
CLARIFICATION ON ANUNAL REPORT 2014

Soilbuild Construction Group Ltd. (the “**Company**” and together with its subsidiaries, the “**Group**”) has on 21 April 2015 received the following queries from the Singapore Exchange Securities Trading Limited (the “**SGX-ST**”) on the annual report of the Company for the financial year ended 31 December 2014 (“**FY2014**”):

1. *“Under Use of IPO proceeds on page 43 of the Company’s annual report, the Company utilised IPO proceeds for S\$24.4 million working capital. Please provide a breakdown with specific details on the use of IPO proceeds for working capital.”*

In response, the Company would like to clarify that of the S\$24.4 million utilised for working capital purposes, S\$14.4 million were utilised for purchase of supplies and procurement of services from subcontractors while the remaining S\$10.0 million were utilised for payment of a security deposit for a construction project.

2. *“Under Related Party Transactions on page 88 of the Company’s annual report, the Company listed transactions it had with related parties. However, these amounts are more than the IPTs disclosed on page 42 of the annual report. Please reconcile the amounts under both sections and account for the differences.”*

In response, the Company would like to clarify that the definition of related party transactions under the Singapore Financial Reporting Standards (“**FRS**”) is different from the definition of interested person transactions for the purposes of Chapter 9 of the SGX-ST Listing Manual (“**Listing Manual**”). For example, related party transactions include, amongst others, a transaction with a subsidiary of the Company. Such transaction would not be regarded as an interested person transaction.

Against the foregoing, the Company would like to highlight the following to reconcile the differences between the related party transactions disclosed on page 88 and the interested person transactions disclosed on page 42:

- (i) the amounts relating to construction contracts from related companies and a related party (as disclosed on page 88) pertain to the *revenue recognised* during FY2014 under the respective contracts, as reported in accordance with FRS. Such contracts include

¹ The initial public offering of the Company was sponsored by United Overseas Bank Limited (the “**Issue Manager**”). The Issue Manager assumes no responsibility for the contents of this Announcement.

those entered into prior to 1 January 2014. On the other hand, the amount relating to the construction contract awarded during FY2014 (as disclosed on page 42) pertains to the *contract value* of such contract entered into during FY2014 (rather than the revenue recognised under such contract during FY2014). The *contract value* of contracts entered into prior to 1 January 2014 was also not reflected on page 42 as these are not interested person transactions entered into during FY2014;

- (ii) similarly, the amount relating to rendering of project management services to related companies (as disclosed on page 88) pertains to the *revenue recognised* during FY2014 under the respective contracts, as reported in accordance with FRS. Such contracts were entered into prior to 1 January 2014. Accordingly, the *contract value* of such contracts was not reflected on page 42 as these are not interested person transactions entered into during FY2014;
- (iii) the construction contracts from joint ventures (as disclosed on page 88) are regarded as related party transactions under FRS; however, such construction contracts are not regarded as interested person transactions for the purposes of Chapter 9 of the Listing Manual. Accordingly, the contract value of such contracts was not reflected on page 42;
- (iv) the rental expense charged by ultimate holding company (as disclosed on page 88) is the same as the amount reflected on page 42 under the line item "Rental of office premises – Soilbuild Group Holdings Ltd.";
- (v) the renovation/reinstatement services received/receivable from a related company (as disclosed on page 88) is the same as the amount reflected on page 42 under the line item "Renovation/property reinstatement services – SB Property Services Pte. Ltd.";
- (vi) the other service income received/receivable from a related company (as disclosed on page 88) is the same as the amount reflected on page 42 under the line item "Service income – SB Property Services Pte. Ltd.";
- (vii) the shares of common overheads paid/payable to and received/receivable from the ultimate holding company respectively (as disclosed on page 88) are not reflected on page 42 as the values of such interested person transactions are less than S\$100,000 respectively; and
- (viii) the key management personnel compensation (as disclosed on page 88) is not reflected on page 42 as such compensation is not required to be disclosed as interested person transactions in the annual report pursuant to Rule 915 of the SGX-ST Listing Manual.

BY ORDER OF THE BOARD
SOILBUILD CONSTRUCTION GROUP LTD.

Ho Toon Bah
Executive Director

22 April 2015