



**CSC HOLDINGS LIMITED**

Co Registration No. 199707845E

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## **RESPONSE TO QUERIES FROM SINGAPORE EXCHANGE SECURITIES TRADING LIMITED ON THE FINANCIAL STATEMENTS ANNOUNCEMENT FOR SECOND QUARTER ENDED 30 SEPTEMBER 2017**

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The Board of Directors (the “**Board**”) of CSC Holdings Limited (the “**Company**”, and collectively with its subsidiaries, the “**Group**”) refers its Financial Statements Announcement for Second Quarter Ended 30 September 2017 released on 9 November 2017 (“**2QFY18 Results Announcement**”). The Board would like to respond to the following queries raised by the Singapore Exchange Securities Trading Limited (the “**SGX-ST**”) on 21 November 2017 (each, a “**SGX-ST Query**”) as follows:

### **SGX-ST Query 1:**

It was disclosed on page 3 of the 2QFY18 Results Announcement that “the improvement in GPM reflected higher contract prices for the projects secured as demand for the foundation engineering works continued an upward trend”. Separately, it was disclosed on page 7 that “demand for construction services is expected to remain relatively muted, amid the long-drawn scarcity of private sector developments in recent years”. Please reconcile the increase in demand for the foundation engineering works with the comments on the muted industry trend and elaborate on the outlook for the Company’s prospects in the next reporting period and next 12 months.

### **Company’s Response:**

It was disclosed on page 3 of the 2QFY18 Results Announcement that:-

*“Gross profit for 1HFY18 and 2QFY18 were higher than their respective comparable periods, in line with the higher revenues recorded. The improvement in GPM reflected higher contract prices for the projects secured as demand for the foundation engineering works continued an upward trend.”*

The above commentary is to explain the improvement in the GPM for 1HFY18 and 2QFY18 as compared to the respective comparable periods (i.e. 1HFY17 and 2QFY17).

It was disclosed on page 7 of the 2QFY18 Results Announcement under the Outlook Section that:-

*“The Group maintains a cautious view of the prospects of the construction industry in the year ahead. Demand for construction services is expected to remain relatively muted, amid the long-drawn scarcity of private-sector developments in recent years. In this regard, the Group expects that the construction industry will continue to be supported by government spending in the infrastructure, residential and industrial sectors.”*

The above commentary is to provide an overview on the prospect of the construction industry in the year ahead.

**SGX-ST Query 2:**

It was noted that current trade and other receivables amounted to S\$147.3 million as at 30 September 2017 while revenue for 2QFY18 amounted to only S\$92.5 million. Please provide:

- breakdown between trade and other receivables as at 30 September 2017;
- reasons for the significant trade and other receivables which exceeds the revenue in 2QFY18; and
- the nature of the underlying transactions which resulted in the significant balance of other receivables as at 30 September 2017.

**Company's Response:**

The breakdown of the current trade and other receivables (in the same format as disclosed in the notes to the audited accounts for FY2017) are as follows:

	<b>As at 30 September 2017 \$'000</b>	<b>As at 31 March 2017 \$'000</b>
Trade receivables	49,654	47,639
Amount due from customers for contract works	87,013	80,643
Amount owing by related corporations (trade)	81	64
Total trade receivables	<u>136,748</u>	<u>128,346</u>
Other receivables	5,781	3,480
Deposits	4,024	4,844
Tax recoverable	240	266
Prepayments	502	351
	<u>147,295</u>	<u>137,287</u>

The total trade receivables' turnover days (net of retention sums) was approximately 123 days as of 30 September 2017 (31 March 2017: 152 days).

By Order of the Board

Lee Quang Loong  
Company Secretary

22 November 2017