



Gaobeidian Project – Sino-Singapore Health City



KSH Holdings Limited

(Company Registration Number: 200603337G)
(Incorporated in the Republic of Singapore on 9 March 2006)

UNAUDITED SECOND QUARTER AND HALF YEAR FINANCIAL STATEMENTS & DIVIDEND ANNOUNCEMENT FOR THE PERIOD ENDED 30 SEPTEMBER 2016

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.

INCOME STATEMENT	GROUP			GROUP		
	SECOND QUARTER ENDED		increase/ (decrease) %	HALF YEAR ENDED		increase/ (decrease) %
	30.09.2016 S\$'000	30.09.2015 S\$'000		30.09.2016 S\$'000	30.09.2015 S\$'000	
REVENUE						
Project revenue	66,840	60,460	10.6	126,852	120,700	5.1
Rental income from investment properties	1,347	1,630	(17.4)	2,810	3,240	(13.3)
	68,187	62,090	9.8	129,662	123,940	4.6
Other income	2,477	2,477	-	4,319	4,590	(5.9)
Cost of construction	(58,413)	(51,321)	13.8	(109,047)	(104,512)	4.3
Personnel expenses	(3,179)	(5,679)	(44.0)	(6,302)	(8,665)	(27.3)
Depreciation of property, plant and equipment	(498)	(518)	(3.9)	(997)	(993)	0.4
Finance costs	(818)	(1,735)	(52.9)	(1,989)	(3,259)	(39.0)
Other operating expenses	(1,639)	(2,140)	(23.4)	(3,813)	(3,742)	1.9
	(64,547)	(61,393)	5.1	(122,148)	(121,171)	0.8
Profit from operations before share of results of associates and joint ventures	6,117	3,174	92.7	11,833	7,359	60.8
Share of results of associates	2,719	22,216	(87.8)	8,486	29,374	(71.1)
Share of results of joint ventures	646	(93)	<i>nm</i>	546	(435)	<i>nm</i>
Profit before taxation	9,482	25,297	(62.5)	20,865	36,298	(42.5)
Tax expense	(1,409)	(2,050)	(31.3)	(2,512)	(2,780)	(9.6)
Net profit for the financial period	8,073	23,247	(65.3)	18,353	33,518	(45.2)
Attributable to:						
- Owners of the Company	7,981	23,160	(65.5)	18,192	33,344	(45.4)
- Non-controlling interests	92	87	5.7	161	174	(7.5)
	8,073	23,247	(65.3)	18,353	33,518	(45.2)

nm: not meaningful

1 (a) (i) STATEMENT OF COMPREHENSIVE INCOME

	GROUP			GROUP		
	SECOND QUARTER ENDED		increase/ (decrease) %	HALF YEAR ENDED		increase/ (decrease) %
	30.09.2016	30.09.2015		30.09.2016	30.09.2015	
	S\$'000	S\$'000		S\$'000	S\$'000	
Net profit for the financial period	8,073	23,247	(65.3)	18,353	33,518	(45.2)
Other comprehensive income:						
- Foreign currency translation	910	1,594	(42.9)	(2,508)	69	<i>nm</i>
Other comprehensive income for the financial period, net of tax	910	1,594	(42.9)	(2,508)	69	<i>nm</i>
Total comprehensive income for the financial period	8,983	24,841	(63.8)	15,845	33,587	(52.8)
Total comprehensive income attributable to:						
- Owners of the Company	8,715	24,418	(64.3)	16,167	33,442	(51.7)
- Non-controlling interests	268	423	(36.6)	(322)	145	<i>nm</i>
	8,983	24,841	(63.8)	15,845	33,587	(52.8)

1 (a) (ii) NOTES TO THE INCOME STATEMENT

	GROUP			GROUP		
	SECOND QUARTER ENDED		increase/ (decrease)	HALF YEAR ENDED		increase/ (decrease)
	30.09.2016	30.09.2015		30.09.2016	30.09.2015	
	S\$'000	S\$'000	%	S\$'000	S\$'000	%
The Group's profit before taxation is arrived at after crediting/(charging) the following:						
Interest income	1,674	1,799	(6.9)	3,135	3,402	(7.8)
(Allowance)/write back for doubtful debts	(30)	(57)	<i>nm</i>	(30)	13	<i>nm</i>
Amortisation of club membership	-	-	<i>nm</i>	(1)	(1)	-
Amortisation of issuance costs on term notes	-	(125)	(100.0)	(68)	(250)	(72.8)
Gain on sale of quoted equity (other investments)	1	-	<i>nm</i>	1	-	<i>nm</i>
Fair value gain/(loss) on structured deposits	12	(30)	<i>nm</i>	12	(25)	<i>nm</i>
Gain/(loss) on sale of plant and equipment	130	(6)	<i>nm</i>	123	(155)	<i>nm</i>
Foreign exchange (loss)/gain, net	(270)	(86)	<i>nm</i>	(1,234)	13	<i>nm</i>
Interest expense	(817)	(1,733)	(52.9)	(1,969)	(3,252)	(39.5)
Profit after taxation before non-controlling interests as a percentage of turnover	11.84%	37.44%	(68.4)	14.15%	27.04%	(47.7)
Profit after taxation attributable to Owners of the Company as a percentage of the Group's Issued Capital and Reserves before non-controlling interests at 30 September 2016 and 30 September 2015	2.62%	8.33%	(68.5)	5.98%	11.99%	(50.1)

nm: not meaningful

UNAUDITED SECOND QUARTER FINANCIAL STATEMENTS AND DIVIDEND ANNOUNCEMENT FOR THE PERIOD ENDED 30 SEPTEMBER 2016

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.

STATEMENT OF FINANCIAL POSITION	GROUP		COMPANY	
	30.09.2016	31.03.2016	30.09.2016	31.03.2016
	S\$'000	S\$'000	S\$'000	S\$'000
ASSETS				
Non-current assets				
Property, plant and equipment	7,428	8,572	-	-
Investments in subsidiaries	-	-	16,791	16,791
Interests in associates	169,471	179,870	-	-
Interests in joint ventures	38,546	37,912	-	-
Investment properties	121,007	123,340	-	-
Amount due from a minority shareholder of a subsidiary (non-trade)	2,262	2,311	-	-
Amounts due from subsidiaries (non-trade)	-	-	97,593	121,064
Trade receivables	5,733	9,741	-	-
Other receivables	2,417	2,208	-	-
Club membership	38	39	-	-
Other investments	-	1	-	-
Structured deposits	1,014	1,002	-	-
	347,916	364,996	114,384	137,855
Current assets				
Trade receivables	31,513	31,014	-	-
Other receivables and deposits	5,330	4,166	3,856	26
Prepayments	384	411	36	34
Construction work-in-progress in excess of progress billings	2,503	6,840	-	-
Fixed deposits	115,963	177,854	37,855	17,248
Cash and bank balances	34,040	15,155	1,041	3,604
	189,733	235,440	42,788	20,912
LIABILITIES				
Current liabilities				
Trade payables	18,580	20,393	-	-
Other payables and accruals	71,232	69,704	1,271	7,307
Deferred income	102	131	-	-
Finance lease obligations	219	216	-	-
Provision for income tax	4,063	3,792	166	243
Progress billings in excess of construction work-in-progress	18,204	26,437	-	-
Term notes, unsecured	-	70,682	-	70,682
Bank term loans, secured	42,653	13,543	1,140	-
Bills payable to banks, secured	-	316	-	-
	155,053	205,214	2,577	78,232
Net current assets/(liabilities)	34,680	30,226	40,211	(57,320)

STATEMENT OF FINANCIAL POSITION

	GROUP		COMPANY	
	30.09.2016	31.03.2016	30.09.2016	31.03.2016
	S\$'000	S\$'000	S\$'000	S\$'000
Non-current liabilities				
Trade payables	5,555	5,115	-	-
Other payables and accruals	186	190	-	-
Amounts due to subsidiaries (non-trade)	-	-	78,744	8,224
Finance lease obligations	525	636	-	-
Bank term loans, secured	30,853	54,173	8,860	-
Term notes, unsecured	-	-	-	-
Deferred tax liabilities	19,201	19,541	-	-
	<u>56,320</u>	<u>79,655</u>	<u>87,604</u>	<u>8,224</u>
NET ASSETS	<u>326,276</u>	<u>315,567</u>	<u>66,991</u>	<u>72,311</u>
EQUITY				
Equity attributable to Owners of the Company				
Share capital	50,915	50,915	50,915	50,915
Treasury shares	-	(3,354)	-	(3,354)
Translation reserve	957	2,982	-	-
Accumulated profits	248,690	239,521	13,448	22,594
Other reserves	3,711	3,178	2,628	2,156
	<u>304,273</u>	<u>293,242</u>	<u>66,991</u>	<u>72,311</u>
Non-controlling interests	22,003	22,325	-	-
TOTAL EQUITY	<u>326,276</u>	<u>315,567</u>	<u>66,991</u>	<u>72,311</u>

1(b)(ii) GROUP'S BORROWINGS AND DEBT SECURITIES

The amount repayable in one year or less, or on demand			
At 30.09.2016		At 31.03.2016	
Secured	Unsecured	Secured	Unsecured
S\$'000	S\$'000	S\$'000	S\$'000
42,872	-	14,075	70,682

The amount repayable after one year			
At 30.09.2016		At 31.03.2016	
Secured	Unsecured	Secured	Unsecured
S\$'000	S\$'000	S\$'000	S\$'000
31,378	-	54,809	-

Details of any collaterals:

The Group's borrowings are secured by way of:

- 1) Assignment of progress payments from the developer for certain on-going construction projects;
- 2) Letters of assignment of certain progress payments and retention monies due to the Group;
- 3) First legal mortgage on the Group's investment properties and leasehold factory building;
- 4) Charge on fixed deposits and structured deposits;
- 5) First charge over the contract proceeds/project account arising from the construction project financed;
- 6) A first legal mortgage over the development property of a joint venture;
- 7) Legal assignment of sales proceeds from the development property of a joint venture;
- 8) Legal assignment of tenancy, rental, lease and licence agreements from development property of a joint venture;
- 9) Legal assignment of the construction contract(s) and performance bonds from development property of a joint venture;
- 10) Legal assignment of fire insurance policy from development property of a joint venture;
- 11) Corporate guarantees from all the shareholders of a joint venture in equal share ratio; and
- 12) Debenture over all present and future assets of a joint venture.

1(c) A statement of cash flows (for the group), together with a comparative statement for the corresponding period of the immediately preceding financial period.

STATEMENT OF CASH FLOWS

	GROUP		GROUP	
	SECOND QUARTER ENDED		HALF YEAR ENDED	
	30.09.2016	30.09.2015	30.09.2016	30.09.2015
	S\$'000	S\$'000	S\$'000	S\$'000
Operating activities				
Profit before taxation	9,482	25,297	20,865	36,298
Adjustments:				
Depreciation of property, plant and equipment	498	518	997	993
Amortisation of club membership	-	-	1	1
Amortisation of issuance costs on term notes	-	125	68	250
(Gain)/loss on sale of plant and equipment	(130)	6	(123)	155
Gain on sale of quoted equity (other investments)	(1)	-	(1)	-
Fair value (gain)/loss on structured deposits	(12)	30	(12)	25
Allowance/(write back) for doubtful debts	30	57	30	(13)
Interest expense	817	1,733	1,969	3,252
Interest income	(1,674)	(1,799)	(3,135)	(3,402)
Share of results of associates	(2,719)	(22,216)	(8,486)	(29,374)
Share of results of joint ventures	(646)	93	(546)	435
Operating cash flows before changes in working capital	5,645	3,844	11,627	8,620
Decrease/(increase) in:				
Trade and other receivables, deposits and prepayments	5,450	(6,270)	(374)	(9,180)
Construction work-in-progress, net	3,154	16,595	(3,896)	19,256
(Decrease)/increase in:				
Trade and other payables and accruals	(7,021)	(5,425)	157	1,376
Deferred income	(33)	146	(29)	248
Cash flows generated from operations	7,195	8,890	7,485	20,320
Income taxes paid	(2,221)	(1,004)	(2,247)	(1,251)
Interest income received	1,674	1,799	3,135	3,402
Exchange differences	838	322	140	166
Net cash flows generated from operating activities	7,486	10,007	8,513	22,637
Investing activities				
Purchase of plant and equipment	(169)	(547)	(198)	(788)
Proceeds from sale of plant and equipment	465	-	466	430
Net proceeds from sale of quoted equity (other investments)	1	-	1	-
Investments in associates	-	-	(490)	-
Loans due from associates, net	12,150	(2,917)	11,297	(4,116)
Dividends received from associates	10,151	-	10,151	10,500
Loans due from joint ventures, net	(420)	(547)	(88)	(3,087)
Loans due from investee companies	(76)	4,087	(209)	(1,872)
Net cash flows generated from investing activities	22,102	76	20,930	1,067
Financing activities				
Dividends paid	(8,962)	(6,191)	(8,962)	(6,191)
Purchase of treasury shares	-	(2,468)	-	(2,468)
Proceeds from sale of treasury shares	3,826	-	3,826	-
Repayment of term notes	-	(4,250)	(70,750)	(4,250)
Proceeds from bank term loans	10,000	10,000	10,000	50,000
Repayment of bank term loans	(2,046)	(7,005)	(4,092)	(7,148)
Repayment of bills payable to banks	-	(998)	(316)	(1,438)
Interest paid	(817)	(1,733)	(1,969)	(3,252)
Repayment of lease obligations	(54)	(52)	(107)	(79)
Increase in pledged fixed deposits	(5,126)	(5,029)	(5,151)	(8,741)
Net cash flows (used in)/generated from financing activities	(3,179)	(17,726)	(77,521)	16,433
Net increase/(decrease) in cash and cash equivalents	26,409	(7,643)	(48,078)	40,137
Effect of exchange rate changes on cash and cash equivalents	16	17	(79)	(40)
Cash and cash equivalents at beginning of financial year	93,556	126,775	168,138	79,052
Cash and cash equivalents at end of financial period (Note A)	119,981	119,149	119,981	119,149

Note A: Cash and cash equivalents at end of financial period comprise:

	30.09.2016	30.09.2015	30.09.2016	30.09.2015
	S\$'000	S\$'000	S\$'000	S\$'000
Cash and bank balances**	34,040	22,587	34,040	22,587
Fixed deposits	115,963	121,375	115,963	121,375
	150,003	143,962	150,003	143,962
Less: Pledged fixed deposits	(30,022)	(24,813)	(30,022)	(24,813)
Cash and cash equivalents	119,981	119,149	119,981	119,149

** The Group's cash and bank balances earn interest at floating rates based on daily bank deposit rates.

UNAUDITED SECOND QUARTER FINANCIAL STATEMENTS AND DIVIDEND ANNOUNCEMENT FOR THE PERIOD ENDED 30 SEPTEMBER 2016

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.

STATEMENT OF CHANGES IN EQUITY

GROUP	Attributable to Owners of the Company							Total equity S\$'000
	Share capital S\$'000	Treasury shares S\$'000	Translation reserve S\$'000	Accumulated profits S\$'000	Other reserves S\$'000	Equity attributable to Owners of the Company, total S\$'000	Non-controlling interests S\$'000	
At 1 April 2015	50,915	(851)	9,500	190,686	3,032	253,282	23,679	276,961
Net profit for the financial period	-	-	-	33,344	-	33,344	174	33,518
<u>Other comprehensive income</u>								
Foreign currency translation	-	-	(22)	-	120	98	(29)	69
Other comprehensive income for the financial period	-	-	(22)	-	120	98	(29)	69
Total comprehensive income for the financial period	-	-	(22)	33,344	120	33,442	145	33,587
<u>Contributions by and distributions to owners</u>								
Interim and final tax-exempt dividends on ordinary shares	-	-	-	(6,191)	-	(6,191)	-	(6,191)
Purchase of treasury shares	-	(2,468)	-	-	-	(2,468)	-	(2,468)
Transfer to other reserves	-	-	-	(85)	85	-	-	-
Total contributions by and distributions to owners	-	(2,468)	-	(6,276)	85	(8,659)	-	(8,659)
At 30 September 2015	50,915	(3,319)	9,478	217,754	3,237	278,065	23,824	301,889
At 1 April 2016	50,915	(3,354)	2,982	239,521	3,178	293,242	22,325	315,567
Net profit for the financial period	-	-	-	18,192	-	18,192	161	18,353
<u>Other comprehensive income</u>								
Foreign currency translation	-	-	(2,025)	-	-	(2,025)	(483)	(2,508)
Other comprehensive income for the financial period	-	-	(2,025)	-	-	(2,025)	(483)	(2,508)
Total comprehensive income for the financial period	-	-	(2,025)	18,192	-	16,167	(322)	15,845
<u>Contributions by and distributions to owners</u>								
Interim & final tax-exempt dividends on ordinary shares	-	-	-	(8,962)	-	(8,962)	-	(8,962)
Dividends paid to non-controlling interests	-	-	-	-	-	-	-	-
Sale of treasury shares	-	3,354	-	-	472	3,826	-	3,826
Transfer to other reserves	-	-	-	(61)	61	-	-	-
Total contributions by and distributions to owners	-	3,354	-	(9,023)	533	(5,136)	-	(5,136)
At 30 September 2016	50,915	-	957	248,690	3,711	304,273	22,003	326,276

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 period.

STATEMENT OF CHANGES IN EQUITY

COMPANY	Share capital S\$'000	Treasury shares S\$'000	Accumulated profits S\$'000	Other reserves S\$'000	Total equity S\$'000
At 1 April 2015	50,915	(851)	25,242	2,156	77,462
Net profit for the financial period	-	-	15,522	-	15,522
Total comprehensive income for the financial period	-	-	15,522	-	15,522
<u>Contributions by and distributions to owners</u>					
Interim and final tax-exempt dividends on ordinary shares	-	-	(6,191)	-	(6,191)
Purchase of treasury shares	-	(2,468)	-	-	(2,468)
Total contributions by and distributions to owners	-	(2,468)	(6,191)	-	(8,659)
At 30 September 2015	50,915	(3,319)	34,573	2,156	84,325
At 1 April 2016	50,915	(3,354)	22,594	2,156	72,311
Net profit for the financial period	-	-	(184)	-	(184)
Total comprehensive income for the financial period	-	-	(184)	-	(184)
<u>Contributions by and distributions to owners</u>					
Interim & final tax-exempt dividends on ordinary shares	-	-	(8,962)	-	(8,962)
Sale of treasury shares	-	3,354	-	472	3,826
Total contributions by and distributions to owners	-	3,354	(8,962)	472	(5,136)
At 30 September 2016	50,915	-	13,448	2,628	66,991

SHARE CAPITAL

1(d)(ii) Details of any changes in the Company's share capital arising from rights 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, 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.

On 16 December 2015, the Company allotted and issued 41,435,292 bonus shares (comprising 40,744,752 new shares and 690,540 treasury shares) pursuant to the Bonus Issue.

As at 31 March 2016, 7,665,940 treasury shares (Incl. 690,540 bonus shares issued) were held by the Company.

On 30 September 2016, the Company has sold a total of 7,665,940 treasury shares for cash, total number of issued shares as at 30 September 2016 was 455,788,599 shares excluding treasury shares (as at 30 September 2015 was 407,447,907 shares excluding treasury shares).

1(d)(iii) To show the total 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.

Total number of issued shares excluding treasury shares:	<u>Number of shares</u>
Balance as at 31 March 2015 and 1 April 2015	
- Ordinary Shares	412,716,307
during the 3rd quarter FY2016	
Purchase of treasury shares	
- Ordinary Shares	(5,268,400)
Bonus shares issued on 16 December 2015	
- Ordinary Shares to public shareholders	41,435,292
- Ordinary Shares as treasury shares	(690,540)
during the 4th quarter FY2016	
Purchase of treasury shares	
- Ordinary Shares	(70,000)
Balance as at 31 March 2016 and 30 June 2016	
- Ordinary Shares	448,122,659
during the 2nd quarter FY2017	
Sale of treasury shares	
- Ordinary Shares	7,665,940
Balance as at 30 September 2016	
- Ordinary Shares	455,788,599

The total number of treasury shares held by the Company as at 30 September 2016 was nil (as at 30 September 2015: 6,905,400).

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.

	No. of treasury shares
	<u>Year Ended</u>
	<u>30.09.2016</u>
Balance as at 31 March 2016 and 30 June 2016	7,665,940
Sale of treasury shares	(7,665,940)
Balance as at 30 September 2016	<u><u>-</u></u>

AUDIT

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 by the Company's auditors.

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

Not applicable.

ACCOUNTING POLICIES

- 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 financial statements have been prepared in accordance with the same accounting policies and methods of computation adopted in the most recently financial statements for the audited financial year ended 31 March 2016, except for the adoption of accounting standards (including its consequential amendments) and interpretations applicable for the financial period beginning 1 April 2016.

- 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.

Not applicable.

EARNINGS PER SHARE

- 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:

	GROUP SECOND QUARTER ENDED		GROUP HALF YEAR ENDED	
	30.09.2016	30.09.2015 Restated	30.09.2016	30.09.2015 Restated
	(cents)	(cents)	(cents)	(cents)
a) On a basic basis	1.75	5.17	3.99	7.44
b) On a fully diluted basis	1.75	5.17	3.99	7.44
	S\$'000	S\$'000	S\$'000	S\$'000
Group's profit for the financial period attributable to Owners of the Company used in the computation of basic and diluted EPS	7,981	23,160	18,192	33,344
Weighted average number of ordinary shares excluding treasury shares for computing basic and diluted EPS	455,788,599	448,192,698	455,788,599	448,192,698

For comparative purposes, the number of ordinary shares as at 30 September 2015 has been adjusted to include the issue of one bonus share for every ten existing ordinary shares held.

NET ASSET VALUE PER SHARE

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

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

	GROUP		COMPANY	
	as at 30.09.2016	as at 31.03.2016	as at 30.09.2016	as at 31.03.2016
Net asset value per ordinary share (cents)	66.76	65.44	14.70	16.14
Issue share capital excluding treasury shares at the end of the period/year	455,788,599	448,122,659	455,788,599	448,122,659

REVIEW OF THE PERFORMANCE OF THE GROUP

- 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 OF THE GROUP

INCOME STATEMENT

2QFY2017 vs 2QFY2016

Revenue

The Group has a total revenue of S\$68.2 million for the second quarter ended 30 September 2016 ("2QFY2017"), an increase of S\$6.1 million or 9.8% compared to S\$62.1 million registered in the corresponding period ended 30 September 2015 ("2QFY2016"). The increase was mainly due to the increase in revenue from construction business of S\$6.3 million or 10.6% from S\$60.5 million in 2QFY2016 to S\$66.8 million in 2QFY2017, offset by the decrease in rental income from investment properties of S\$0.3 million or 17.4% from S\$1.6 million in 2QFY2016 to S\$1.3 million in 2QFY2017, the decrease in rental income was mainly due to the decrease in occupancy of the investment property in People's Republic of China ("PRC") and the lower exchange rate of Renminbi ("RMB").

Operating expenses

Cost of construction increased by S\$7.1 million or 13.8% from S\$51.3 million in 2QFY2016 to S\$58.4 million in 2QFY2017. The increase was mainly due to the increase in construction works done in 2QFY2017 as compared to 2QFY2016.

Personnel expenses decreased by S\$2.5 million or 44.0% from S\$5.7 million in 2QFY2016 to S\$3.2 million in 2QFY2017, mainly due to the decrease in provision for bonuses for the Management and staff.

There were no significant differences in depreciation of property, plant and equipment between 2QFY2017 and 2QFY2016.

Finance costs decreased by S\$0.9 million or 52.9% from S\$1.7 million in 2QFY2016 to S\$0.8 million in 2QFY2017, mainly due to the decrease in the Group's borrowings.

Other operating expenses decreased by S\$0.5 million or 23.4% from S\$2.1 million in 2QFY2016 to S\$1.6 million in 2QFY2017, mainly due to decrease in amortisation and expenses incurred in relation to term notes of S\$0.7 million, offset by the increase in foreign exchange losses of S\$0.3 million.

Share of results of associates decreased by S\$19.5 million or 87.8% from S\$22.2 million in 2QFY2016 to S\$2.7 million in 2QFY2017, mainly due to the decrease of S\$15.8 million contributed from the development property project - Liang Jing Ming Ju Phase 4 - Sequoia Mansion in Beijing, PRC of which profit of sold units were recognised upon construction completion during 2QFY2016 and the decrease in sales and percentage of completion recognised on the development property projects in Singapore. The increase on share of results of joint ventures of S\$0.7 million is mainly due to profit recognised from the residential development project - High Park Residences as the construction progress.

Tax expense decreased by S\$0.7 million or 31.3% from S\$2.1 million in 2QFY2016 to S\$1.4 million in 2QFY2017, mainly due to the decrease in provision of withholding tax.

As a result of the above, the Group registered a decrease in net profit attributable to Owners of the company of S\$15.2 million or 65.5% from S\$23.2 million in 2QFY2016 to S\$8.0 million in 2QFY2017.

1HFY2017 vs 1HFY2016

Revenue

The Group has a total revenue of S\$129.7 million for the half year ended 30 September 2016 ("1HFY2017"), an increase of S\$5.8 million or 4.6% compared to S\$123.9 million registered in the corresponding half year period ended 30 September 2015 ("1HFY2016"). The increase was mainly due to the increase in revenue from construction business of S\$6.2 million or 5.1% from S\$120.7 million in 1HFY2016 to S\$126.9 million in 1HFY2017, offset by the decrease in rental income from investment properties mainly due to the decrease in occupancy of the investment property in PRC and the lower exchange rate of RMB.

Other income

Other income decreased by S\$0.3 million or 5.9% from S\$4.6 million in 1HFY2016 to S\$4.3 million in 1HFY2017. The decrease was mainly due to the decrease in interest income from associates and joint ventures as the loans due from associates and joint ventures decrease.

REVIEW OF THE PERFORMANCE OF THE GROUP

Operating expenses

Cost of construction increased by S\$4.5 million or 4.3% from S\$104.5 million in 1HFY2016 to S\$109.0 million in 1HFY2017. The increase was mainly due to the increase in construction works done in 1HFY2017 as compared to 1HFY2016.

Personnel expenses decreased by S\$2.4 million or 27.3% from S\$8.7 million in 1HFY2016 to S\$6.3 million in 1HFY2017, mainly due to the decrease in provision for bonuses for the Management and staff.

There were no significant differences in depreciation of property, plant and equipment between 1HFY2017 and 1HFY2016.

Finance costs decreased by S\$1.3 million or 39.0% from S\$3.3 million in 1HFY2016 to S\$2.0 million in 1HFY2017, mainly due to the decrease in the Group's borrowings.

Other operating expenses increased by S\$0.1 million or 1.9% from S\$3.7 million in 1HFY2016 to S\$3.8 million in 1HFY2017, mainly due to foreign exchange losses of S\$0.9 million, offset by the decrease in amortisation and expenses incurred in relation to term notes of S\$0.8 million.

Share of results of associates decreased by S\$20.9 million or 71.1% from S\$29.4 million in 1HFY2016 to S\$8.5 million in 1HFY2017, mainly due to decrease S\$15.8 million contributed from the development property project - Liang Jing Ming Ju Phase 4 - Sequoia Mansion in Beijing, PRC of which profit of sold units were recognised upon construction completion during 1HFY2016 and the decrease in sales and percentage of completion recognised on the development property projects in Singapore. The increase on share of results of joint ventures of S\$1.0 million is mainly due to profit recognised from the residential development project - High Park Residences as the construction progress.

Tax expense decreased by S\$0.3 million or 9.6% from S\$2.8 million in 1HFY2016 to S\$2.5 million in 1HFY2017, mainly due to the decrease in provision of withholding tax of S\$0.8 million on the share of profit contributed by the Liang Jing Ming Ju Phase 4 - Sequoia Mansion in PRC, offset by the increase in income tax from the increase in profit from operations before results of associates and joint ventures.

As a result of the above, the Group registered a decrease of net profit attributable to Owners of the company of S\$15.1 million or 45.4% from S\$33.3 million in 1HFY2016 to S\$18.2 million in 1HFY2017.

STATEMENT OF FINANCIAL POSITION

Non-current assets

Property, plant and equipment ("PPE") decreased by S\$1.2 million from S\$8.6 million as at 31 March 2016 ("FY2016") as compared to S\$7.4 million as at 30 September 2016 ("1HFY2017"), mainly due to depreciation and disposal of plant and equipment during the 1HFY2017.

Interests in associates decreased by S\$10.4 million from S\$179.9 million in FY2016 to S\$169.5 million in 1HFY2017, mainly due to decrease in loans to associates to finance development property and investment property projects, offset by share of results of associates and additional investment in associates.

Interests in joint ventures increased by S\$0.6 million from S\$37.9 million in FY2016 to S\$38.5 million in 1HFY2017, mainly due to share of results of joint ventures.

Investment properties decreased by S\$2.3 million from S\$123.3 million in FY2016 to S\$121.0 million in 1HFY2017, mainly due to foreign exchange differences from an investment property held in PRC.

Trade receivables under non-current assets decreased by S\$4.0 million from S\$9.7 million in FY2016 to S\$5.7 million in 1HFY2017, mainly due to the decrease in retention sum receivables from completed and on-going construction projects in Singapore.

Current assets

Other receivables and deposits increased by S\$1.1 million from S\$4.2 million in FY2016 to S\$5.3 million in 1HFY2017, mainly due to sale proceeds receivable from sale of treasury shares of S\$3.8 million, offset by decrease in dividends receivable of S\$2.7 million from an associate in Singapore.

Based on the progress of construction projects in 1HFY2017 as compared to FY2016, the construction work-in-progress in excess of progress billings decreased by S\$4.3 million from S\$6.8 million in FY2016 to S\$2.5 million in 1HFY2017.

REVIEW OF THE PERFORMANCE OF THE GROUP

STATEMENT OF FINANCIAL POSITION

Current liabilities

Trade payables under current liabilities decreased by S\$1.8 million from S\$20.4 million in FY2016 to S\$18.6 million in 1HFY2017. The decrease was mainly due to the decrease in billings from suppliers and subcontractors which will be due for release of payments in the next 12 months for construction projects in progress.

Other payables and accruals under current liabilities increased by S\$1.5 million from S\$69.7 million in FY2016 to S\$71.2 million in 1HFY2017. The increase was mainly from the increase in accruals made for on-going construction projects, partially offset by the decrease in accruals for interest payable in relation to term notes.

Based on the progress of construction projects in 1HFY2017 as compared to FY2016, the progress billings in excess of the construction work-in-progress decreased by S\$8.2 million from S\$26.4 million in FY2016 to S\$18.2 million in 1HFY2017.

Non-current liabilities

Trade payables under non-current liabilities increased by S\$0.5 million from S\$5.1 million in FY2016 to S\$5.6 million in 1HFY2017. The increase was mainly from the increase in retention sums payable to subcontractors for completed construction projects.

Total Group's borrowings

Total borrowings decreased by S\$65.3 million from S\$139.6 million in FY2016 to S\$74.3 million in 1HFY2017, mainly due to decrease in term notes of S\$70.7 million, offset by net increase in bank borrowings of S\$5.4 million.

STATEMENT OF CASH FLOWS

Net cash flows generated from operating activities of S\$8.5 million during 1HFY2017 mainly arose from operating cash flows before changes in working capital of S\$11.6 million, and interest income received of S\$3.1 million and exchange differences of S\$0.1 million, offset by payment of income tax of S\$2.2 million and decrease in working capital of S\$4.1 million.

Net cash flows generated from investing activities of S\$20.9 million during 1HFY2017 mainly arose from the decrease in loans due from associates of S\$11.3 million and dividends received from associates of S\$10.2 million.

Net cash flows used in financing activities of S\$77.5 million during 1HFY2017, mainly arose from repayment of unsecured term notes of S\$70.8 million, dividends payment of S\$9.0 million, repayment of bank borrowings of S\$4.4 million, increase in pledged fixed deposits of S\$5.2 million and interest payment of S\$2.0 million, offset by the proceeds from bank term loans of S\$10.0 million and sale of treasury shares of S\$3.8 million.

With the abovementioned, net decrease in cash and cash equivalents during 1HFY2017 was S\$48.1 million.

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

There was no forecast or any prospect statement previously disclosed to shareholders. The actual results in 2QFY2017 is in line with the commentary made on 10 August 2016 in paragraph 10 of the first quarter results announcement for FY2017.

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.

According to the Monetary Authority of Singapore ("MAS"), Singapore's economy is currently undergoing a protracted cyclical downturn, and a weak trade outlook means that growth next year will largely depend on domestically-oriented industries and the services sector. While the United States economy is showing signs of improvement, risks remain in the economies of China and the euro zone with concerns on the repercussions of Brexit. The outlook for Asia is stable but will be sub-par compared with the period before the global financial crisis. The global economy is likely to expand at a steady but mediocre pace in 2017. Growth is expected to come in at 3.7% this year, and edge up slightly to 3.8% next year as business investment in major economies stays sluggish due to elevated economic uncertainty. Singapore full year GDP growth is likely to come in at the lower end of the 1 – 2% forecast range and is expected to be only slightly higher in 2017.

REVIEW OF THE PERFORMANCE OF THE GROUP

10 continued ...

According to advance estimates from the Ministry of Trade and Industry Singapore ("MTI") released last month, Singapore economy grew by 0.6% on a year-on-year basis in the third quarter of 2016, easing from the 2.0% growth in the previous quarter. On a quarter-on-quarter seasonally-adjusted annualised basis, the economy contracted by 4.1%, a reversal from the 0.2% growth in the preceding quarter.

Growth in the Singapore construction sector slowed marginally to 2.5% on a year-on-year basis in the third quarter, from 2.6% in the previous quarter. The slowdown was due to a sharper decline in private sector construction activities. On a quarter-on-quarter basis, the sector expanded at an annualised rate of 0.5 per cent, moderating from the 1.1% expansion in the preceding quarter.

Cost of construction and other operating costs are likely to continue the uptrend as a result of increasing manpower cost stemming from various foreign manpower tightening measures and labour shortage; higher cost on adoption of advanced systems and technologies as well as equipment; higher cost of regulatory compliance; hikes in financing cost; higher risks in foreign exchange losses and etc. However, the increase in cost is likely to be restrained by current stable prices of some key construction materials.

To ride on the promising outlook of the construction sector amid continual tightening of manpower supply, the Group shall continue to strive to raise productivity through technology adoption and innovative measures; training of workers and higher usage of equipment and tools with the assistance from Government grants.

Based on the real estate statistics for third quarter 2016 released last month by the Urban Redevelopment Authority ("URA"), Singapore property market took a hit across sectors in third quarter as the economic gloom tightened its grip, although there were generally no large price drops or surges in vacancies, the negative bent to the numbers underscored trends that have been evident for many months.

Singapore residential property market outlook remain challenging. Prices of private residential properties decreased by 1.5% in third quarter 2016, compared to the 0.4% decline in the previous quarter while private residential units sold by developers have decreased to 1,981 units in third quarter 2016 from 2,256 units in previous quarter. The vacancy rate of completed private residential units decreased slightly from 8.9% at the end of the previous quarter to 8.7% at the end of third quarter 2016.

Prices of Singapore office space decreased by 0.4% in third quarter 2016, compared to the 1.5% decrease in the previous quarter. Rentals of office space continue to fall by 1.1% in third quarter 2016, compared to the decrease of 3.5% in the previous quarter. The island-wide vacancy rate of office space increase from 9.1% at the end of previous quarter to 10.4% at the end of third quarter 2016, highest since the second quarter of 2012.

Prices of Singapore retail space decreased by 0.6% in third quarter 2016, compared to the decrease of 3.1% in the previous quarter. Rentals of retail space decreased by 1.5% in third quarter 2016, compared to the decrease of 3.9% in the previous quarter. The island-wide vacancy rate of retail space rose from 7.8% at the end of previous quarter to 8.4% at the end of third quarter 2016, highest since the first quarter of 2011.

The Group has recently received a letter of intent for a S\$139.1 million construction contract to be awarded to build three blocks of residential towers, inclusive of basements, which is expected to commence in February 2017. This contract follows a term contract awarded in May 2016 by the National University of Singapore for addition and alteration works for a period of 24 months from 16 May 2016 to 15 May 2018 which over S\$18.1 million of work has been awarded under the term contract to-date. Including the contract to be awarded from the received letter of intent, the Group's construction order book as at 14 November 2016, remains healthy at S\$257.0 million.

As at 30 September 2016, the projects officially launched by associates and joint ventures under the Group with units sold are as set out below:-

No.	Project Name	Group Stake	Type of Development	Revenue Recognition Method	% Units Sold
Singapore					
1	Lincoln Suites	25.00%	Residential	Percentage of Completion	96.6%
2	The Boutiq	35.00%	Residential	Percentage of Completion	98.5%
3	Palacio	32.00%	Residential	Percentage of Completion	100.0%
4	REZI26	45.00%	Residential	Percentage of Completion	100.0%
5	REZI3TWO	45.00%	Residential	Percentage of Completion	89.2%
6	Sky Green	25.00%	Residential	Percentage of Completion	97.7%
7	Cityscape@Farrer Park	35.00%	Residential	Percentage of Completion	94.4%
8	NEWest	12.25%	Residential and Commercial	Percentage of Completion	100.0%
9	KAP & KAP Residences	12.60%	Residential and Commercial	Percentage of Completion	99.2%
10	Floraville / Floraview / Floravista	12.25%	Residential and Commercial	Percentage of Completion	63.7%
11	Hexacube	30.00%	Commercial and Office	Completion	57.5%
12	Trio	35.00%	Commercial	Completion	37.2%
13	High Park Residences	20.00%	Residential and Commercial	Percentage of Completion	98.4%
Overseas					
14	Liang Jing Ming Ju Phase 4 - Sequoia Mansion	45.00%	Residential (Commercial and Office excluded)	Completion	92.5%

REVIEW OF THE PERFORMANCE OF THE GROUP

10 continued ...

As at 30 September 2016, subject to cancellation of contracts, approximately 94.2% of these launched units have been sold. The Group has a balance amount of attributable share of progress billings to be recognised as sales revenue of approximately S\$227.5 million from the above projects, the profits of which will be progressively recognised by the associates and joint ventures and contribute to the Group's results after 2QFY2017.

The Group's joint venture investment in The Prudential Tower, a Grade A office building located at the Raffles Place precinct with high occupancy and good tenant mix given its prime location, will also continue to contribute positively to the results of the Group.

In view of the above and barring unforeseen circumstances, the Group remains cautiously optimistic on the outlook of its performance in FY2017.

11 (a) Current financial period reported on

Any dividend declared for the current financial period reported on? **Yes**

Name of Dividend Dividend Type Dividend Rate	(Tax Exempt 1-Tier)	
	Interim Ordinary	Total
	Cash	Cash
	1.25 cents per ordinary share	1.25 cents per ordinary share

(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 Dividend Type Dividend Rate	(Tax Exempt 1-Tier)		
	Interim Ordinary		Total
	Cash	Special Cash	Cash and Special
	1.25 cents per ordinary share	0.30 cent per ordinary share	1.55 cents per ordinary share

(c) Date payable

The proposed interim dividend is expected to be payable on or about 9 December 2016.

(d) Books closure date

Duly completed registrable transfers received by the Company's Share Registrar, Boardroom Corporate & Advisory Services Pte. Ltd. at 50 Raffles Place #32-01 Singapore Land Tower Singapore 048623 up to 5.00 pm on 28 November 2016 will be registered to determine the shareholders' entitlements to the proposed interim dividend. Members whose Securities Accounts with The Central Depository (Pte) Limited are credited with shares at 5.00 pm on 28 November 2016 will be entitled to the proposed interim dividend."

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.

The Group has not obtained a general mandate from shareholders for Interested Person Transactions (IPTs).

14 Confirmation by the Company Pursuant to Rule 720(1) of the Listing Manual of SGX-ST.

The Company confirms that it has procured undertakings from all its Directors and Executive Officers (in the format set out in Appendix 7.7) pursuant to Rule 720(1) of the Listing Manual of the SGX-ST.

NEGATIVE ASSURANCE**15 Negative assurance confirmation on the second quarter and half year financial results pursuant to Rule 705(5) of the Listing Manual of SGX-ST.**

On behalf of the Board of Directors of the Company, we, the undersigned, do hereby confirm to the best of our knowledge that nothing has come to the attention of the Board of Directors of the Company which may render the unaudited financial statements of the Group and the Company for the second quarter and half year ended 30 September 2016 to be false or misleading in any material aspect.

**For and on behalf of the Board of Directors,
By Order of the Board**

Choo Chee Onn
Executive Chairman and Managing Director

Lim Kee Seng
Executive Director

14 November 2016