

KEONG HONG HOLDINGS LIMITED

Unaudited Financial Statement For The Three Months Ended 31 December 2015

*This announcement has been prepared by the Company and its contents have been reviewed by the Company's sponsor, PrimePartners Corporate Finance Pte. Ltd. (the "**Sponsor**") for compliance with the Singapore Exchange Securities Trading Limited ("**SGX-ST**") Listing Manual Section B: Rules of Catalist. The Sponsor has not verified the contents of this announcement.*

This announcement has not been examined or approved by the SGX-ST. The Sponsor and the SGX-ST assume no responsibility for the contents of this announcement including the accuracy, completeness or correctness of any of the information, statements or opinions made or reports contained in this announcement.

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PART I - INFORMATION REQUIRED FOR QUARTERLY (Q1, Q2 & Q3), HALF-YEAR AND FULL YEAR ANNOUNCEMENTS

1(a)(i) An income statement and statement of comprehensive income, or a statement of comprehensive income, for the group, together with a comparative statement for the corresponding period of the immediately preceding financial year.

	Group		
	Three months ended		
	31/12/2015 Unaudited S\$'000	31/12/2014 Unaudited S\$'000	+(-) %
Revenue	68,569	73,197	(6.3%)
Cost of sales	(61,159)	(65,638)	(6.8%)
Gross profit	7,410	7,559	(2.0%)
Other income	2,029	1,196	69.6%
Administration expenses	(2,862)	(1,679)	70.5%
Finance costs	(897)	(153)	486.3%
Share of results of associate, net of tax	11	(125)	n.m.
Profit before income tax	5,691	6,798	(16.3%)
Income tax expense	(924)	(1,124)	(17.8%)
Profit after tax for the financial year	4,767	5,674	(16.0%)
Other comprehensive income: <i>Items that may be reclassified subsequently to profit or loss</i>			
Exchange differences on translating of foreign operations	(10)	28	n.m.
Share of other comprehensive income of associate	56	-	n.m.
Other comprehensive income for the financial year, net of tax	46	28	64.3%
Total comprehensive income for the financial year	4,813	5,702	(15.6%)
Profit attributable to:			
Owners of the parent	4,784	5,671	(15.6%)
Non-controlling interests	(17)	3	n.m.
	4,767	5,674	(16.0%)
Total comprehensive income attributable to:			
Owners of the parent	4,835	5,685	(15.0%)
Non-controlling interests	(22)	17	29.4%
	4,813	5,702	(15.6%)

n.m. denotes not meaningful

1(a)(ii) Profit for the financial year is stated after charging/(crediting):

	Group Three months ended		
	31/12/2015 Unaudited S\$'000	31/12/2014 Unaudited S\$'000	+(-) %
Amortisation of intangible asset	2	4	(50.0%)
Amortisation of bond issuance cost	60	-	n.m.
Depreciation of property, plant and equipment	1,574	629	150.2%
Professional fees	80	88	(9.1%)
Operating lease expenses	89	140	(36.4%)
Share option expense	13	-	n.m.
Unrealised foreign exchange loss / (gain)	47	(109)	n.m.
Gain on disposal of plant and equipment	(7)	(133)	(94.7%)
Interest income	(761)	(445)	71.0%
(Over) / Under provision of tax in respect of prior years	(105)	2	n.m.

n.m. denotes not meaningful

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 As at		Company As at	
	31/12/2015 Unaudited S\$'000	30/09/2015 Audited S\$'000	31/12/2015 Unaudited S\$'000	30/09/2015 Audited S\$'000
Non-current assets				
Property, plant and equipment	27,995	29,217	-	-
Investments in subsidiaries	-	-	21,574	21,574
Investment in associates	23,138	23,071	-	-
Investments in joint ventures	787	93	-	-
Intangible assets	225	227	-	-
Convertible bond	4,857	4,808	4,856	4,808
Derivative on convertible bond	390	390	390	390
Available-for-sale financial assets	6,675	6,675	6,675	6,675
Finance lease receivables	999	1,030	-	-
Total non-current assets	65,065	65,511	33,495	33,447
Current assets				
Trade and other receivables	146,534	163,239	13,847	9,387
Due from contract customers	13,085	9,803	-	-
Current income tax recoverable	325	329	-	-
Finance lease receivables	125	124	-	-
Prepayments	369	482	11	3
Cash and cash equivalents	108,756	100,569	45,760	46,218
Total currents assets	269,194	274,546	59,618	55,608
Total assets	334,259	340,057	93,113	89,055
Equity				
Share capital	23,836	23,836	23,836	23,836
Treasury shares	(4,005)	(5,728)	(4,005)	(5,728)
Other reserves	(3,885)	(3,224)	167	879
Retained earnings	101,367	96,583	9,529	9,433
Equity attributable to owners of the parent	117,313	111,467	29,527	28,420
Non-controlling interests	1,255	1,277	-	-
Total equity	118,568	112,744	29,527	28,420
Non-current liabilities				
Bank borrowings	4,584	5,455	-	-
Finance lease payables	119	250	-	-
Medium term notes	49,414	49,355	49,414	49,355
Deferred tax liabilities	167	167	-	-
Total non-current liabilities	54,284	55,227	49,414	49,355
Current liabilities				
Due to contract customers	19,104	29,051	-	-
Due to subsidiaries	-	-	13,686	10,094
Trade and other payables	126,735	128,451	469	1,170
Bank borrowings	11,646	11,692	-	-
Finance lease payables	214	214	-	-
Current income tax payable	3,707	2,678	16	16
Total current liabilities	161,406	172,086	14,171	11,280
Total liabilities	215,691	227,313	63,585	60,635
Total equity and liabilities	334,259	340,057	93,112	89,055

1(b)(ii) Aggregate amount of group's borrowings and debt securities

Amount repayable in one year or less, or on demand

As at 31/12/2015 Unaudited		As at 30/9/2015 Audited	
Secured S\$'000	Unsecured S\$'000	Secured S\$'000	Unsecured S\$'000
11,646	-	11,692	-

Amount repayable after one year

As at 31/12/2015 Unaudited		As at 30/9/2014 Audited	
Secured S\$'000	Unsecured S\$'000	Secured S\$'000	Unsecured S\$'000
4,584	49,414	5,454	49,355

Details of collateral:

The Group's secured borrowings are secured by corporate guarantee, property and project proceeds in respect of the Company's construction projects.

The unsecured borrowings relates to net proceeds of S\$49.4 million from the issuance of S\$50 million 3-year Fixed Rate Notes ("**Term Notes**") on 15 June 2015 under Keong Hong Holdings Limited S\$150 million Multicurrency Medium Term Note Programme. The Term Notes bear interest of 6.00 per cent per annum payable semi-annually in arrear and will mature on 15 June 2018.

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 Three Months ended	
	31/12/2015 Unaudited S\$'000	31/12/2014 Unaudited S\$'000
Operating activities		
Profit before income tax	5,691	6,798
Adjustments for:		
Amortisation of intangible assets	2	4
Depreciation of property, plant and equipment	1,574	629
Amortisation of bond issuance cost	60	-
Gain on disposal of plant and equipment	(7)	(133)
Share option expense	13	-
Interest income	(761)	(445)
Interest expenses	897	153
Accretion of convertible bond discount	(49)	(45)
Share of result of associates	(11)	125
Operating cash flows before movements in working capital	7,409	7,086
Working Capital Changes:		
Trade and other receivables	14,107	(18,373)
Due from contract customers	(3,282)	2,232
Prepayments	114	37
Due to contract customers	(9,947)	1,813
Trade and other payables	(1,717)	13,771
Cash generated from operations	6,684	6,566
Income tax refunded /(paid)	105	(3)
Net cash generated from operating activities	6,789	6,563
Investing activities		
Investment in joint ventures	(694)	-
Purchase of plant and equipment	(367)	(3,327)
Proceeds from disposal of plant and equipment	7	154
Loan to associates	(2,400)	(5,521)
Loan to joint ventures	(3,000)	(1,283)
Repayment of loan from joint ventures	8,000	-
Interest received	761	445
Net cash generated from / (used in) investing activities	2,307	(9,532)

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 (Cont'd)**

	Group Three Months ended	
	31/12/2015 Unaudited S\$'000	31/12/2014 Unaudited S\$'000
Financing activities		
Fixed deposit pledged with financial institutions	-	(1)
Proceeds from finance lease receivables	31	-
Repayments of loans & borrowings	(917)	(3,707)
Issued of treasury shares	998	-
Purchase of treasury shares	-	(112)
Repayments of finance lease payables	(132)	(6)
Interest paid	(897)	(153)
Net cash used in financing activities	(917)	(3,979)
Net change in cash and cash equivalents	8,178	(6,948)
Cash and cash equivalents at the beginning of the financial period	100,339	38,498
Exchange difference on cash and cash equivalents	8	6
Cash and cash equivalents at end of the financial period	108,526	31,556

Cash and cash equivalents comprised of:

	31/12/2015 Unaudited S\$'000	31/12/2014 Unaudited S\$'000
Fixed deposits, cash and bank balances	108,756	31,785
Fixed deposits pledged	(230)	(229)
	108,526	31,556

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

Group (Unaudited)	Share capital S\$'000	Treasury shares S\$'000	Foreign currency translation accounts S\$'000	Share option reserve S\$'000	Merger reserve S\$'000	Available-for-sale reserve S\$'000	Other reserve S\$'000	Retained earnings S\$'000	Equity attributable to owners of the parent S\$'000	Non-controlling interest S\$'000	Total S\$'000
Balance at 1 October 2015	23,836	(5,728)	479	1,029	(4,794)	(150)	212	96,583	111,467	1,277	112,744
Profit for the financial period	-	-	-	-	-	-	-	4,784	4,784	(17)	4,767
Other comprehensive income for the financial period:											
Exchange differences on translating foreign operations	-	-	(5)	-	-	-	-	-	(5)	(5)	(10)
Share of other comprehensive income of associates	-	-	-	-	-	-	56	-	56	-	56
Total comprehensive income for the period	-	-	(5)	-	-	-	56	4,784	4,835	(22)	4,813
Contribution by and distribution to owners of the parents:											
Issued of treasury shares	-	1,723	-	(725)	-	-	-	-	998	-	998
Purchase of treasury shares	-	-	-	-	-	-	-	-	-	-	-
Grant of share option to employees	-	-	-	13	-	-	-	-	13	-	13
Total transactions with owners of the parent	-	-	-	(712)	-	-	-	-	1,011	-	1,011
Balance at 31 December 2015	23,836	(4,005)	474	317	(4,794)	(150)	268	101,367	117,313	1,255	118,568

	Share capital	Treasury Shares	Foreign currency translation account	Share option reserve	Merger reserve	Retained earnings	Equity attributable to owners of the parent	Non-controlling interests	Total
Group (Unaudited)	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
Balance at 1 October 2014	23,836	(2,425)	(24)	479	(4,794)	62,567	79,639	497	80,136
Profit for the financial period	-	-	-	-	-	5,671	5,671	3	5,674
Other comprehensive income for the financial period:	-	-	-	-	-	-	-	-	-
Exchange differences on translating foreign operations	-	-	14	-	-	-	14	14	28
Exchange differences on translating foreign operations	-	-	14	-	-	-	14	14	28
Total comprehensive income for the period	-	-	14	-	-	5,671	5,685	17	5,702
Contribution by and distribution to owners of the parent:									
Dividends	-	-	-	-	-	-	-	-	-
Purchase of treasury shares	-	(112)	-	-	-	-	(112)	-	(112)
Grant of share options to employees	-	-	-	-	-	-	-	-	-
Total transactions with owners of the parent	-	(112)	-	-	-	-	(112)	-	(112)
Balance at 31 December 2014	23,836	(2,537)	(10)	479	(4,794)	68,238	85,212	514	85,726

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

	Share capital S\$'000	Treasury Shares S\$'000	Share option reserve S\$'000	Available-for-sale reserve S\$'000	Retained earnings S\$'000	Total S\$'000
Company (Unaudited)						
Balance at 1 October 2015	23,836	(5,728)	1,029	(150)	9,433	28,420
Total comprehensive income for the financial period	-	-	-	-	96	96
Dividends	-	-	-	-	-	-
Issued of treasury shares	-	1,723	(725)	-	-	998
Grant of share options to employees	-	-	13	-	-	13
Balance at 31 December 2015	23,836	(4,005)	317	(150)	9,529	29,527
Company (Unaudited)						
Balance at 1 October 2014	23,836	(2,425)	479	-	3,356	25,246
Total comprehensive income for the financial period	-	-	-	-	(140)	(140)
Purchase of treasury shares	-	(112)	-	-	-	(112)
Balance at 31 December 2014	23,836	(2,537)	479	-	3,216	24,994

- 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 convertibles, as well as the number of shares held as treasury shares of the issuer, 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	Share capital (S\$)
As at 1 October 2015	225,950,000	23,836,074
Share Option exercised during the financial period ⁽¹⁾	3,220,000	-
As at 31 December 2015	229,170,000	23,836,074

Note:

- (1) On 29 December 2015 and 30 November 2015, the Company transferred an aggregate of 3,220,000 treasury shares to share capital as a result of share options exercised under the Employee Share Option Scheme.

As at 31 December 2015, the Company held 10,830,000 treasury shares (31 December 2014: 7,050,000 treasury shares). The total number of issued shares (excluding treasury shares) of the Company was 229,170,000 as at 31 December 2015 and 232,950,000 as at 31 December 2014 respectively.

Employee Share Option Scheme (the "ESOS")

As at 31 December 2015, there were 2,855,000 outstanding options issued under the ESOS (31 December 2014: 6,825,000), which are convertible into 2,855,000 (31 December 2014: 6,825,000) shares.

Save for the options, the Company did not have any outstanding convertibles as at 31 December 2015 and 31 December 2014.

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

	31/12/2015 Unaudited	31/12/2014 Unaudited
Total number of issued shares	240,000,000	240,000,000
Treasury shares	(10,830,000)	(7,050,000)
Total number of issued shares, excluding treasury shares	229,170,000	232,950,000

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.

Movement of treasury shares:

	Company unaudited
As at 1 October 2015	14,050,0000
Transfer of treasury shares pursuant to the exercise of options under the ESOS	(3,220,000)
As at 31 December 2015	10,830,000

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

The figures have not been audited or reviewed by the Company's auditors.

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

Except as disclosed in note (5) below, the financial results for the current financial year reported on have been presented using the same accounting policies and methods of computation as in the Company's most recently audited financial statement as set out in the annual report for the financial year ended 30 September 2015.

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 new and revised Financial Reporting Standard ("**FRS**") and Interpretations of FRS ("**INT FRS**") that are relevant to its operations and effective for annual periods beginning on or after 1 October 2015, where applicable.

The adoption of these new/revised FRS and INT FRS did not result in any substantial change to the Group's accounting policies and has no material/significant impact on the financial statements of the Group for the current reporting period or prior years reporting period.

6. **Earnings per ordinary share of the group for the current period reported on and the corresponding period of the immediately preceding financial year, after deducting any provision for preference dividends.**
(a) Based on the weighted average number of ordinary shares on issue; and
(b) On a fully diluted basis (detailing any adjustments made to the earnings).

	Group	
	Three Months ended	
	31/12/2015 Unaudited	31/12/2014 Unaudited
Profit attributable to owners of the parent (S\$'000)	4,784	5,671
(i) Earnings per share ("EPS") - Basic (Singapore cents) ⁽¹⁾	2.12	2.43
Weighted average number of ordinary shares ⁽³⁾	226,102,283	233,011,957
(ii) Earnings per share ("EPS") – Diluted (Singapore cents) ⁽²⁾	2.10	2.37
Weighted average number of ordinary shares ⁽³⁾	227,788,474	239,153,258

Notes:

- (1) The calculation for the basic EPS for the relevant financial periods is based on the weighted average number of ordinary shares of the Company during the relevant financial periods.
- (2) The calculation for the diluted EPS is based on the weighted average number of ordinary shares of the Company after adjusting for dilution assuming the Options are fully exercised and converted into ordinary shares of the Company.
- (3) The figure was computed taking into account the shares bought back by the Company during the relevant financial period.

7. **Net asset value (for the issuer and group) per ordinary share based on the total number of issued share capital excluding treasury shares of the issuer at the end of the (a) current period reported on and (b) immediately preceding financial year**

	Group		Company	
	31/12/2015 Unaudited	30/09/2015 Audited	31/12/2015 Unaudited	30/09/2015 Audited
Net asset value per ordinary share (Singapore cents)	51.19	49.33	12.88	12.58
Number of issued shares excluding treasury shares at the end of the financial year	229,170,000	225,950,000	229,170,000	225,950,000

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.**

Review of the performance

Revenue

For the 3 months ended 31 December 2015 (“**1Q2016**”), revenue decreased by 6.3% to S\$68.6 million as compared to S\$73.2 million in the corresponding period ended 31 December 2014 (“**1Q2015**”). The decrease was due to lower recognition of revenue from construction projects as a result of the completion of 2 projects, namely Twin Waterfalls and Alexandra Central Phase 2, which received TOP on 2 June 2015 and 17 April 2015 respectively. In addition, two new projects, Raffles Hospital Extension and Parc Life, were at initial revenue recognition stage.

Gross Profit & Gross Profit Margin

Despite a 6.3% decrease in revenue in 1Q2016, gross profit for 1Q2016 decreased marginally by 2.0% or S\$0.2 million to S\$7.4 million as compared to S\$7.6 million in 1Q2015, as the Group managed to achieve a slightly better gross profit margin of 10.8% in 1Q2016 as compared to 10.3% in 1Q2015. The improvement in gross profit margin was largely attributable to retention sum received from completed projects and this was partially offset by depreciation expense of S\$1.0 million.

Other Income

Other income increased by 69.6% or S\$0.9 million from S\$1.2 million in 1Q2015 to S\$2.0 million in 1Q2016 mainly due to higher interest income generated from deposits in the banks and higher project management fee.

Administration Expenses

Administration expenses increased by 70.5% or S\$1.2 million to S\$2.9 million in 1Q2016 due mainly to depreciation expenses incurred for the Company's new light industry factory at Sungei Kadut of S\$0.6 million and higher staff cost.

Finance Costs

Finance costs increased by 486.3% or S\$0.7 million to S\$0.9 million in 1Q2016 as compared to 1Q2015 due mainly to interest accrued for the Term Notes.

Profit before Income Tax

As a result of lower revenue and higher administration expenses and finance costs, the Group's net profit before tax decreased by 16.3% or S\$1.1 million to S\$5.7 million in 1Q2016 as compared to S\$6.8 million in 1Q2015.

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.**
- (Cont'd)

Review of Financial Position

Non-Current Assets

Plant and equipment decreased from S\$29.2 million as at 30 September 2015 to S\$28.0 million as at 31 December 2015 due to depreciation expenses of S\$1.6 million. The decrease was partially offset by increase in acquisition of plant and equipment amounting to approximately S\$0.4 million.

Current Assets

Trade and other receivables decreased by S\$16.7 million from S\$163.2 million as at 30 September 2015 to S\$146.5 million as at 31 December 2015. The decrease is mainly due to a lower in-progress billings that is in line with lower revenue in 1Q2016, S\$8 million received for repayment of shareholders loan which is partially offset by additional shareholders loan extended to joint ventures and associates. The decrease in current assets was partially offset by an increase in amount due from contract customers of S\$3.3 million due to increase in unbilled revenue for work done in 1Q2016 largely from projects in the initial commencement stage.

Current Liabilities

Current liabilities decreased by S\$10.7 million from S\$172.1 million as at 30 September 2015 to S\$161.4 million as at 31 December 2015. This was mainly attributable to a decrease in amount due to contract customers of S\$9.9 million due to completion of a few projects in FY2015 and a decrease in trade and other payables of S\$1.7 million.

The working capital of the Group strengthened by S\$5.3 million from S\$102.5 million as at 30 September 2015 to S\$107.8 million as at 31 December 2015.

Non-Current Liabilities

The decrease in non-current liabilities of S\$0.9 million from S\$55.2 million as at 30 September 2015 to S\$54.3 million as at 31 December 2015 was due to repayment of bank borrowings.

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.**
- (Cont'd)

Review of Cash Flow Statement

For 1Q2016, the Group generated a positive operating cash flow of S\$7.4 million before movements in the working capital. After taking into consideration of changes in the working capital, which included a decrease of S\$14.1 million in trade and other receivables, an increase of S\$3.3 million in due from contract customers, and a decrease of S\$11.7 million in trade and other payables and amount due to contract customers, the Group generated a net cash inflow of S\$6.8 million from operating activities.

Net cash generated from investing activities of S\$2.3 million in 1Q2016 was mainly attributable to repayment of loans from joint ventures of S\$8.0 million and this was partially offset by further loan of S\$5.4 million extended to the Group's associates and joint ventures.

Net cash used in financing activities of S\$0.9 million in 1Q2016 was mainly due to net repayment of bank borrowings and interest paid. This was partially offset by proceeds received from share options exercised.

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

Not applicable as no forecast or prospect statement has been previously disclosed to shareholders.

10. **A commentary at the date of the announcement of the 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.**

Building Construction

The Building and Construction Authority ("BCA") projects the total construction demand for 2016 to be in the range of \$27.0 billion to \$34.0 billion, with about 65 per cent driven by public sector demand. Construction demand from the private sector this year is expected to slow down from previous years due to less favourable economic conditions and an increased supply of completed private housing projects and offices¹.

¹ BCA Media Release, "BCA estimates \$27 billion to \$34 billion worth of construction contracts to be awarded this year". Available at: http://www.bca.gov.sg/Newsroom/others/BCA_Media_Release_Prospects_150116.pdf

We have stepped up our efforts at securing public sector works. We have specifically targeted the institutional and healthcare sector which is in line with our strategic direction to have a diversified range of construction projects, aside from residential and hotel construction.

As at 31 December 2015, the Group's construction order book stood at approximately S\$395 million, providing the Group with a sustainable flow of activities through FY2018.

Property Development and Investment

Given the traditionally lull year-end period, executive condominium sales fell to a six-month low in December 2015². We expect the buying sentiment to pick up after Chinese New Year and plan to launch Parc Life in April 2016.

2016 remains to be a challenging year for property developers. While the Government's property cooling measures and rising interest rates will continue to moderate demand, it is the magnitude of the economic slowdown that is most likely to impact buying sentiment in 2016. Moving forward, we will continue to prospect for property investment opportunities both locally and overseas to further grow our business.

Towards this end, we entered into a sale and purchase agreement for a commercial building in Honmachi, Osaka, Japan in December 2015. The property will provide us an additional sustainable recurring income stream.

In January 2016, we successfully tendered for a land parcel at Siglap Road for residential condominium development jointly with FCL Topaz and Sekisui House Ltd. The three parties are in the process of forming a joint venture company for the development of this land parcel.

Hotel Development and Investment

The 68-villa Mercure Maldives Kooddoo Resort is expected to be completed in the second half of 2016. Construction of the upscale 120-villa Pullman Maldives Maamutaa Resort will commence this year and is expected to be completed in 2018.

The Holiday Inn Express Singapore Katong and Hotel Indigo Singapore Katong are expected to be operational this year. Besides the two hotels, the mixed-used development project at the former Joo Chiat Police Station site also includes food and beverage outlets and retail shops.

As tourism continues to be a major contributor to the global economy, we are actively seeking acquisition and development opportunities both in Singapore and abroad.

² URA Media Release, "Number of executive condominium units launched and sold in the quarter". Available at: <https://www.ura.gov.sg/uol/media-room/news/2016/jan/~media/User%20Defined/URA%20Online/media-room/2016/jan/pr16-06f.ashx>

11. Dividend

(a) Current Financial Period Reported On

None.

(b) Corresponding Period of the Immediately Preceding Financial Year

None.

(c) Date payable

Not applicable.

(d) Books closure date.

Not applicable.

12. If no dividend has been declared/recommendeded, a statement to that effect.

Not applicable.

13. If the Group has obtained a general mandate from shareholders for Interested Person Transactions (“IPT”), 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.

The Group does not have a general mandate for IPT. There was no IPT in 1Q2016.

14. Confirmation Pursuant to Rule 705(5) of the Listing Manual

To the best of its knowledge, nothing has come to the attention of the Board of Directors which may render the unaudited financial results of the Company and the Group for the first quarter and three months ended 31 December 2015 presented in this announcement, to be false or misleading in any material aspect.

By Order of the Board

Leo Ting Ping Ronald
Executive Chairman and Chief Executive Officer
3 February 2016