
RESPONSE TO SGX-ST'S QUERY REGARDING FULL YEAR RESULTS ANNOUNCEMENT

In response to the query raised by Singapore Exchange Securities Trading Limited ("SGX-ST") in connection with the Company's Announcement on 12 February 2018 of our full year results for year ended 31 December 2017, the Board of Directors of the Company wishes to clarify as follows:-

SGX-ST's Query:

Please explain the variance in the amount of investments purchase amounting to \$295.09 million in 2017 compared to \$14.69 million in 2016, as well as the underlying investments involved.

Company's Response:

For ease of reference, we append below the section on "Investing activities" reported in the Consolidated Statement of Cash Flows for the year ended 31 December 2017:

	Group	
	2017	2016
	\$'000	\$'000
Investing activities		
Purchase of property, plant and equipment and investment properties	(1,340)	(430)
Dividends received	139	92
Purchase of investments	(295,085)	(14,685)
Proceeds from disposal and maturity of investments	304,426	25,344
Proceeds from disposal of property, plant and equipment and investment properties	-	92
Net cash generated from investing activities	8,140	10,413

All the underlying investments reported in the Consolidated Statement of Cash flow were Singapore Government Securities ("SGS") and MAS bills. These are part of the liquid assets, which the Company needs to maintain to meet the regulatory minimum liquid assets requirements.

The maintenance of the liquid assets ratio is an on-going requirement. Hence, any sale of SGS Bonds will need to be replaced with other qualifying liquid assets in order to meet the regulatory ratio.

When the Company sold a portion of our SGS Bond portfolio in the second Quarter of 2017 to optimise on the appreciation of the bond's prices, we replaced them mainly with very short term one-month MAS Bills. This resulted in the high cash flow movements during the last six months of 2017. They represented the cash flows for the monthly replacement of MAS bills matured during the period.

Please note the above is part of our proactive management of the liquid assets and does not represent the Company's participation in any undue risky activities.

As for 2016, there was no sale of SGS Bonds and our liquid assets ratio was maintained at a comfortable level. Therefore, there was minimum need for replacement of liquid assets as reflected in the lower cash flow amount.

Submitted by,

Chan Kum Kit
Company Secretary
Singapore, 5 March 2018