

**Unaudited Full Year Financial Statement and Dividend Announcement
For the Financial Year Ended 31 December 2017**

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

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**

Financial year ended 31 December 2017 (“FY2017”) vs. financial year ended 31 December 2016 (“FY2016”)

| | Group | | Increase/ (Decrease) % |
|---|----------------------------------|--------------------------------|------------------------------|
| | FY2017 (Unaudited) S\$'000 | FY2016 (Audited) S\$'000 | |
| Revenue | 35,537 | 60,425 | (41.2) |
| Cost of works | (29,498) | (51,278) | (42.5) |
| Gross profit | 6,039 | 9,147 | (34.0) |
| Other losses-net | (2,077) | (212) | 879.7 |
| Expenses: | | | |
| - Administrative | (2,597) | (5,533) | (53.1) |
| - Finance | (464) | (348) | 33.3 |
| Share of loss of an associated company | - | (29) | N.M |
| Profit before income tax | 901 | 3,025 | (70.2) |
| Income tax expense | (171) | (487) | (64.9) |
| Net profit for the year | 730 | 2,538 | (71.2) |
| Other comprehensive income: Items that may be reclassified to profit or loss subsequently | | | |
| - Currency translation differences arising from consolidation | (18) | 6 | N.M |
| Total comprehensive income for the year | 712 | 2,544 | (72.0) |
| Earnings per share attributable to equity holders of the Company | | | |
| Basic | 0.01 | 0.03 | (66.7) |
| Diluted | 0.01 | 0.03 | (66.7) |

N.M. - Not meaningful

The Group's profit before income tax is arrived at after crediting/ (charging):

| | Group | | Increase/ (Decrease) % |
|--|----------------------------------|--------------------------------|------------------------------|
| | FY2017 (Unaudited) S\$'000 | FY2016 (Audited) S\$'000 | |
| Gain/(Loss) on foreign exchange | 244 | (202) | N.M. |
| (Loss)/Gain on disposal of property, plant and equipment | (4) | 13 | (130.8) |
| (Loss)/Gain from sales of scrap materials | (2,753) | - | N.M. |
| Government grants income | 102 | 263 | (61.2) |
| Interest income-bank deposits | 8 | 7 | 14.3 |
| Write off of trade & other receivables | (299) | - | N.M. |
| Allowance for impairment on trade & other receivables | - | (3,168) | N.M. |
| Loss on disposal of investment in associated company | - | (320) | N.M. |
| Interest expense | (464) | (348) | 33.3 |
| Depreciation of property, plant and equipment | (184) | (88) | 109.1 |
| Professional fees | (327) | (468) | (30.1) |

N.M. - Not meaningful

| | Group | | (Decrease) % |
|--|----------------------------------|--------------------------------|-----------------|
| | FY2017 (Unaudited) S\$'000 | FY2016 (Audited) S\$'000 | |
| Income Tax Expense | | | |
| Tax expense attributable to profit is made up of | | | |
| -Current income tax | | | |
| Singapore | 177 | 554 | (68.1) |
| | 177 | 554 | (68.1) |
| Over provision in prior financial years | (6) | (67) | (91.0) |
| Income tax expense | 171 | 487 | (64.9) |

N.M. - 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 | | Company | |
|--|---------------------------------------|-------------------------------------|---------------------------------------|-------------------------------------|
| | 31 Dec 2017 (Unaudited) S\$'000 | 31 Dec 2016 (Audited) S\$'000 | 31 Dec 2017 (Unaudited) S\$'000 | 31 Dec 2016 (Audited) S\$'000 |
| ASSETS | | | | |
| Current assets | | | | |
| Cash and bank balances | 2,848 | 2,954 | 109 | 129 |
| Trade and other receivables (Note 1) | 55,786 | 66,513 | 6,705 | 10,519 |
| Inventories | 2,508 | 4,887 | - | 1,720 |
| Total current assets | 61,142 | 74,354 | 6,814 | 12,368 |
| Non-current assets | | | | |
| Property, plant and equipment | 2,660 | 2,268 | - | - |
| Investment in subsidiaries | - | - | 26,070 | 26,070 |
| Total non-current assets | 2,660 | 2,268 | 26,070 | 26,070 |
| Total assets | 63,802 | 76,622 | 32,884 | 38,438 |
| LIABILITIES | | | | |
| Current liabilities | | | | |
| Trade and other payables (Note 2) | 5,831 | 18,087 | 534 | 1,999 |
| Current income tax liability | 177 | 555 | 31 | - |
| Borrowings | 9,718 | 10,703 | - | 5,000 |
| Total current liabilities | 15,726 | 29,345 | 565 | 6,999 |
| Non-current liabilities | | | | |
| Borrowings | 261 | 75 | - | - |
| Deferred income tax liabilities | 13 | 13 | - | - |
| Total non-current liabilities | 274 | 88 | - | - |
| Total liabilities | 16,000 | 29,433 | 565 | 6,999 |
| NET ASSETS | 47,802 | 47,189 | 32,319 | 31,439 |
| EQUITY | | | | |
| Share capital | 32,291 | 32,291 | 32,291 | 32,291 |
| Retained earnings / (accumulated losses) | 41,156 | 40,525 | 28 | (852) |
| Merger reserve | (25,628) | (25,628) | - | - |
| Currency translation reserve | (17) | 1 | - | - |
| Total equity | 47,802 | 47,189 | 32,319 | 31,439 |

Notes:

- (1) The Group's trade and other receivables as at the end of respective financial periods comprised the following:

| | 31 Dec 2017 (Unaudited) S\$'000 | 31 Dec 2016 (Audited) S\$'000 |
|--|--|--|
| Trade receivables | | |
| -non-related parties | 1,716 | 8,906 |
| Less: Allowance for impairment of trade receivables | - | (3,653) |
| | 1,716 | 5,253 |
| Construction contracts due from customers | 46,702 | 51,522 |
| Retention receivables | 6,641 | 9,031 |
| Less: Allowance for impairment of retention receivables | - | (474) |
| | 6,641 | 8,557 |
| Other receivables | 198 | 293 |
| Less: Allowance for impairment of other receivables | - | (236) |
| | 198 | 57 |
| Deposits | 456 | 1,201 |
| Less: Allowance for impairment of deposits | - | (107) |
| | 456 | 1,094 |
| Loan to associated company | - | 100 |
| Less: Allowance for impairment of loan to associated company | - | (100) |
| | - | - |
| Prepayments | 73 | 30 |
| Total | 55,786 | 66,513 |

- (2) The Group's trade and other payables as at the end of respective financial periods comprised the following:

| | 31 Dec 2017 (Unaudited) S\$'000 | 31 Dec 2016 (Audited) S\$'000 |
|---|--|--|
| Trade payables | 3,432 | 15,211 |
| Construction contracts due to customers | 84 | - |
| Other payables | 1,361 | 1,048 |
| Accrued operating expenses | 954 | 1,828 |
| Total | 5,831 | 18,087 |

**1(b) (ii) Aggregate amount of group's borrowings and debt securities
Amount repayable in one year or less**

| | As at 31 Dec 2017 (Unaudited) | | As at 31 Dec 2016 (Audited) | |
|---------------------------|----------------------------------|----------------------|--------------------------------|----------------------|
| | Secured S\$'000 | Unsecured S\$'000 | Secured S\$'000 | Unsecured S\$'000 |
| Convertible bond | - | - | - | 5,000 |
| Finance lease liabilities | 130 | - | 29 | - |
| Bank loans | 1,000 | 8,588 | 1,000 | 4,674 |

Amount repayable after one year

| | As at 31 Dec 2017 (Unaudited) | | As at 31 Dec 2016 (Audited) | |
|---------------------------|----------------------------------|----------------------|--------------------------------|----------------------|
| | Secured S\$'000 | Unsecured S\$'000 | Secured S\$'000 | Unsecured S\$'000 |
| Finance lease liabilities | 261 | - | 75 | - |
| Bank loans | - | - | - | - |

Details of any collateral:

Finance leases as at 31 December 2017 are secured by the leased assets (motor vehicle, office equipment as well as plant and machineries).

Bank loans of S\$1.0 million as at 31 December 2017 are secured by fixed deposits of S\$1.0 million pledged to the bank.

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**

| | FY2017 (Unaudited) S\$'000 | FY2016 (Audited) S\$'000 |
|--|---|---|
| Operating activities | | |
| Net profit for the year | 730 | 2,538 |
| Adjustments for: | | |
| Income tax expense | 171 | 487 |
| Loss/(Gain) on disposal of property, plant & equipment | 4 | (13) |
| Depreciation | 184 | 88 |
| Interest income-bank deposits | (8) | (7) |
| Interest expense | 464 | 348 |
| Write off of trade & other receivables | 299 | - |
| Allowance for impairment on trade and other receivables | - | 3,168 |
| Loss on disposal of investment in associated company | - | 320 |
| Share of loss of an associated company | - | 29 |
| (Gain)/Loss on unrealised currency translation | (59) | 39 |
| Operating cash flows before changes in working capital | 1,785 | 6,997 |
| Changes in working capital | | |
| Trade and other receivables | 10,428 | (11,425) |
| Trade and other payables | (12,256) | (3,147) |
| Inventories | 2,379 | 1,106 |
| Cash provided by /(used in) operations | 2,336 | (6,469) |
| Income tax paid | (548) | - |
| Net cash from /(used in) operating activities | 1,788 | (6,469) |
| Cash flows from investing activities | | |
| Dividend paid to shareholders | (99) | (496) |
| Additions of property, plant and equipment | (118) | (274) |
| Proceeds from disposals of property, plant & equipment | - | 36 |
| Net cash used in investing activities | (217) | (734) |
| Cash flows from financing activities | | |
| Interest received | 8 | 7 |
| Interest paid | (471) | (387) |
| Bank deposit pledged | (8) | (7) |
| Proceeds from borrowings | 15,021 | 4,737 |
| Repayment of finance lease | (126) | (22) |
| Repayment of convertible bond | (5,000) | - |
| Repayment of bank borrowings | (11,108) | (822) |
| Net cash (used in) /from financing activities | (1,684) | 3,506 |
| Net decrease in cash and cash equivalents | (113) | (3,697) |
| Cash and cash equivalents at the beginning of the financial year | 1,939 | 5,636 |
| Cash and cash equivalents at end of the financial year | 1,826 | 1,939 |

Note:

(1) Cash and cash equivalents at the end of the respective financial years comprise the following:

| | FY2017 (Unaudited) S\$'000 | FY2016 (Audited) S\$'000 |
|---|---|---|
| Cash at bank and on hand | 1,826 | 1,939 |
| Short-term bank deposit | 1,022 | 1,015 |
| Cash and bank balances per consolidated statement of financial position | 2,848 | 2,954 |
| Less: short-term bank deposit pledged | (1,022) | (1,015) |
| Cash and cash equivalents per consolidated statement of cash flows | 1,826 | 1,939 |

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 | Share capital S\$'000 | Retained earnings S\$'000 | Merger Reserve S\$'000 | Currency translation reserve S\$'000 | Total S\$'000 |
|---|--------------------------|------------------------------|---------------------------|---|------------------|
| (Unaudited) | | | | | |
| Balance as at 1 January 2017 | 32,291 | 40,525 | (25,628) | 1 | 47,189 |
| Total comprehensive income for the financial year | - | 730 | - | (18) | 712 |
| Dividend paid for FY2016 | - | (99) | - | - | (99) |
| Balance as at 31 December 2017 | 32,291 | 41,156 | (25,628) | (17) | 47,802 |
| (Audited) | | | | | |
| Balance as at 1 January 2016 | 32,291 | 38,483 | (25,628) | (5) | 45,141 |
| Total comprehensive income for the financial year | - | 2,538 | - | 6 | 2,544 |
| Dividend paid for FY2015 | - | (496) | - | - | (496) |
| Balance as at 31 December 2016 | 32,291 | 40,525 | (25,628) | 1 | 47,189 |

| Company | Share capital S\$'000 | Accumulated losses S\$'000 | Total S\$'000 |
|---|--------------------------|-------------------------------|------------------|
| (Unaudited) | | | |
| Balance as at 1 January 2017 | 32,291 | (852) | 31,439 |
| Total comprehensive income for the financial year | - | 979 | 979 |
| Dividend paid for FY2016 | - | (99) | (99) |
| Balance as at 31 December 2017 | 32,291 | 28 | 32,319 |
| (Audited) | | | |
| Balance as at 1 January 2016 | 32,291 | (550) | 31,741 |
| Total comprehensive income for the financial year | - | 194 | 194 |
| Dividend paid for FY2015 | - | (496) | (496) |
| Balance as at 31 December 2016 | 32,291 | (852) | 31,439 |

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 the number of shares that may be issued on conversion of all the outstanding convertibles, if any, against the total number of issued shares excluding treasury shares and subsidiary holdings 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. State also the number of shares held as treasury shares and the number of subsidiary holdings, if any, and the percentage of the aggregate number of treasury shares and subsidiary holdings held against the total number of shares outstanding in a class that is listed 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 30 June 2017 and 31 December 2017 | 99,200,000 | 32,269,650 |

The Convertible Bond

As at 31 December 2016, the Company had an existing unsecured 3-year, 5% convertible bond issued to Keong Hong Holdings Limited with a principal amount of S\$5 million (the "**Convertible Bond**"). The Convertible Bond was convertible into 11,904,000 shares at a conversion price of S\$0.42 per share, representing approximately 10.7% of the total number of issued shares. The maturity date of the Convertible Bond was extended to 5 September 2017 by way of an amendment agreement on 30 June 2016.

The Company had fully redeemed the principal amount of the bond on 5 September 2017. As such, the Convertible Bond is no longer subsisting as at 31 December 2017.

Save for the aforementioned, the Company did not have any other outstanding convertibles, subsidiary holdings or treasury shares as at 31 December 2017 and 31 December 2016.

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

| | Company As at 31 December 2017 | Company As at 31 December 2016 |
|---|---|---|
| Total number of issued shares excluding treasury shares | 99,200,000 | 99,200,000 |

The Company did not have any treasury shares as at 31 December 2017 and 31 December 2016.

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

Not applicable. The Company did not have any treasury shares during and as at the end of the current financial year reported on.

1(d) (v) A statement showing all sales, transfers, cancellation and/or use of subsidiary holdings as at the end of the current financial period reported on.

Not applicable. The Company did not have any subsidiary holdings during, and at the end of the current financial year reported on.

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.

4. Whether the same accounting policies and methods of computation as in the issuer's most recently audited annual financial statements have been applied

Save as disclosed in paragraph 5 below, the Group has applied the same accounting policies and methods of computation in the financial statements for the current reporting period as in the most recently audited annual financial statements for the financial year ended 31 December 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

In the current financial year reported on, the Group and the Company adopted the new Financial Reporting Standards ("**FRS**") and Amendments to FRS that are effective for annual period beginning on or after 1 January 2017.

The adoption of the new FRSs and Amendments to FRSs did not result in any substantial change to the Group and the Company's accounting policies and methods of computation, nor had any material impact on the financial statements of the Group.

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

| | Group | |
|--|-----------------------|---------------------|
| | FY2017 (Unaudited) | FY2016 (Audited) |
| Net profit attributable to equity holders of the Company (S\$'000) | 730 | 2,538 |
| Basic earnings per share (EPS) in Singapore cents ⁽¹⁾ | 0.01 | 0.03 |
| Diluted EPS in Singapore cents | 0.01 ⁽²⁾ | 0.03 ⁽³⁾ |

Notes:

- (1) The basic EPS for FY2017 and FY2016 was calculated based on the weighted average number of ordinary shares in issue during FY2017 and FY2016 of 99,200,000 shares.
- (2) The Convertible Bond, that could potentially dilute basic earnings per share, was not included in the calculation of diluted earnings per share because it was anti-dilutive for FY2017.
- (3) The diluted EPS for FY2016 was calculated based on 111,104,000 shares assuming full conversion of the Convertible Bond and by adding back the interest paid on the Convertible Bond in the FY2016 to the net profit attributable to equity holders of the Company.

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 | |
|--|-------------------------------|-----------------------------|-------------------------------|-----------------------------|
| | 31 Dec 2017 (Unaudited) | 31 Dec 2016 (Audited) | 31 Dec 2017 (Unaudited) | 31 Dec 2016 (Audited) |
| Net asset value (S\$'000) | 47,802 | 47,189 | 32,319 | 31,439 |
| Number of issued shares ('000) | 99,200 | 99,200 | 99,200 | 99,200 |
| Net asset value per ordinary share based on issued share capital (S\$) | 0.48 | 0.48 | 0.33 | 0.32 |

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 Income Statement of the Group

FY2017 vs. FY2016

Revenue

Our total revenue decreased by S\$24.9 million from S\$60.4 million in FY2016 to S\$35.5 million in FY2017. Revenue derived from the structural steelworks services segment (the “**Steelworks Segment**”) accounted for approximately 87.8% of our Group’s total revenue.

Steelworks Segment

The decrease in revenue from the Steelworks Segment by 40.7% from S\$52.6 million in FY2016 to S\$31.2 million in FY2017 was mainly due to the decrease in the work done as several projects were reaching completion in FY2017. The decrease was partially offset by higher revenue contributed from Stevens Station Project, Maxwell Station Project, Marina Bay Station Project and newly commenced projects, namely Tanah Merah Station Project, Bedok South Station Project and Mount Sinai Lane Project.

Tunneling Segment

Revenue from the tunneling services segment (the “**Tunneling Segment**”) decreased from S\$7.8 million in FY2016 to S\$4.3 million in FY2017 mainly due to decrease in work done for Jurong Island to Pioneer Transmission Cable Tunnel Project, East-West Transmission Cable Tunnel Project and Stevens Station Tunnel Project, partially offset by increase in work done for the Shenton Way Station Tunnel Project.

Cost of works

Our cost of works decreased by approximately S\$21.8 million or 42.5% from S\$51.3 million in FY2016 to S\$29.5 million in FY2017, primarily due to the decrease in cost of works, in line with the decrease in revenue for the Steelworks Segment of approximately S\$20.8 million.

Steelworks Segment

Our cost of works for the Steelworks Segment decreased by 44.8% from approximately S\$46.4 million in FY2016 to S\$25.6 million in FY2017 mainly due to decrease in subcontractors costs of S\$8.7 million, materials cost of S\$4.8 million, worksite expenses of S\$3.1 million, rental expenses of S\$3.1 million and employee compensation of S\$1.1 million, in line with the decrease in revenue from the Steelworks Segment.

Tunneling Segment

Our cost of works for the Tunneling Segment decreased by 20.4% from approximately S\$4.9 million in FY2016 to S\$3.9 million in FY2017 mainly due to decrease in employee compensation of S\$0.7 million, rental expenses of S\$0.2 million and other expenses of S\$0.1 million, in line with the decrease of revenue.

Gross profit

In view of the abovementioned, our Group's gross profit decreased by 34.0% from S\$9.1 million in FY2016 to S\$6.0 million in FY2017. However, gross profit margin increased from 15.1% in FY2016 to 17.0% in FY2017 due to better cost management.

Other losses - net

Our Group recognized other losses of S\$2.1 million in FY2017 as compared to other losses of S\$0.2 million in FY2016. The net increase of S\$1.9 million was mainly due to the net effect of changes of the following items:

- an increase in loss on sale of scrap materials of S\$2.7 million as the Group was migrating bulk of its materials from Singapore to its Malaysia warehouse for storage during the year and in the process of doing so, the Group considered it more cost effective to scrap some of these materials in Singapore;
- a decrease in government grants income of approximately S\$0.2 million;
- a net increase in gain on foreign exchange of approximately S\$0.5 million;
- a bad debt relief received under the GST (General) Regulations of approximately S\$0.2 million during FY2017 in relation to uncollectible debts that was previously written off; and
- an impairment loss on the investment in a former associated company, Fuchiang Construction Pte Ltd, of approximately S\$0.3 million recorded in FY2016 while there was no such item in FY2017.

Administrative expenses

Administrative expenses decreased by approximately of S\$2.9 million or 53.1% from S\$5.5 million in FY2016 to S\$2.6 million in FY2017. This was mainly due to lower allowance for third party doubtful debts from S\$3.2 million in FY2016 to S\$0.3 million in FY2017.

Interest expense

Interest expense increased by S\$0.1 million or 33.3% from S\$0.4 million in FY2016 to S\$0.5 million in FY2017 mainly due to the increase in bank borrowings and finance lease in FY2017.

Profit before income tax

In view of the foregoing, the Group recorded a profit before tax of S\$0.9 million in FY2017, a decrease of S\$2.1 million as compared to the profit before tax of S\$3.0 million in FY2016, mainly due to the above-mentioned factors.

Income tax expense

Income tax expense of approximately S\$0.5 million was recorded in FY2016 as compared to S\$0.2 million in FY2017. The decrease in income tax expense is line with the decrease in revenue and partially offset by over-provision of taxes in prior year.

Review of the Financial Position of the Group

Current assets

Our current assets decreased by approximately S\$13.2 million to S\$61.1 million as at 31 December 2017 mainly due to:

- (i) decrease in trade and other receivables by approximately S\$10.7 million, as a result of:
 - decrease in construction contracts due from customers and retention receivables of approximately S\$6.7 million which was in line with the decrease in revenue;
 - decrease in trade receivables due to settlement of billings by customers of approximately S\$3.5 million;
 - decrease in deposits of approximately S\$0.5 million due to reclassification of deposit for crawler crane to property, plant and equipment; offset by
 - increase in other receivables of approximately S\$0.2 million due to compensation amount payable by directors of a former associated company for performance bond undertaking by an insurance company;
- (ii) a decrease in inventories by approximately S\$2.4 million mainly because the Group had utilised materials which were bought back previously for certain projects; and
- (iii) a decrease in cash and bank balances by approximately S\$0.1 million.

Non-Current assets

Our non-current assets increased by approximately S\$0.4 million to S\$2.7 million as at 31 December 2017. The increase was mainly due to purchase of crawler crane, office equipment and currency translation differences of approximately S\$0.6 million which were offset by the depreciation of property, plant and equipment of approximately S\$0.2 million during FY2017.

Current and Non-Current liabilities

Total liabilities decreased by approximately S\$13.4 million to S\$16.0 million as at 31 December 2017, mainly due to:

- (i) a decrease in trade and other payables of approximately S\$12.3 million, as a result of:
 - decrease in trade payables of S\$11.7 million which was in line with a lower volume of work carried out for on-going projects on hand;
 - decrease in accrued operating expenses of approximately S\$0.9 million due to lower accrued operating expenses related to projects cost ;
offset by
 - an increase in other payables of approximately S\$0.3 million due to compensation amount payable for performance bond undertaking of S\$0.3 million; and
- (ii) total borrowings in total had decreased by S\$0.8 million mainly due to repayment of short-term bank borrowings of approximately S\$10.2

million, redemption of convertible bond of S\$5.0 million, repayment of hire purchase obligations of S\$0.1 million and repayments of a term loan of S\$0.9 million. These repayments were partially offset by drawdowns of short-term bank borrowings of approximately S\$10.0 million, a term loan of S\$5.0 million for redemption of the convertible bond as well as the utilization of hire purchase facility of S\$0.4 million to finance the purchase of crawler crane.

The Group has not been able to comply with certain financial covenants in respect of a 3-year term loan of S\$5 million drawn down in September 2017. The management is in the process of negotiating with the lending bank to remedy the technical lapse, and is of the view that this would not have a significant impact on the Group's operations. As such, for financial reporting purposes, the outstanding balance of the said loan as at 31 December 2017 has been classified as a current liability.

Equity

As at 31 December 2017, our equity of approximately S\$47.8 million comprised mainly share capital of S\$32.3 million and net reserves of S\$15.5 million.

Review of the Cash Flow Statement of the Group

Net cash provided by operating activities

In FY2017, we recorded net cash inflow from operating activities of approximately S\$1.8 million, which was a result of operating cash flows before changes in working capital of approximately S\$1.8 million, adjusted for net working capital inflow of approximately S\$0.5 million as well as income tax paid of S\$0.5 million. Our working capital inflows were mainly due to a decrease in trade and other receivables of approximately S\$10.4 million and inventories of approximately S\$2.4 million, partially offset by a decrease in trade and other payables of approximately S\$12.3 million.

Net cash used in investing activities

Net cash used in investing activities amounted to approximately S\$0.2 million, which was mainly attributable to dividend payment to shareholders of approximately S\$0.1 million and additions of property, plant and equipment of approximately S\$0.1 million.

Net cash used in financing activities

Net cash used in financing activities amounted to approximately S\$1.7 million in FY2017, which was mainly due to repayment of bank borrowings, convertible bond and finance leases as well as interest paid, aggregating of S\$16.7 million, partially offset by proceeds from bank borrowings of approximately S\$15.0 million.

As at 31 December 2017, our cash and cash equivalents were approximately S\$1.8 million.

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

Not applicable. No forecast or prospect statement has been previously issued to the shareholders for the current financial period reported on.

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

The outlook for the Singapore construction industry for the next 12 months remains positive. The Building and Construction Authority projected S\$26 billion to S\$31 billion worth of construction contracts to be awarded to the industry players in 2018⁽¹⁾. In this connection, we are cautiously optimistic that we are likely to be awarded some major public-sector projects such as the North-South Corridor, new MRT works and Deep Tunnel Sewerage System (DTSS) Phase 2.

Our established track record and strong technical expertise have put us in a favourable position to benefit from the anticipated public-sector projects.

On the other hand, we expect pressure from the acute constraint of labour supply and increasing manpower costs in Singapore. Nevertheless, the Group will endeavour to manage its costs and overheads so as to preserve a healthy bottom-line.

Source:

(1) Building and Construction Authority. (11 January 2018). Public Sector Construction Demand Is Expected To Strengthen This Year. Available at: https://www.bca.gov.sg/newsroom/others/PR_prospectseminar2018.pdf (Accessed: 31 January 2018).

11. Dividend

(a) Current Financial Period Reported On

Any dividend recommended or declared for the current financial period reported on?

Yes, the proposed dividend below is subject to shareholders' approval at the forthcoming annual general meeting ("**AGM**") to be held in April 2018.

| | |
|------------------------------------|--|
| Name of Dividend | First and Final |
| Dividend Type | Cash |
| Dividend amount per ordinary share | 0.1 Singapore cent (S\$0.001) per ordinary share |
| Tax rate | One-tier tax exempt |

(b) Corresponding Period of the Immediately Preceding Financial Year

Any dividend declared for the corresponding period of the immediately preceding financial year?

Yes. A first and final dividend (one-tier tax exempt) of 0.1 Singapore cents (S\$0.001) per ordinary share was declared for FY2016 and paid on 24 May 2017 (the “**Final Dividend**”).

(c) Date payable:

Payment of the Final Dividend, if approved by shareholders at the forthcoming AGM of the Company, will be made on 24 May 2018.

(d) Books closure date:

Notice is hereby given that subject to the approval of shareholders to the proposed Final Dividend at the forthcoming AGM, the Transfer Book and Register of Members of the Company will be closed from 5.00 p.m. on 9 May 2018 for the purpose of determining shareholders’ entitlements to the proposed Final Dividend. Duly completed registrable transfers received by the Company’s Share Registrar, Tricor Barbinder Share Registration Services of 80 Robinson Road #02-00, Singapore 068898 up to 5.00 p.m. on 9 May 2018 will be registered to determine shareholders’ entitlement to the proposed Final Dividend.

Shareholders (being depositors) whose securities accounts with The Central Depository (Pte) Limited are credited with shares at 5.00 p.m. on 9 May 2018 will be entitled to the proposed Final 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 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.

| | Aggregate value of all IPTs during the financial year under review (excluding transactions less than S\$100,000 and transactions conducted under shareholders’ mandate pursuant to Rule 920) | | Aggregate value of all IPTs conducted under shareholders’ mandate pursuant to Rule 920 (excluding transactions less than S\$100,000) | |
|---|--|------------------------|--|---------------|
| | FY2017 S\$ | FY2016 S\$ | FY2017 S\$ | FY2016 S\$ |
| Keong Hong Construction Pte Ltd - Strutting works for Raffles Hospital Extension Project | 70,697 ⁽¹⁾ | 724,000 ⁽¹⁾ | - | - |
| Keong Hong Holdings Limited ¹⁾ - Interest paid on the Convertible Bond | 156,250 ⁽²⁾ | 251,284 ⁽²⁾ | - | - |
| Total | 226,947 | 975,284 | | |

Notes:

- (1) The Company had on 16 December 2015 entered into a contract with Keong Hong Construction Pte Ltd in relation to strutting works for Raffles Hospital Extension Project. The value of contract amounted to S\$794,697. A total amount of S\$70,697 of work was done in 2017.
- (2) The Company had on 30 June 2016 entered into an amendment agreement with Keong Hong Limited to extend the maturity date of the S\$5 million convertible bond to 05 September 2017. The Company had fully redeemed the principal amount of the bond on 05 September 2017. .

The Group does not have a general mandate for IPTs.

Save for as disclosed, there were no IPTs exceeding S\$100,000 entered into during the financial year reported on.

14. Confirmation that the issuer has procured undertakings from all its directors and executive officers (in the format set out in Appendix 7H) under Rule 720(1) of the Catalist Rules

The Company confirms that undertakings have been procured from the Board of Directors and executive officers (in the format set out in Appendix 7H) under Rule 720(1).

PART II – ADDITIONAL INFORMATION REQUIRED FOR FULL YEAR ANNOUNCEMENT

15. Segmented revenue and results for operating segments (of the group) in the form presented in the issuer's most recently audited annual financial statements, with comparative information for the immediately preceding year.

Business Segments

| | FY2017 (Unaudited) | | | FY2016 (Audited) | | |
|--|--------------------------------|----------------------|------------------|--------------------------------|----------------------|------------------|
| | Structural Steel S\$'000 | Tunneling S\$'000 | Total S\$'000 | Structural Steel S\$'000 | Tunneling S\$'000 | Total S\$'000 |
| Sales | 31,209 | 4,328 | 35,537 | 52,604 | 7,821 | 60,425 |
| Cost of works | (25,557) | (3,941) | (29,498) | (46,398) | (4,880) | (51,278) |
| Gross profit | 5,652 | 387 | 6,039 | 6,206 | 2,941 | 9,147 |
| Other losses-net | | | (2,077) | | | (212) |
| Administrative expenses | | | (2,597) | | | (5,533) |
| Finance expenses | | | (464) | | | (348) |
| Share of loss of an associated company | | | - | | | (29) |
| Profit before tax | | | 901 | | | 3,025 |
| Income tax expenses | | | (171) | | | (487) |
| Net Profit | | | 730 | | | 2,538 |

16. In the review of performance, the factors leading to any material changes in contributions to turnover and earnings by the operating segments.

Please refer to paragraph 8 above.

17. A breakdown of sales as follows:

| | Group | | |
|--|----------------------------------|--------------------------------|-------------------------------|
| | FY2017 (Unaudited) S\$'000 | FY2016 (Audited) S\$'000 | Increase / (Decrease) % |
| (a) Sales reported for first half year | 19,343 | 29,259 | (33.9) |
| (b) Operating profit after tax before deducting minority interests reported for first half year | 510 | 1,681 | (69.7) |
| (c) Sales reported for second half year | 16,194 | 31,166 | (48.0) |
| (d) Operating profit after tax before deducting minority interests reported for second half year | 220 | 857 | (74.3) |

18. A breakdown of the total annual dividend (in dollar value) for the issuer's latest full year and its previous full year as follows:

Total Annual Dividend

| | FY2017 (S\$'000) | FY2016 (S\$'000) |
|------------|---------------------|---------------------|
| Ordinary | 99 | 99 |
| Preference | - | - |
| Total | 99 | 99 |

FY2017

The payment of the proposed first and final dividend of 0.1 Singapore cents (S\$0.001) per ordinary share is subject to the approval of the shareholders at the forthcoming AGM of the Company.

FY2016

The first and final dividend of 0.1 Singapore cents (S\$0.001) per ordinary share was approved by the shareholders at the AGM held on 27 April 2017 and was paid on 24 May 2017.

19. **Disclosure of person occupying a managerial position in the issuer or any of its principal subsidiaries who is a relative of a director or chief executive officer or substantial shareholder of the issuer pursuant to Rule 704(10) in the format below. If there are no such persons, the issuer must make an appropriate negative statement.**

The information pursuant to Rule 704(10) on persons occupying managerial positions in the Company or any of its subsidiaries who are related to a director or chief executive officer or substantial shareholder of the Company is as follows:

| Name | Age | Family relationship with any director, CEO and/or substantial shareholder | Current position and duties, and the year the position was first held | Details of changes in duties and position held, if any, during the year |
|---------------|-----|---|---|---|
| Chin Soon Mei | 45 | Sister in law of Mr. Hooi Yu Koh (CEO) | <p>Director of Kori Construction (M) Sdn Bhd (“KCM”). Responsible for the administrative and financial operations of Kori Malaysia. Position first held in year 2012.</p> <p>On 17 July 2017, Ms Chin resigned as director and appointed as manager of Kori Construction (M) Sdn Bhd.</p> | <p>Ms Chin was appointed as manager of KCM with effect from 17 July 2017.</p> <p>She resigned as a manager of KCM on 31 January 2018.</p> <p>There was no change of her duties during FY2017.</p> |

By Order of the Board

HOOI YU KOH
CEO/Managing Director
01 March 2018

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 (the "SGX-ST") Listing Manual Section B: Rules of Catalyst. 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.

The contact person for the Sponsor is Ms Keng Yeng Pheng, Associate Director, Continuing Sponsorship (Mailing Address: 16 Collyer Quay, #10-00 Income at Raffles, Singapore 049318 and E-mail: sponsorship@ppcf.com.sg).
