
| Total comprehensive income  | -             | 19,523              | 19,523       |
| Dividend on ordinary shares | -             | (63,747)            | (63,747)     |
| <b>At 31 December 2017</b>  | 58,956        | 32,750              | 91,705       |
| <b>At 1 January 2016</b>    | 58,956        | 46,123              | 105,079      |
| Total comprehensive income  | -             | 43,601              | 43,601       |
| Dividend on ordinary shares | -             | (12,750)            | (12,750)     |
| <b>At 31 December 2016</b>  | 58,956        | 76,974              | 135,930      |



**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 the number of shares that may be issued on conversion of all the outstanding convertible, if any, against the total number of issued shares excluding treasury shares and subsidiary holdings 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. State also the number of shares held as treasury shares and the number of subsidiary holdings, if any, and the percentage of the aggregate number of treasury shares and subsidiary holdings held against the total number of shares outstanding in a class that is listed 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   | Issued and paid-up capital (\$) |
|---|--------------------|---------------------------------|
| Issued and fully paid shares as at 31 December 2016 and at 31 December 2017 | <u>509,978,991</u> | <u>58,955,522</u>               |

There were no changes in the Company's share capital for the financial period ended 31 December 2017.

There were no outstanding treasury shares as at 31 December 2017.

**1(d)(iii) To show the total number of issued shares excluding treasury shares as at end of the current financial period and as at the end of the immediately preceding year.**

|   | 31 December 2017   | As at<br>31 December 2016 |
|---|--------------------|---------------------------|
| Total number of issued shares (excluding treasury shares) | <u>509,978,991</u> | <u>509,978,991</u>        |

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

Not applicable.

**1(d)(v) A statement showing all sales, transfers, cancellation and/or use of subsidiary holdings as at the end of the current financial period reported on.**

Not applicable.

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

The figures have not been audited or reviewed.

**3. Where the figures have been audited or reviewed, the auditors' report (including any qualifications or emphasis of a 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.**

The Group and the Company have applied the same accounting policies and methods of computation in the financial statements for the current reporting period as those in its audited financial statements for FY2016.

**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 the applicable new/revised Financial Reporting Standards (FRS) that become effective for accounting periods beginning 1 January 2017. The adoption of these new/revised FRS did not result in any change in the Group's accounting policies or any significant impact on the financial statements.

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

Earning per share ("EPS")

|   | < ----- Group ----- > |             |
|---|-----------------------|-------------|
|   | Financial year ended  |             |
|   | 31.12.2017            | 31.12.2016  |
| Earnings attributable to equity holders of the Company (\$'000)                               | 19,777                | 35,932      |
| Weighted average number of ordinary shares used in computation of basic and fully diluted EPS | 509,978,991           | 509,978,991 |
| Basic EPS attributable to equity holders of the Company (cents)                               | 3.88                  | 7.05        |
| Fully diluted EPS attributable to equity holders of the Company (cents)                       | 3.88                  | 7.05        |

**7. Net asset value (for the issuer and group) per ordinary share based on the total number of issued share capital of the issuer at end of the :-**

- (a) current financial period reported on; and**  
**(b) immediately preceding financial year.**

Net asset value ("NAV")

|   | Group<br>As at |             | Company<br>As at |             |
|---|----------------|-------------|------------------|-------------|
|   | 31.12.2017     | 31.12.2016  | 31.12.2017       | 31.12.2016  |
| NAV per ordinary share (cents)                        | 39.5           | 48.0        | 18.0             | 26.7        |
| Number of shares used in computation of NAV per share | 509,978,991    | 509,978,991 | 509,978,991      | 509,978,991 |





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.

#### FY 2017 compared with FY 2016 Performance and segmental review

##### Revenue

| In \$' million        | FY 2017      | %            | FY 2016      | %            |
|-----------------------|--------------|--------------|--------------|--------------|
| Civil Engineering     | 149.6        | 99.0         | 117.5        | 99.5         |
| Property Development  | 1.3          | 0.8          | 0.4          | 0.3          |
| Investment Properties | 0.2          | 0.2          | 0.2          | 0.2          |
|                       | <b>151.1</b> | <b>100.0</b> | <b>118.1</b> | <b>100.0</b> |

Total revenue increased by \$33.0 million (+28%) mainly contributed from the Civil Engineering segment which recorded an 27% rise in revenue to \$149.6 million. This was attributable to the much higher contribution from Changi Airport JV project which has progressed to a more active phase in 2017. Revenue for Property Development segment was related to sales of unit at Ark@Gambas. Revenue from Investment property segment remained insignificant.

##### Gross Profit

| In \$' million        | FY 2017     | FY 2016     |
|-----------------------|-------------|-------------|
| Civil Engineering     | 26.4        | 30.6        |
| Property Development  | 0.6         | 0.1         |
| Investment Properties | 0.1         | 0.1         |
|                       | <b>27.1</b> | <b>30.3</b> |

Gross profit decreased by \$3.2 million (-11%) to \$27.1 million for the current financial year, mainly due to the drop in gross profit from the Civil Engineering segment as reversal of maintenance provision was lower than FY2016 and the lower gross margin for the ongoing projects. The contribution from Property Development and Investment properties is not significant.

Administrative expenses was \$5.3 million, marginally lower than FY2016 mainly due to lower performance bonus provision offset by the higher staff costs and share of administration costs of the Changi Airport JV project.

Other income was \$0.9 million lower mainly due to the reduction in interest income.

Provision for impairment loss of investment securities of \$1.1 million were due to the provision of default risk for some held-to-maturity investment securities. .

Other operating cost increase by \$767,000 mainly due to exchange loss arises for the revaluation of USD holdings for USD committed material purchases.

The share of profits from the joint venture was only \$490,000 as JV residential project, The profit of Skywoods has been fully recognized in previous years. Current year profit was relating to write back of project cost.

Profit before taxation decreased by \$16.3 million to \$24.0 million, resulting mainly from \$11.0 million lower profit from Joint Venture and lower gross profit of about \$4million from the civil engineering projects, higher provision of impairment of loss for investments securities.



## **Financial position and cash flow review**

The main movements are:

- Increase in property, plant and equipment of 19.4 million, was mainly due to the acquisition of \$6.5 million office units for own use, \$2.7 million construction cost for warehouse and about \$14 million of various plant and equipments to meet the requirement of ongoing projects.
- Decrease in the investment in joint venture of \$14.0 million was due to the dividend received from the Skywoods JV project.
- Increase in investment securities (total of current and non-current) by \$1.0 million, was mainly due to the acquisition of the held-to-maturity securities of \$7.7 million offset by the redemption of bonds of \$6.0 million and provision for impairment of \$1.1 million
- Increase in development properties by \$27.8 million mainly due to the additional construction cost incurred for the Tuas development project (Shine@TuasSouth) for the current financial year.
- Increase in trade receivables by \$5.8 million mainly due to the higher progress billings for civil engineering projects in December 2017.
- Increase in amounts due from/to a joint venture was mainly relate to additional amount contributed by the JV partners to fund the working capital of the joint venture project at Changi Airport.
- Increase in prepayments and deposit was due to the down payment paid for ordering of plant and equipments for the new Changi JV project.
- Net decrease of cash and short term deposits of \$73.2 million for the current financial year was mainly due to the cash outflow for dividend payment of \$63.7 million, acquisition of property and equipments of \$21.2 million, net cash outflows for operations of \$0.4 million offset by the \$14.5 million dividend income from the Joint Venture.

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

The current announced results are in line with the general prospect commentary previously disclosed to shareholders in the results announcement for the financial period ended 30 September 2017.

**10. A commentary at the date of the announcement of the significant trends and 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.**

As at 31 December 2017, the Group's order book for on-going projects of civil engineering segment was approximately \$775 million for the Maxwell station, the two Changi Airport projects and Stabling at Gali Batu Depot. The construction of the Group's new industrial development property at Tuas (Shine@Tuas South) has commenced and is expected to be completed in second quarter of 2018.

BCA projected the total value of construction contracts to be awarded this year to reach between \$26.0 billion and \$31.0 billion, with 60% of the projects coming from the public sector. The public projects will include infrastructure projects like the North-South Corridor, remaining package for Runway 3 by Changi Airport Group. The management will continue to tender for infrastructure projects competitively and explore other business opportunities in property related segment to enhance the shareholders' value.



## 11. Dividend

**(a) Current Financial Period Reported On**  
**Any dividend declared for the current financial period reported on ?**

Yes.

|                                      |                       |
|--------------------------------------|-----------------------|
| Name of dividend                     | First and final       |
| Dividend type                        | Cash                  |
| Dividend amount per share (in cents) | 1.8                   |
| Tax rate                             | Tax exempt (one tier) |

The above proposed dividend is subject to shareholders' approval at the Annual General Meeting.

**(b) Corresponding Period of the immediately Preceding Financial year**

**Any dividend declared for the corresponding period of the immediately preceding financial year ?**

Yes

|                                      |                       |         |       |
|--------------------------------------|-----------------------|---------|-------|
| Name of dividend                     | First and final       | Special | Total |
| Dividend type                        | Cash                  | Cash    | Cash  |
| Dividend amount per share (in cents) | 2.5                   | 10.0    | 12.5  |
| Tax rate                             | Tax exempt (one tier) |         |       |

**(c) Date payable**

The proposed dividend, if approved at the next Annual General Meeting to be held on 25 April 2018, will be paid on 22 May 2018.

**(d) Books closure date**

The Share Transfer Books and Register of Members of Hock Lian Seng Holding Limited ("the Company") will be closed on 9 May 2018.

## 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 IPTs, 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.

There is no general mandate from shareholders for IPTs.

|  |  |  |
|--|--|--|
| Name of Interested Person                                  | Aggregate value of all interested person transactions during the financial year under review (excluding transactions less than S\$100,000 and transactions conducted under shareholders' mandate pursuant to Rule 920) | Aggregate value of all interested person transactions conducted under shareholders' mandate pursuant to Rule 920 (excluding transactions less than S\$100,000) |
| Office lease expenses paid to Lian Seng Investment Pte Ltd | \$'000<br>109  | \$'000<br>Nil  |



## 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.

By operating segments

| Group                                      | <i>Civil Engineering</i><br>\$'000 | <i>Properties Development</i><br>\$'000 | <i>Properties Investment</i><br>\$'000 | <i>Adjustments</i><br>\$'000 | <i>Total</i><br>\$'000 |
|--|------------------------------------|---|--|------------------------------|------------------------|
| <b>FY2017</b>                              |                                    |   |  |                              |                        |
| Sales to external customers                | 149,587                            | 1,310                                   | 186                                    | -                            | 151,083                |
| Inter-segment ^                            | 606                                | -                                       | -                                      | (606)                        | -                      |
|  | <u>150,193</u>                     | <u>1,310</u>                            | <u>186</u>                             | <u>(606)</u>                 | <u>151,083</u>         |
| <b>Results</b>                             |                                    |   |  |                              |                        |
| Depreciation                               | 3,975                              | -                                       | -                                      | -                            | 3,975                  |
| Fair value loss on investment properties   | -                                  | -                                       | 200                                    | -                            | 200                    |
| Dividend income from investment securities | -                                  | -                                       | -                                      | 101                          | 101                    |
| Interest income                            | -                                  | -                                       | -                                      | 3,315                        | 3,315                  |
| Share of results of joint venture          | -                                  | 490                                     | -                                      | -                            | 490                    |
| Segment profit                             | <u>26,401</u>                      | <u>1,081</u>                            | <u>(122)</u>                           | <u>(3,405)</u>               | <u>23,955</u>          |
| <b>Assets</b>                              |                                    |   |  |                              |                        |
| Investment in joint ventures               | -                                  | 1,303                                   | -                                      | -                            | 1,303                  |
| Additions to non-current assets            | 23,550                             | -                                       | -                                      | -                            | 23,550                 |
| Segment assets                             | <u>212,834</u>                     | <u>103,838</u>                          | <u>3,521</u>                           | <u>25,282</u>                | <u>345,475</u>         |
| <b>Segment liabilities</b>                 | <u>124,515</u>                     | <u>17,210</u>                           | <u>28</u>                              | <u>2,331</u>                 | <u>144,084</u>         |
| <b>FY2016</b>                              |                                    |   |  |                              |                        |
| Sales to external customers                | 117,590                            | 362                                     | 186                                    | -                            | 118,138                |
| Inter-segment ^                            | 464                                | -                                       | -                                      | (464)                        | -                      |
|  | <u>118,054</u>                     | <u>362</u>                              | <u>186</u>                             | <u>(464)</u>                 | <u>118,138</u>         |
| <b>Results</b>                             |                                    |   |  |                              |                        |
| Depreciation                               | 2,355                              | -                                       | -                                      | -                            | 2,355                  |
| Fair value loss on investment properties   | -                                  | -                                       | 250                                    | -                            | 250                    |
| Dividend income from investment securities | -                                  | -                                       | -                                      | 130                          | 130                    |
| Interest income                            | -                                  | -                                       | -                                      | 4,319                        | 4,319                  |
| Share of results of joint venture          | -                                  | 11,548                                  | -                                      | -                            | 11,548                 |
| Segment profit                             | <u>29,873</u>                      | <u>11,587</u>                           | <u>(120)</u>                           | <u>(1,009)</u>               | <u>40,331</u>          |
| <b>Assets</b>                              |                                    |   |  |                              |                        |
| Investment in joint ventures               | -                                  | 15,313                                  | -                                      | -                            | 15,313                 |
| Additions to non-current assets            | 5,172                              | -                                       | -                                      | -                            | 5,172                  |
| Segment assets                             | <u>221,769</u>                     | <u>80,569</u>                           | <u>19,475</u>                          | <u>50,056</u>                | <u>371,869</u>         |
| <b>Segment liabilities</b>                 | <u>108,081</u>                     | <u>16,490</u>                           | <u>713</u>                             | <u>1,561</u>                 | <u>126,845</u>         |

<sup>^</sup>Inter-segment revenues are eliminated on consolidation.

The Group's revenue from external customers was principally generated from Singapore. Accordingly, no geographical segment assets and revenue from customers' information are presented.



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

Please refer to paragraph 8.

16. **A breakdown of sales as follows:-**

|  | < ----- Group ----- ><br>Financial Year ended 31 Dec |        | Increase/<br>(Decrease)<br>(%) |
|--|--|--------|--------------------------------|
|  | 2017   | 2016   |                                |
|  | \$'000   | \$'000 |                                |
| (a) Sales reported for first half year   | 51,164   | 55,237 | -7%                            |
| (b) Operating profit after tax before deduction minority interests reported for first half year  | 2,509  | 12,455 | -80%                           |
| (c) Sales reported for second half year  | 99,919   | 62,901 | +59%                           |
| (d) Operating profit after tax before deduction minority interests reported for second half year | 17,268   | 23,477 | -26%                           |

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

|   | Latest Full Year<br>FY2017 | Previous Full Year<br>FY2016 |
|---|----------------------------|------------------------------|
|   | \$'000                     | \$'000                       |
| Proposed first and final dividend (Tax exempt 1-tier) | 9,180*                     | 12,749                       |
| Proposed Special dividend(Tax exempte 1-tier)         | -                          | 50,998                       |

\*subject to shareholders' approval at the forthcoming Annual General Meeting



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(13) in the format below. If there are no such persons, the issuer must make an appropriate negative statement.**

| Name           | Age | Family relationship with any director and/or substantial shareholder  | Current position and duties, and the year the position was held  | Details of changes in duties and position held, if any, during the year |
|----------------|-----|---|--|---|
| Chua Hua Hong  | 66  | Brother of Mr Chua Leong Hai, substantial shareholder, Executive director and CEO of the Company and uncle of Ms Chua Siok Peng, Executive Director of the Company. | Joined the Group since 1975. Mr Chua Hua Hong is the Logistic Manager, responsible for deployment and maintenance of plant and equipments.                             | Stepped down as department head in 2017.                                |
| Chua Chee Yong | 51  | Nephew of Mr Chua Leong Hai, substantial shareholder, Executive director and CEO of the Company and cousin of Ms Chua Siok Peng, Executive Director of the Company. | Joined the Group since 1986. Mr Chua Chee Yong is the Senior Manager-, Logistic, responsible for fleet management, deployment and maintenance of plant and equipments. | In charge of the Logistic Department with effect from 2017.             |

19. **Confirmation that the issuer has procured undertakings from all its directors and executive officers pursuant to Rule 720(1) of the Listing Manual.**

The Company has procured undertakings on 24 February 2016 in the format set out in Appendix 7.7 from all its directors and the executive officers under Rule 720(1) of the Listing Manual.

BY ORDER OF THE BOARD

CHUA LEONG HAI

Executive Director and CEO  
26 February 2018