



SOILBUILD CONSTRUCTION GROUP LTD.
(Co Reg No. 201301440Z)

UNAUDITED FIRST QUARTER FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 MARCH 2018

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

1(a) A statement of comprehensive income (for the group) together with a comparative statement for the corresponding period of the immediately preceding financial year.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	First Quarter Ended		Change
	2018	2017	
	S\$'000	S\$'000	%
Revenue	39,716	66,591	(40.4)
Cost of sales	(37,207)	(63,928)	(41.8)
Gross profit	2,509	2,663	(5.8)
Gross profit margin	6.3%	4.0%	2.3
Other income	352	452	(22.1)
Other losses, net	(397)	(125)	217.6
Expenses			
Administrative	(1,560)	(2,195)	(28.9)
Marketing	-	(18)	(100.0)
Finance	(60)	(17)	252.9
Others	(714)	(458)	55.9
Share of profit of joint ventures	44	22	100.0
Profit before income tax	174	324	(46.3)
Income tax (expense)/credit	(42)	46	(191.3)
Net profit	132	370	(64.3)
Other comprehensive income:			
Items that may be classified subsequently to profit or loss:			
Currency translation differences arising from consolidation	(115)	126	(191.3)
Total comprehensive income	17	496	(96.6)
Total comprehensive income attributable to:			
Equity holders of the Company	17	496	(96.6)
Non-controlling interests	-	-	NM
	17	496	

NM : Not meaningful

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Notes to the consolidated statement of comprehensive income

	First Quarter Ended 31 March	
	2018 S\$'000	2017 S\$'000
(I) Other income		
Interest income	9	11
Service income	141	189
Rental income	90	72
Others (including wage credit and grants received)	112	180
	352	452
(II) Other losses, net		
(Loss)/gain on disposal of property, plant and equipment, net	(42)	1
Foreign exchange losses	(355)	(126)
	(397)	(125)
(III) Profit before income tax is arrived at after (charging)/crediting:		
Amortisation of intangible assets	(32)	(16)
Depreciation of property, plant and equipment	(676)	(604)
Amortisation of land lease prepayments	(271)	(222)
(Loss)/gain on disposal of property, plant and equipment, net	(42)	1
(IV) Income tax (expense)/ credit		
Tax (expense)/credit attributable to profit is made up of:		
Profit from current financial period:		
- current income tax	(42)	46
- deferred income tax	-	-
	(42)	46
Under provision in prior financial period:		
- current income tax	-	-
- deferred income tax	-	-
	(42)	46

UNAUDITED FIRST QUARTER FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 MARCH 2018

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.

STATEMENTS OF FINANCIAL POSITION

	Group		Company	
	31/3/2018 S\$'000	31/12/2017 S\$'000	31/3/2018 S\$'000	31/12/2017 S\$'000
ASSETS				
Current assets				
Cash and cash equivalents	15,453	27,871	548	1,038
Trade and other receivables	53,176	56,100	36,382	36,090
Other current assets	13,342	14,637	28	6
Income tax recoverable	964	685	-	-
	82,935	99,293	36,958	37,134
Non-current assets				
Trade and other receivables	6,558	5,591	-	-
Investments in subsidiaries	-	-	31,795	31,795
Investments in joint ventures	876	943	-	-
Property, plant and equipment	64,942	54,360	-	-
Intangible assets	423	455	-	-
Land lease prepayment	29,792	30,106	-	-
Deferred tax assets	50	50	-	-
	102,641	91,505	31,795	31,795
Total assets	185,576	190,798	68,753	68,929
LIABILITIES				
Current liabilities				
Trade and other payables	76,031	93,988	538	760
Borrowings	11,083	11,244	-	-
Current income tax liabilities	181	226	104	101
Provision for other liabilities	1,810	1,093	-	-
	89,105	106,551	642	861
Non-current liabilities				
Trade and other payables	1,519	1,253	-	-
Borrowings	11,941	-	-	-
	13,460	1,253	-	-
Total liabilities	102,565	107,804	642	861
NET ASSETS	83,011	82,994	68,111	68,068
EQUITY				
Capital and reserves attributable to equity holders of the Company				
Share capital	59,597	59,597	59,597	59,597
Capital reserve	(1,070)	(1,070)	-	-
Currency translation reserve	(425)	(310)	-	-
Performance share plan reserve	-	-	-	-
Warrant reserve	8,128	8,128	8,128	8,128
Retained profits	16,784	16,652	386	343
	83,014	82,997	68,111	68,068
Non-controlling interest	(3)	(3)	-	-
TOTAL EQUITY	83,011	82,994	68,111	68,068

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UNAUDITED FIRST QUARTER FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 MARCH 2018

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.

Total assets decreased by S\$5.2 million from S\$190.8 million as at 31 December 2017 to S\$185.6 million as at 31 March 2018, mainly due to the decrease in cash and cash equivalents of S\$12.4 million, which was partially offset by the increase in property, plant and equipment of S\$10.6 million.

The increase in property, plant and equipment of S\$10.6 million was due to capitalisation of the construction cost and the plant and machinery costs incurred for the Group's Integrated Construction and Precast Hub (ICPH) located at Airport Road.

Total liabilities decreased from S\$107.8 million as at 31 December 2017 to S\$102.6 million as at 31 March 2018, mainly due to the decrease in trade and other payables of S\$17.7 million arising from payment to suppliers and sub-contractors, which was partially offset by the increase in borrowings of S\$11.8 million. The borrowings as at 31 March 2018 mainly comprise long term and short term bank loans for the purpose of financing the procurement of automated plant and machinery for the Group's ICPH, as well as for the purposes of financing the Group's construction projects.

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

	As at 31 March 2018 S\$'000	As at 31 December 2017 S\$'000
Amount repayable in one year or less, or on demand		
- Secured	-	-
- Unsecured	11,083	11,244
Amount repayable after one year		
- Secured	-	-
- Unsecured	11,941	-

The Group's total borrowings of S\$23.0 million comprise both long term and short term bank loans for the purposes of financing the procurement of automated plant and machinery for the Group's ICPH, as well as for the purposes of financing the Group's construction projects.

Details of any collaterals

The Group's total borrowings of S\$23.0 million as at 31 March 2018 comprise both unsecured short term bank loans and unsecured long term bank loans.

UNAUDITED FIRST QUARTER FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 MARCH 2018

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

CONSOLIDATED STATEMENT OF CASH FLOWS

	First Quarter Ended 31 March	
	2018 S\$'000	2017 S\$'000
Cash flows from operating activities		
Net profit	132	370
Adjustments for:		
- Amortisation of intangible assets	32	16
- Depreciation of property, plant and equipment	676	604
- Amortisation of land lease prepayment	271	222
- Share-based compensation expense	-	85
- Interest income	(9)	(11)
- Interest expense	60	17
- Income tax expense/(credit)	42	(46)
- Loss/(Gain) on disposal of property, plant and equipment	42	(1)
- Share of profit of joint ventures	(44)	(22)
Operating cash flows before working capital changes	1,202	1,234
Changes in working capital:		
- Trade and other receivables	1,957	15,489
- Other current assets	1,295	(3,134)
- Trade and other payables	(17,701)	(19,612)
- Provision for other liabilities	717	7
Cash used in operations	(12,530)	(6,016)
Income tax paid	(330)	(644)
Net cash used in operating activities	(12,860)	(6,660)
Cash flows from investing activities		
Additions to property, plant and equipment	(11,363)	(3,531)
Proceeds from disposal of property, plant and equipment	26	6
Distribution received from a joint venture	111	22
Interest received	9	11
Net cash used in investing activities	(11,217)	(3,492)
Cash flows from financing activities		
Proceeds from issuance of shares	-	59
Proceeds from bank loans	11,780	4,500
Repayment of bank loans	-	(4,500)
Interest paid	(46)	(17)
Net cash provided by financing activities	11,734	42
Net decrease in cash and cash equivalents	(12,343)	(10,110)
Cash and cash equivalents at beginning of financial period	27,871	32,830
Effects of currency translation on cash and cash equivalents	(75)	26
Cash and cash equivalents at end of financial period	15,453	22,746
For the purpose of presenting the consolidated statement of cash flows, cash and cash equivalents comprise the following:		
Cash at bank and on hand	15,453	22,746

Operating Activities

For the first quarter ended 31 March 2018 ("1QFY2018"), the net cash outflow from operating activities amounted to S\$12.9 million as compared to net cash outflow of S\$6.7 million in the comparative quarter. The increase in cash outflow from operating activities in 1QFY2018 was mainly attributable to the decrease in trade and other payables during the period under review.

Investing Activities

For 1QFY2018, cash outflow from investing activities of S\$11.2 million as compared to S\$3.5 million in the comparative quarter. The cash outflow in 1QFY2018 was mainly attributable to the construction cost and the plant and machinery costs incurred for the Group's integrated construction precast hub located at Airport Road capitalised during the quarter under review.

Financing Activities

For 1QFY2018, the cash inflow from financing activities was due to proceeds from both short term bank loans and long term bank loans drawdown to finance the procurement of automated plant and machinery for the Group's ICPH, as well as for the purposes of financing the Group's construction projects.

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	Attributable to equity holders of the Company								
	Share Capital S\$'000	Warrant Reserve S\$'000	Capital Reserve S\$'000	Currency Translation Reserve S\$'000	Performance Share Plan Reserve S\$'000	Retained Profits S\$'000	Equity attributable to owners of the Company S\$'000	Non-controlling interest S\$'000	Total Equity S\$'000
Balance as at 1 January 2018	59,597	8,128	(1,070)	(310)	-	16,652	82,997	(3)	82,994
Profit for the period	-	-	-	-	-	132	132	-	132
Other comprehensive loss for the period	-	-	-	(115)	-	-	(115)	-	(115)
Total comprehensive loss for the period	-	-	-	(115)	-	132	17	-	17
Balance as at 31 March 2018	59,597	8,128	(1,070)	(425)	-	16,784	83,014	(3)	83,011
Balance as at 1 January 2017	58,798	8,161	(1,070)	116	719	31,367	98,091	-	98,091
Profit for the period	-	-	-	-	-	370	370	-	370
Other comprehensive income for the period	-	-	-	126	-	-	126	-	126
Total comprehensive income for the period	-	-	-	126	-	370	496	-	496
Share-based compensation expenses	-	-	-	-	85	-	85	-	85
Issuance of shares pursuant to exercise of warrants	76	(17)	-	-	-	-	59	-	59
Total transactions with owners, recognised directly in equity	76	(17)	-	-	85	-	144	-	144
Balance as at 31 March 2017	58,874	8,144	(1,070)	242	804	31,737	98,731	-	98,731

Company	Attributable to equity holders of the Company				
	Share Capital S\$'000	Warrant Reserve S\$'000	Share Plan Reserve S\$'000	Retained Profits S\$'000	Total Equity S\$'000
Balance as at 1 January 2018	59,597	8,128	-	343	68,068
Profit for the period	-	-	-	43	43
Other comprehensive income for the period	-	-	-	-	-
Total comprehensive income for the period	-	-	-	43	43
Balance as at 31 March 2018	59,597	8,128	-	386	68,111
Balance as at 1 January 2017	58,798	8,161	719	8,987	76,665
Loss for the period	-	-	-	(545)	(545)
Other comprehensive income for the period	-	-	-	-	-
Total comprehensive loss for the period	-	-	-	(545)	(545)
Share-based compensation expenses	-	-	85	-	85
Issuance of shares pursuant to exercise of warrants	76	(17)	-	-	59
Total transactions with owners, recognised directly in equity	76	(17)	85	-	144
Balance as at 31 March 2017	58,874	8,144	804	8,442	76,264

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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.

Preferential Offering of Warrants

During 1QFY2018, there are no warrants being exercised. The total number of outstanding warrants is 166,683,500 as at 31 March 2018.

The movement of the outstanding warrants during the period under review was as follows:

	No. of Warrants
As at 1 January 2018	166,683,500
Less : Warrants exercised during the period	-
As at 31 March 2018	166,683,500

Grant of share awards (the "Awards") pursuant to the Soilbuild Construction Performance Shares Plan (the "PSP")

As at 31 March 2018, the outstanding share awards under the PSP amounted to Nil (31 December 2017: up to 7,913,000) shares. The movement of the outstanding share awards during the period under review as follows:

	No. of Share Awards (up to)
As at 1 January 2018	7,913,000
Less : Share awards lapsed on 26 February 2018	(7,913,000)
As at 31 March 2018	-

Issued Ordinary Shares

The movement of issued ordinary shares of the Company during the period under review as follows:

	No. of Share issued
As at 1 January 2018	672,988,500
Add : Issuance of shares pursuant to exercise of warrants	-
As at 31 March 2018	672,988,500

The Company did not have any outstanding options, convertibles or treasury shares as at 31 March 2018.

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.

The number of issued shares of the Company as at 31 March 2018 comprised 672,988,500 ordinary shares (31 December 2017: 672,988,500 ordinary shares).

1(d)(iv) A statement showing all sales, transfers, disposal, cancellation and/or use of treasury shares as at the end of the current financial period reported on.

There are no treasury shares as at 31 March 2018.

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.

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

The accounting policies and methods of computation applied in the financial statements for the current reporting period are consistent with those stated in the audited financial statements for the financial year ended 31 December 2017 except in the current financial year, the Group and the Company has adopted all the new and revised standards which are effective for annual periods beginning on or after 1 January 2018. The adoption of these new and revised standards did not have any effect on the financial performance or position of the Group and the Company.

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.

Please refer to item 4 above.

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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 dividend :-

- (a) Based on the weighted average number of ordinary shares in issue; and
(b) On a fully diluted basis (detailing any adjustments made to the earnings).

Earnings per share (EPS)	Group	
	First Quarter Ended 31 March	
	2018	2017
(a) Based on the weighted average number of ordinary shares in issue (cents per share)	0.020	0.060
- Weighted average number of ordinary shares ('000)	672,989	669,543
(b) On a fully diluted basis (cents per share)	0.020	0.050
- Adjusted weighted average number of ordinary shares ('000)	671,996	711,648

- (a) Basic EPS is calculated based on the net profit/(loss) attributable to equity holders of the Company set out in 1(a) above divided by the weighted average number of ordinary shares in issue during the financial period.
- (b) For the purposes of calculating diluted earnings per share, the weighted average number of ordinary shares is adjusted to take into account the dilutive effect arising from the share awards granted pursuant to the Soilbuild Construction Performance Share Plan, and the warrants issued pursuant to the preferential offering, where shares would have been issued at a price higher/lower than market value.

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) preceding financial year.

	Group		Company	
	31/3/2018	31/12/2017	31/3/2018	31/12/2017
Net asset value per ordinary share is computed based on the total number of issued shares as at the end of the respective financial period/year				
Net asset value per ordinary share (cents)	12.33	12.33	10.12	10.11
Total number of shares in issue	672,988,500	672,988,500	672,988,500	672,988,500

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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, cost, 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.

(a) **1QFY2018 vs 1QFY2017**

For 1QFY2018, the Group reported a net profit of approximately S\$132,000 compared to net profit of approximately S\$370,000 reported in the comparative quarter.

Revenue & Gross Profit

For the quarter under review, the Group's revenue decreased by 40.4% from S\$66.6 million in 1QFY2017 to S\$39.7 million in 1QFY2018. The relatively lower revenue reported for 1QFY2018 was attributable to completion of major projects in Singapore, while the existing projects are only expected to contribute higher revenue when they progress to more advanced stages of construction activities in forthcoming periods.

Major revenue contributors in 1QFY2018 were:

- 68 Residence project (construction and completion of a 26 1/2 storey serviced apartment / condominium in Yangon);
- Rosehill Residence project (erection of a 24-storey residential development in Yangon);
- 164 Kallang Way project (construction of a multi-user general industrial factory development at Geylang Planning Area);
- 171 Kallang Way project (construction of a general industrial factory development at Geylang Planning Area); and
- Bedok Food City project (construction of a high rise multi-user food factory at Bedok North Avenue 4).

The Group reported a gross profit of S\$2.5 million in 1QFY2018 compared to gross profit of S\$2.7 million in 1QFY2017. The gross profit margin for 1QFY2018 has increased by 2.3% to 6.3% as a result of additional contract revenue granted by clients for better construction quality performance of the Group on two HDB projects in Singapore, as well as cost savings achieved on certain private projects.

Other Income

Other income decreased by approximately S\$0.1 million mainly due to decrease in grants received and lower service income in 1QFY2018.

Other losses

Other losses (net) of S\$0.4 million in 1QFY2018 were mainly attributable to foreign exchange loss of approximately S\$355,000.

Administrative Expenses

Administrative expenses decreased from S\$2.2 million in 1QFY2017 to S\$1.6 million in 1QFY2018 mainly due in the decrease in various administrative expenses including professional fees, directors' and staff remuneration.

Other Operating Expenses

The increase in other operating expenses in 1QFY2018 was mainly due to increase in depreciation on property, plant and machinery during the period under review.

Share of Profit of Joint Ventures

The Group recognised a gain of approximately S\$44,000 in the share of profit of its joint ventures in 1QFY2018 as compared to again of approximately S\$22,000 in the comparative quarter.

9

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

There is no material deviation in the actual results for the 1QFY2018 from what was previously discussed under paragraph 10 of the announcement of the Company's financial statements for the financial year ended 31 December 2017.

10 A commentary at the date of 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.

Based on advance estimates released by the Ministry of Trade and Industry Singapore on 13 April 2018, the Singapore economy grew by 4.3% on a year-on-year ("yoy") basis in the first quarter of 2018, higher than the 3.6% growth in the previous quarter due to the 10.1% expansion (on a yoy basis) in the manufacturing sector, while the construction sector contracted by 4.4% (on a yoy basis), extending the 5.0% decline in the previous quarter. The decline in the construction sector was due to continued weakness in both the private and public sector construction activities.

The Group expects the demand for construction activities in the local market to remain weak in near term and competition in tenders will continue to be challenging. Notwithstanding current market conditions, the Group will remain focused in its core competency to drive productivity and cost efficiency improvement, and to participate in more tenders for new projects in the local and Myanmar markets.

The Group's order book as at 31 March 2018 amounted to S\$399.9 million which comprise S\$236.8 million from local construction projects and S\$163.1 million from Myanmar construction projects.

11 Dividend

(a) Whether an interim (final) ordinary dividend has been declared (recommended)

Any dividend declared for the current financial period reported on?

No.

(b) Corresponding period of the immediately preceding financial year

Not applicable

(c) The date the dividend is payable

Not applicable

(d) Books closure date

Not applicable

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

Not applicable.

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13 Interested Persons Transactions

Name of Interested Person	Aggregate value of all interested person transactions during the financial period under review (excluding transactions less than S\$100,000 and transactions conducted under shareholders' mandate pursuant to Rule 920)	Aggregate value of all interested person transactions conducted under shareholders' mandate pursuant to Rule 920 (excluding transactions less than S\$100,000)
	S\$'000	S\$'000
Transactions during 1QFY2018 <u>Soilbuild Group Holdings Ltd. & its subsidiaries</u> Rental of premises	-	199
<u>Asian Worldwide Services Pte Ltd</u> Shipping and cargo clearance services for construction equipment and materials	-	174

14 Use of Proceeds from Preferential Offering of Warrants

Pursuant to the preferential offering of warrants on 13 July 2016, the Company received net proceeds from the issue of the warrants of approximately S\$8.2 million after deducting the actual issue expenses of S\$0.2 million, as set out below. The utilisation of the proceeds as at the date of this announcement is as follows:

Use of proceeds from the preferential offering of warrants	Amount Allocated S\$'000	Amount Used As At 31 March 2018 S\$'000	Amount Unused As At 31 March 2018 S\$'000
Acquisition of plant and equipment for construction works in Myanmar	Up to 2,500	2,272	Up to 228
Working capital purposes	Up to 5,700	5,700	-
	8,200	7,972	228

The proceeds used for working capital purposes amounting to S\$5.7 million up to 31 March 2018 comprise mainly payment to suppliers and sub-contracts for the execution of the Group's pre-existing construction contracts in Singapore.

The Company will make periodic announcements on the use of the proceeds as and when the funds are materially disbursed. Pending the utilisation of the net proceeds as stated above, the unutilised amount may be placed in short-term deposits with banks and financial institutions or invested in money market instruments.

15 Confirmation that the issuer has procured undertakings from all its directors and executive officers under Rule 720(1).

The Company hereby confirms that it has procured undertakings from all its directors and executive officers under Rule 720(1).

16 Confirmation 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, 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 first quarter financial statements for the period ended 31 March 2018 to be false or misleading in any material aspect.

For and on behalf of the Board of Directors,

Lim Chap Huat
Executive Chairman
26 April 2018

Ho Toon Bah
Executive Director