

**Hock Lian Seng Holdings Limited**

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Company Registration Number 20090890E

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**FINANCIAL STATEMENTS AND RELATED ANNOUNCEMENT FOR THE FINANCIAL  
YEAR ENDED 31 DECEMBER 2015**

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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 |
|  | 31.12.2015           | 31.12.2014 |        |
|  | \$'000               | \$'000     | %      |
| Revenue  | 174,762              | 261,613    | -33.2% |
| Cost of sales                                  | (136,012)            | (164,064)  | -17.1% |
| Gross profit                                   | 38,750               | 97,549     | -60.3% |
| Other income                                   | 4,174                | 2,627      | 58.9%  |
| Distribution and selling costs                 | (265)                | (942)      | -71.9% |
| Administrative costs                           | (6,179)              | (7,002)    | -11.8% |
| Changes in fair value of investment properties | (2,381)              | (4,300)    | -44.6% |
| Changes in fair value of investment securities | 535                  | (279)      | nm     |
| Other operating costs                          | (255)                | (257)      | -0.8%  |
| Share of results of joint venture              | 8,012                | 43         | nm     |
| Profit before taxation                         | 42,391               | 87,439     | -51.5% |
| Tax expenses                                   | (5,691)              | (14,819)   | -61.6% |
| Profit after taxation                          | 36,700               | 72,620     | -49.5% |
| Attributable to:                               |                      |            |        |
| Equity holders of the Company                  | 36,700               | 72,620     | -49.5% |

n.m. : - not meaningful

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## Consolidated statement of comprehensive income

|  | Group                |               |
|--|----------------------|---------------|
|  | Financial year ended |               |
|  | 31.12.2015           | 31.12.2014    |
|  | \$'000               | \$'000        |
| Profit after taxation  | 36,700               | 72,620        |
| Other comprehensive income:                                    |                      |               |
| Items that may be reclassified subsequently to profit or loss: |                      |               |
| Available-for-sale financial assets                            |                      |               |
| - net change in fair value                                     | (41)                 | 12            |
| Other comprehensive income                                     | (41)                 | 12            |
| Total comprehensive income                                     | <u>36,659</u>        | <u>72,632</u> |
| Attributable to:   |                      |               |
| Equity holders of the Company                                  | <u>36,659</u>        | <u>72,632</u> |

### 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 |            |
|   | 31.12.2015           | 31.12.2014 |
|   | \$'000               | \$'000     |
| Depreciation of property, plant and equipment     | 1,905                | 1,688      |
| Gain on disposal of property, plant and equipment | (134)                | (75)       |
| Interest income                                   | (3,496)              | (2,198)    |
| Treasury notes early redemption fee               | -                    | (180)      |
| Dividend income from investment securities        | (93)                 | (101)      |
| Fair value changes on investment properties       | 2,381                | 4,300      |
| Fair value changes on investment securities       | (535)                | 279        |



**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        |                |
|---|----------------|----------------|----------------|----------------|
|   | 31.12.2015     | 31.12.2014     | 31.12.2015     | 31.12.2014     |
|   | \$'000         | \$'000         | \$'000         | \$'000         |
| <b>Non-current assets</b>                         |                |                |                |                |
| Property, plant and equipment                     | 8,902          | 7,893          | -              | -              |
| Subsidiary companies                              | -              | -              | 37,814         | 37,814         |
| Investment in joint venture                       | 5,265          | 30             | -              | -              |
| Investment properties                             | 3,350          | 4,350          | -              | -              |
| Investment securities (non-current)               | 24,482         | 25,061         | -              | -              |
| Deferred tax assets                               | 6,897          | 6,978          | -              | -              |
|   | <b>48,896</b>  | <b>44,312</b>  | <b>37,814</b>  | <b>37,814</b>  |
| <b>Current assets</b>                             |                |                |                |                |
| Development properties                            | 46,710         | 73,520         | -              | -              |
| Contract work-in-progress                         | 12,103         | 6,696          | -              | -              |
| Trade receivables                                 | 6,435          | 42,415         | -              | -              |
| Other receivables                                 | 764            | 909            | 10,424         | 41,108         |
| Amounts due from a joint venture partner          | 43             | 87             | -              | -              |
| Amounts due from a joint venture                  | 60,457         | 53,230         | -              | -              |
| Prepayments and deposits                          | 432            | 9,580          | -              | -              |
| Investment securities (current)                   | 8,747          | 2,710          | -              | -              |
| Cash and short term deposits                      | 156,907        | 165,538        | 57,350         | 25,491         |
|   | <b>292,598</b> | <b>354,685</b> | <b>67,774</b>  | <b>66,599</b>  |
| <b>Current liabilities</b>                        |                |                |                |                |
| Trade and other payables                          | 50,827         | 61,318         | 476            | 4,319          |
| Loans and borrowings                              | 51             | 4,992          | -              | -              |
| Amounts due to a joint venture partner            | 38             | 109            | -              | -              |
| Advance payment received for construction project | -              | 8,318          | -              | -              |
| Progress billings in excess of work-in-progress   | 1,828          | 3,108          | -              | -              |
| Progress billings to customers                    | -              | 46,986         | -              | -              |
| Provisions  | 45,388         | 45,376         | -              | -              |
| Provision for taxation                            | 6,235          | 22,196         | 33             | 12             |
|   | <b>104,367</b> | <b>192,403</b> | <b>509</b>     | <b>4,331</b>   |
| <b>Net current assets</b>                         | <b>188,231</b> | <b>162,282</b> | <b>67,265</b>  | <b>62,268</b>  |
| <b>Non-current liabilities</b>                    |                |                |                |                |
| Loans and borrowings                              | 15,503         | -              | -              | -              |
| Deferred income                                   | -              | 1,227          | -              | -              |
| Deferred tax liabilities                          | -              | 3              | -              | -              |
|   | <b>15,503</b>  | <b>1,230</b>   | <b>-</b>       | <b>-</b>       |
| <b>Net assets</b>                                 | <b>221,624</b> | <b>205,364</b> | <b>105,079</b> | <b>100,082</b> |
| <b>Equity</b>                                     |                |                |                |                |
| Share capital                                     | 58,956         | 58,956         | 58,956         | 58,956         |
| Capital reserve                                   | 1,000          | 1,000          | -              | -              |
| Fair value adjustment reserve                     | (41)           | -              | -              | -              |
| Accumulated profits                               | 177,948        | 161,647        | 46,123         | 41,126         |
| Merger deficit                                    | (16,239)       | (16,239)       | -              | -              |
| <b>Total equity</b>                               | <b>221,624</b> | <b>205,364</b> | <b>105,079</b> | <b>100,082</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 2015 |                       | As at 31 December 2014 |                       |
|------------------------|-----------------------|------------------------|-----------------------|
| Secured<br>(\$'000)    | Unsecured<br>(\$'000) | Secured<br>(\$'000)    | Unsecured<br>(\$'000) |
| 51                     | -                     | 4,992                  | -                     |

Amount repayable after one year

| As at 31 December 2015 |                       | As at 31 December 2014 |                       |
|------------------------|-----------------------|------------------------|-----------------------|
| Secured<br>(\$'000)    | Unsecured<br>(\$'000) | Secured<br>(\$'000)    | Unsecured<br>(\$'000) |
| 15,503                 | -                     | -                      | -                     |

Details of collateral:

As at 31 December 2015, the Group's non-current secured borrowings of \$15,490,000 was obtained for the purpose of a property development project, which was secured over the development site at Tuas.

The other secured borrowings of \$64,000 (current: \$51,000 and non current: \$13,000) relate to hire purchase creditor secured by way of rights to the leased asset under the agreement.



**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 |                 |
|  | 31.12.2015           | 31.12.2014      |
|  | \$'000               | \$'000          |
| <b>Cash flows from operating activities</b>                        |                      |                 |
| Profit before taxation   | 42,391               | 87,439          |
| Adjustments :  |                      |                 |
| Depreciation of property, plant and equipment                      | 1,905                | 1,487           |
| Allowance for doubtful receivables                                 | 34                   | -               |
| Gain on disposal of property, plant and equipment                  | (134)                | (75)            |
| Fair value changes on investment properties                        | 2,381                | 4,300           |
| Fair value changes on investment securities                        | (535)                | 279             |
| Share of results of joint venture                                  | (8,012)              | (43)            |
| Interest income  | (3,496)              | (2,198)         |
| Interest expense   | 3                    | -               |
| Dividend income from investment securities                         | (93)                 | (101)           |
| <b>Operating cash flows before working capital changes</b>         | <b>34,444</b>        | <b>91,088</b>   |
| (Increase)/decrease in:  |                      |                 |
| Contract work-in-progress  | (5,407)              | (2,400)         |
| Development properties   | 26,810               | 84,354          |
| Trade receivables  | 35,946               | (24,350)        |
| Other receivables  | 198                  | 349             |
| Prepayments and deposits   | 9,148                | (7,417)         |
| Increase/(decrease) in:  |                      |                 |
| Trade and other payables and provisions                            | (9,161)              | 44,915          |
| Progress billings to customers                                     | (46,986)             | (25,434)        |
| Progress billings in excess of work-in-progress                    | (1,280)              | (54,600)        |
| Advance payments received for construction project                 | (8,318)              | 8,318           |
| <b>Cash flows generated from operations</b>                        | <b>35,394</b>        | <b>114,823</b>  |
| Interest received  | 1,175                | 1,252           |
| Income tax paid  | (21,573)             | (5,345)         |
| <b>Net cash flows generated from operating activities</b>          | <b>14,996</b>        | <b>110,730</b>  |
| <b>Cash flows from investing activities</b>                        |                      |                 |
| Purchases of property, plant and equipment                         | (2,995)              | (2,383)         |
| Acquisition of investment property                                 | (1,381)              | -               |
| Amount due from a joint venture partner (net)                      | (27)                 | 106             |
| Amounts due from joint ventures                                    | (6,014)              | (1,686)         |
| Income received from jointly controlled entity                     | 25                   | 75              |
| Purchases of investment securities (Held-to-maturity)              | (4,974)              | (7,508)         |
| Proceeds from disposal of property, plant and equipment            | 215                  | 331             |
| Proceeds from maturity of investment securities (Held-to-maturity) | -                    | 3,501           |
| Interest received from investment securities (Held-to-maturity)    | 1,271                | 607             |
| Dividend income received from investment securities                | 93                   | 101             |
| <b>Net cash flows used in investing activities</b>                 | <b>(13,787)</b>      | <b>(6,856)</b>  |
| <b>Cash flows from financing activities</b>                        |                      |                 |
| Dividend paid  | (20,399)             | (9,180)         |
| Repayment of bank loans  | (4,992)              | (31,934)        |
| Proceeds from bank loans   | 15,590               | -               |
| Repayment of obligations under finance lease                       | (39)                 | -               |
| <b>Net cash flows used in financing activities</b>                 | <b>(9,840)</b>       | <b>(41,114)</b> |
| Net (decrease)/increase in cash and cash equivalents               | (8,631)              | 62,760          |
| Cash and cash equivalents, Beginning Balance                       | 165,538              | 102,778         |
| <b>Cash and cash equivalents, Ending Balance</b>                   | <b>156,907</b>       | <b>165,538</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

Group

|                             | Share capital | Capital reserve | Accumulated profits | Fair value adjustment reserve | Merger deficit  | Total equity   |
|-----------------------------|---------------|-----------------|---------------------|-------------------------------|-----------------|----------------|
|                             | \$'000        | \$'000          | \$'000              | \$'000                        | \$'000          | \$'000         |
| <b>At 1 January 2015</b>    | 58,956        | 1,000           | 161,647             | -                             | (16,239)        | 205,364        |
| Total comprehensive income  | -             | -               | 36,700              | (41)                          | -               | 36,700         |
| Dividend on ordinary shares | -             | -               | (20,399)            | -                             | -               | (20,399)       |
| <b>At 31 December 2015</b>  | <b>58,956</b> | <b>1,000</b>    | <b>177,948</b>      | <b>(41)</b>                   | <b>(16,239)</b> | <b>221,624</b> |
| <b>At 1 January 2014</b>    | 58,956        | 1,000           | 98,207              | (12)                          | (16,239)        | 141,912        |
| Total comprehensive income  | -             | -               | 72,620              | 12                            | -               | 72,632         |
| Dividend on ordinary shares | -             | -               | (9,180)             | -                             | -               | (9,180)        |
| <b>At 31 December 2014</b>  | <b>58,956</b> | <b>1,000</b>    | <b>161,647</b>      | <b>-</b>                      | <b>(16,239)</b> | <b>205,364</b> |

Company

|                             | Share capital | Accumulated profits | Total Equity   |
|-----------------------------|---------------|---------------------|----------------|
|                             | \$'000        | \$'000              | \$'000         |
| <b>At 1 January 2015</b>    | 58,956        | 41,126              | 100,082        |
| Total comprehensive income  | -             | 25,396              | 25,396         |
| Dividend on ordinary shares | -             | (20,399)            | (20,399)       |
| <b>At 31 December 2015</b>  | <b>58,956</b> | <b>46,123</b>       | <b>105,079</b> |
| <b>At 1 January 2014</b>    | 58,956        | 12,289              | 71,245         |
| Total comprehensive income  | -             | 38,017              | 38,017         |
| Dividend on ordinary shares | -             | (9,180)             | (9,180)        |
| <b>At 31 December 2014</b>  | <b>58,956</b> | <b>41,126</b>       | <b>100,082</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 convertible, as well as the number of shares held as treasury shares, 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   | Issued and paid-up capital (\$) |
|---|--------------------|---------------------------------|
| Issued and fully paid shares as at 31 December 2014 and at 31 December 2015 | <u>509,978,991</u> | <u>58,955,522</u>               |

There were no changes in the Company's share capital for the financial year ended 31 December 2015.

There were no outstanding treasury shares as at 31 December 2015.

**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 2015   | As at<br>31 December 2014 |
|---|--------------------|---------------------------|
| 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, disposals, cancellation and/or use of treasury shares 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 FY2014.



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 2015. 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 ----- ><br>Financial year ended |             |
|---|---|-------------|
|   | 31.12.2015                                    | 31.12.2014  |
| Earnings attributable to equity holders of the Company (\$'000)                               | 36,700  | 72,620      |
| 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)                               | 7.2   | 14.2        |
| Fully diluted EPS attributable to equity holders of the Company (cents)                       | 7.2   | 14.2        |

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 |             |
|---|----------------|-------------|------------------|-------------|
|   | 31.12.2015     | 31.12.2014  | 31.12.2015       | 31.12.2014  |
| NAV per ordinary share (cents)                        | 43.5           | 40.3        | 20.6             | 19.6        |
| 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 2015 compared with FY 2014 Performance and segmental review

##### Revenue

| In \$' million        | FY 2015 | %     | FY 2014 | %     |
|-----------------------|---------|-------|---------|-------|
| Civil Engineering     | 77.4    | 44.3  | 57.4    | 21.9  |
| Property Development  | 89.5    | 51.2  | 193.5   | 74.0  |
| Investment Properties | 7.9     | 4.5   | 10.7    | 4.1   |
|                       | 174.8   | 100.0 | 261.6   | 100.0 |

Revenue decreased by \$86.8 million (33%) to \$174.8 million for the current financial year, mainly attributed to the 54% drop in the revenue from the Property Development segment. Ark@KB which was completed and fully recognised in 2015 was a much smaller project compared to the Ark@Gambas which was recognised in FY2014. The decrease in the revenue for Property Development segment was partially offset by the higher revenue from the Civil Engineering. As the construction of the Maxwell station and Airport project has picked up in 2015 and the construction for Stable Yard at Gali Batu has commenced in 2015. The revenue from Investment property segment was mainly rental income from workers' dormitory, revenue was lower as the dormitory has ceased operation in November 2015 due to lease expiry.

##### Gross Profit

| In \$' million        | FY 2015 | FY 2014 |
|-----------------------|---------|---------|
| Civil Engineering     | 11.0    | 37.5    |
| Property Development  | 22.3    | 52.6    |
| Investment Properties | 5.4     | 7.4     |
|                       | 38.7    | 97.5    |

Gross profit decreased by \$58.8 million (60%) to \$38.7 million for FY2015. The lower gross profit was attributed to lower revenue of Property development segment, lower gross margin from the existing projects from Civil Engineering segment.

Other income increased by \$1.6 million (+59%) to \$4.2 million, this was mainly due to the higher interest income of \$1.3 million.

Distribution cost reduced by \$0.6 million to \$0.3 million in FY2015, in line with lower sales from Property Development segment.

Administrative expenses was \$0.8 million (12%) lower than previous year due to the lower performance bonus accrued in line with the drop in profit, partially offset by the higher staff cost.

The decrease in the fair value of investment properties was mainly related to the fair value loss on the workers' dormitory. The workers' dormitory had been demolished in 4<sup>th</sup> quarter 2015.

The share of result of joint venture was \$8.0 million, compared to \$43,000 recorded for FY2014. This was mainly due to the increased sales and further progress in the construction works for the Skywoods project. The construction of the project is about 97% completed and 85% sold as end of December 2015. This private residential project is recognised by percentage of completion method.



Profit before taxation decreased by \$45.0 million to \$42.4 million, resulting mainly from the lower revenue from Property development segment and lower gross margin for Civil Engineering Segment, partially offset by the higher profit sharing from the Joint Venture in the residential development project.

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

The main movements are:

- Increase in property, plant and equipment of 1.1 million, was mainly due to the various plant and equipments to meet the requirement of the infrastructure projects.
- Increase in joint venture was due to the profit recognition of the Joint Venture residential development project, The Skywoods.
- Decrease in investment property by \$1.0 million was due to the write off the worker dormitory offset by acquisition of one workshop unit at Ark@KB (classified as property, plant and equipment in previous quarter report). The management believes that it is more beneficial to hold the workshop for rental income.
- Increase in investment securities (total of current and non-current) by \$5.4 million, was mainly due to the acquisition of the held-to-maturity securities. About \$5.5 million treasury notes were reclassified to current assets as they are due for redemption in 2016.
- Increase in contract work-in-progress as it include the retention sum of the completed Jalan Gali Batu JV project and higher progress billing in December 2015 for civil engineering projects. The December 2015's progress billings was subsequently certified by clients and transferred to trade receivable after year end.
- Decrease in development properties by \$26.8 million mainly due to the sale of units of Ark@Kb offset by the addition of Tuas site acquisition and construction cost incurred.
- Decrease in trade receivables by \$38.6 million mainly due to the progress billings at year end of 2014 for Ark@Gambas project while there was no such billing in December 2015.
- Decrease in Prepayment and deposits by \$9.0 million was mainly due to the transfer of down payment for Tuas site to development properties upon completion of land acquisition.
- Advance payment received for construction project of \$8.3 million has been fully utilised as at 31 December 2015 as the construction project progressed.
- Decrease in progress billing to customers was due to the sales recognition for Ark@KB.
- The short term bank loan of \$5.0 million as at end of December 2014 for Ark@Gambas was fully repaid and the Long term bank loan of \$15.5 million as at end of December 2015 relates to the land loan for Tuas site. The remaining borrowings of \$0.1 million relates to the hire purchase creditor.
- Net decrease of cash and short term deposits of \$8.6 million for the current financial year was mainly due to the dividend payment of \$20.4 million and repayment of bank loans of \$5 million, additional \$6.0 million loan to Joint Venture company for the funding for the marketing cost of The Skywoods and about \$7.0 million outflow for investment in held-to-maturity securities and acquisition of plant and equipment, offset by the cash generated from operating activities mainly arising from TOP of Ark@KB of \$15.2 million and proceeds from bank loan of \$15.5 million for the Tuas site.

### **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 2015.



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 2015, the Group's order book for on-going projects of civil engineering segment was approximately \$382 million for the Maxwell station, Changi Airport project and Stabling at Gali Batu Depot. The construction of the Group's new industrial development property at Tuas has commenced and expected to be completed in 2018.

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 recommended for the current financial period reported on ?**

Yes.

|                                      |                               |
|--------------------------------------|-------------------------------|
| Name of dividend                     | Proposed first and final      |
| Dividend type                        | Cash                          |
| Dividend amount per share (in cents) | 2.5 cents per ordinary shares |
| 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                     | Proposed first and final      |
| Dividend type                        | Cash                          |
| Dividend amount per share (in cents) | 4.0 cents per ordinary shares |
| Tax rate                             | Tax exempt (one tier)         |

- (c) **Date payable**

The proposed first and final dividend, if approved at the next Annual General Meeting to be held on 26 April 2016, will be paid on 20 May 2016.

- (d) **Books closure date**

The Share Transfer Books and Register of Members of Hock Lian Seng Holding Limited ("the Company") will be closed on 6 May 2016.

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>241  | \$'000<br>Nil  |

14. **Update on use of IPO proceeds**

The Company has fully utilized the proceeds from the IPO as at 30 June 2015 (Please refer to result announcement for 1H 2015 released on 5 August 2015).



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

**15. 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>FY2015</b>                              |                                    |   |  |                              |                        |
| Sales to external customers                | 77,303                             | 89,541                                  | 7,918                                  | -                            | 174,762                |
| Inter-segment ^                            | 776                                | -                                       | -                                      | (776)                        | -                      |
|  | <u>78,079</u>                      | <u>89,541</u>                           | <u>7,918</u>                           | <u>(776)</u>                 | <u>174,762</u>         |
| <b>Results</b>                             |                                    |   |  |                              |                        |
| Depreciation                               | 1,904                              | 1                                       | -                                      | -                            | 1,905                  |
| Fair value loss on investment properties   | -                                  | -                                       | 2,381                                  | -                            | 2,381                  |
| Dividend income from investment securities | -                                  | -                                       | -                                      | 93                           | 93                     |
| Interest income                            | -                                  | -                                       | -                                      | 2,376                        | 2,376                  |
| Segment profit                             | <u>12,058</u>                      | <u>30,121</u>                           | <u>2,975</u>                           | <u>(2,763)</u>               | <u>42,391</u>          |
| <b>Assets</b>                              |                                    |   |  |                              |                        |
| Additions to non-current assets            | 2,995                              | -                                       | -                                      | -                            | 2,995                  |
| Segment assets                             | <u>154,467</u>                     | <u>138,287</u>                          | <u>3,350</u>                           | <u>44,590</u>                | <u>340,694</u>         |
| <b>Segment liabilities</b>                 | <u>83,828</u>                      | <u>29,771</u>                           | <u>32</u>                              | <u>6,239</u>                 | <u>119,870</u>         |
| <b>FY2014</b>                              |                                    |   |  |                              |                        |
| Sales to external customers                | 57,417                             | 193,529                                 | 10,667                                 | -                            | 261,613                |
| Inter-segment ^                            | 56,026                             | -                                       | -                                      | (56,026)                     | -                      |
|  | <u>113,443</u>                     | <u>193,529</u>                          | <u>10,667</u>                          | <u>(56,026)</u>              | <u>261,613</u>         |
| <b>Results</b>                             |                                    |   |  |                              |                        |
| Depreciation                               | 1,684                              | 4                                       | -                                      | -                            | 1,688                  |
| Fair value loss on investment properties   | -                                  | -                                       | 4,300                                  | -                            | 4,300                  |
| Dividend income from investment securities | -                                  | -                                       | -                                      | 101                          | 101                    |
| Interest income                            | -                                  | -                                       | -                                      | 2,198                        | 2,198                  |
| Segment profit                             | <u>39,230</u>                      | <u>51,728</u>                           | <u>3,101</u>                           | <u>(6,621)</u>               | <u>87,438</u>          |
| <b>Assets</b>                              |                                    |   |  |                              |                        |
| Additions to non-current assets            | 2,383                              | -                                       | -                                      | -                            | 2,383                  |
| Segment assets                             | <u>134,271</u>                     | <u>224,797</u>                          | <u>5,713</u>                           | <u>34,778</u>                | <u>399,559</u>         |
| <b>Segment liabilities</b>                 | <u>106,401</u>                     | <u>65,306</u>                           | <u>285</u>                             | <u>22,203</u>                | <u>194,195</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.



**16. 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.

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

|  | < ----- Group ----- >               |         | Increase/<br>(Decrease)<br>(%) |
|--|-------------------------------------|---------|--------------------------------|
|  | Financial Year ended 31 Dec<br>2015 | 2014    |                                |
|  | \$'000                              | \$'000  |                                |
| (a) Sales reported for first half year   | 125,283                             | 28,542  | +339%                          |
| (b) Operating profit after tax before deduction minority interests reported for first half year  | 25,060                              | 3,631   | +590%                          |
| (c) Sales reported for second half year  | 49,479                              | 233,071 | -79%                           |
| (d) Operating profit after tax before deduction minority interests reported for second half year | 11,640                              | 68,989  | -83%                           |

**18. 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>FY2015 | Previous Full Year<br>FY2014 |
|---|----------------------------|------------------------------|
|   | \$'000                     | \$'000                       |
| Proposed first and final dividend (Tax exempt 1-tier) | 12,749                     | 20,399                       |

**19. 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 Siok Peng | 41  | Daughter of Mr Chua Leong Hai, substantial shareholder, Executive director and CEO of the Company and sister of Mr Chua Aik Khoon, substantial shareholder of the Company. | Appointed in Nov 2012, as Senior Manager, Property Development , to oversee the property development projects and to assist CEO in sourcing and assessing viability of potential development projects | Appointed as Director of Hock Lian Seng Holdings Limited on 15 December 2015. |



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

We confirm that the Company has procured the undertakings from all its directors and the executive officer.

BY ORDER OF THE BOARD

CHUA LEONG HAI

Executive Director and CEO  
24 February 2016