

**Hock Lian Seng Holdings Limited**

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Company Registration Number 200908903E

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**FINANCIAL STATEMENTS AND RELATED ANNOUNCEMENT FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018**

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**PART I : Information required for announcement of Full Year Result****1(a)(i) An income statement and statement of comprehensive income or a statement of comprehensive income (for the group), together with comparative statements for the corresponding period of the immediately preceding financial year.**

	Group		Change %
	Financial year ended 31.12.2018	31.12.2017 <b>Restated*</b>	
	\$'000	\$'000	
Revenue	197,793	142,400	38.9%
Cost of sales	(177,090)	(117,219)	51.1%
Gross profit	20,703	25,181	-17.8%
<i>Gross profit margin</i>	<i>10.5%</i>	<i>17.7%</i>	
Other income	3,498	4,050	-13.6%
Distribution and selling costs	(152)	(143)	6.3%
Administrative costs	(4,860)	(5,333)	-8.9%
Changes in fair value of investment properties	(50)	(200)	-75.0%
Changes in fair value of investment securities	(1,232)	125	n.m.
Impairment loss on investment securities	-	(1,132)	n.m.
Other operating costs	(1,036)	(1,141)	-9.2%
Finance costs	(251)	(432)	-41.9%
Share of results of joint venture, net of tax	1,234	490	151.8%
Profit before taxation	17,854	21,465	-16.8%
Tax expenses	(3,806)	(3,961)	-3.9%
Profit after taxation	14,048	17,504	-19.7%
Attributable to: Equity holders of the Company	14,048	17,504	-19.7%

n.m. : - not meaningful

*\*The 2017 comparative figures have been restated to take into account the retrospective adjustments on adoption of new standards as detailed in paragraph 5 of this announcement.*

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## Consolidated statement of comprehensive income

	Group	
	Financial year ended	
	31.12.2018	31.12.2017
		<b>Restated</b>
	<u>\$'000</u>	<u>\$'000</u>
Profit after taxation	14,048	17,504
Other comprehensive income:		
Items that may be reclassified subsequently to profit or loss:		
Financial instruments at FVOCI / Available-for-sale financial assets		
- net change in fair value	(375)	363
Other comprehensive income	<u>(375)</u>	<u>363</u>
Total comprehensive income	<u>13,673</u>	<u>17,867</u>
Attributable to:		
Equity holders of the Company	<u>13,673</u>	<u>17,867</u>

### 1(a)(ii) Notes to the Income Statement

The Group's profit before taxation is arrived at after charging/(crediting) the following:

	Group	
	Financial year ended	
	31.12.2018	31.12.2017
	<u>\$'000</u>	<u>\$'000</u>
Depreciation of property, plant and equipment	5,348	3,975
Loss/(gain) on foreign exchange	(328)	737
Loss/(gain) on disposal of property, plant and equipment	(181)	(190)
Impairment loss on investment securities	-	1,132
Interest income	(2,706)	(3,315)
Dividend income from investment securities	(111)	(101)
Fair value changes on investment properties	50	200
Fair value changes on investment securities	1,232	(125)



**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	
	31.12.2018	31.12.2017	1.1.2017	31.12.2018	31.12.2017
		<b>Restated</b>	<b>Restated</b>		
	\$'000	\$'000	\$'000	\$'000	\$'000
<b>Non-current assets</b>					
Property, plant and equipment	37,694	35,049	15,629	-	-
Subsidiary companies	-	-	-	37,814	37,814
Investment in joint venture	1,711	1,303	15,313	-	-
Investment properties	2,850	2,900	3,100	-	-
Investment securities	7,023	23,013	26,765	-	-
Deferred tax assets	973	1,435	3,771	-	-
	<b>50,251</b>	<b>63,700</b>	<b>64,578</b>	<b>37,814</b>	<b>37,814</b>
<b>Current assets</b>					
Development properties	103,052	95,625	71,337	-	-
Contract assets	6,681	11,993	7,694	-	-
Trade receivables	18,486	19,457	13,661	-	-
Other receivables	7,178	1,432	429	58,038	49,258
Amounts due from joint ventures	34,688	72	1,357	-	-
Prepayments and deposits	3,114	2,718	1,427	-	-
Investment securities	24,975	9,330	4,460	-	-
Cash and short term deposits	94,376	132,081	205,984	1,357	5,245
	<b>292,550</b>	<b>272,708</b>	<b>306,349</b>	<b>59,395</b>	<b>54,503</b>
<b>Current liabilities</b>					
Trade and other payables	69,196	62,860	50,322	496	474
Loans and borrowings	11,490	-	13	-	-
Amounts due to joint venture partners	63	71	1,209	-	-
Advance payment received for construction project	5,277	5,277	-	-	-
Contract liabilities	36,526	40,422	32,214	-	-
Provisions	13,985	13,058	26,797	-	-
Provision for taxation	3,899	2,190	1,562	76	138
	<b>140,436</b>	<b>123,878</b>	<b>112,117</b>	<b>572</b>	<b>612</b>
<b>Net current assets</b>	<b>152,114</b>	<b>148,830</b>	<b>194,232</b>	<b>58,823</b>	<b>53,891</b>
<b>Non-current liabilities</b>					
Loans and borrowings	-	15,090	15,490	-	-
Deferred income	138	-	-	-	-
	<b>138</b>	<b>15,090</b>	<b>15,490</b>	<b>-</b>	<b>-</b>
<b>Net assets</b>	<b>202,227</b>	<b>197,440</b>	<b>243,320</b>	<b>96,637</b>	<b>91,705</b>
<b>Equity</b>					
Share capital	59,954	58,956	58,956	59,954	58,956
Capital reserve	1,000	1,000	1,000	-	-
Fair value reserve	165	540	177	-	-
Accumulated profits	157,347	153,183	199,426	36,683	32,749
Merger deficit	(16,239)	(16,239)	(16,239)	-	-
<b>Total equity</b>	<b>202,227</b>	<b>197,440</b>	<b>243,320</b>	<b>96,637</b>	<b>91,705</b>



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

Amount repayable in one year or less, or on demand

As at 31 December 2018		As at 31 December 2017	
Secured (\$'000)	Unsecured (\$'000)	Secured (\$'000)	Unsecured (\$'000)
11,490	-	-	-

Amount repayable after one year

As at 31 December 2018		As at 31 December 2017	
Secured (\$'000)	Unsecured (\$'000)	Secured (\$'000)	Unsecured (\$'000)
-	-	15,090	-

Details of collateral:

As at 31 December 2018, the Group's secured borrowings of \$11,490,000 was reclassified as current liabilities as the project financing for the development at Tuas was fully repaid in January 2019.



**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.**

	< -----Group----- >	
	Financial year ended	
	31.12.2018	31.12.2017
		<b>Restated</b>
	\$'000	\$'000
<b>Cash flows from operating activities</b>		
Profit before taxation	17,854	21,465
Adjustments :		
Depreciation of property, plant and equipment	5,348	3,975
(Gain)/loss on disposal of property, plant and equipment	(181)	(190)
Impairment loss on investment securities	-	1,132
Fair value changes on investment properties	50	200
Fair value changes on investment securities	1,232	(125)
Share of results of joint venture	(1,234)	(490)
Interest income	(2,706)	(3,315)
Share-based compensation expenses	998	-
Unrealised exchange (gain)/loss	(328)	182
Dividend income from investment securities	(111)	(101)
<b>Operating cash flows before working capital changes</b>	<b>20,922</b>	<b>22,733</b>
(Increase)/decrease in:		
Contract assets	5,312	(4,299)
Development properties	(7,427)	(24,288)
Trade receivables	970	(5,796)
Other receivables	(5,751)	(1,008)
Prepayments and deposits	(396)	(1,291)
Increase/(decrease) in:		
Trade and other payables and provisions	7,263	(1,201)
Contract liabilities	(3,896)	8,209
Advance payments received for construction project	-	5,277
Deferred income	138	-
<b>Cash flows generated from / (used in) operations</b>	<b>17,135</b>	<b>(1,664)</b>
Interest received	1,261	1,717
Income tax paid	(1,635)	(998)
<b>Net cash flows generated from / (used in) operating activities</b>	<b>16,761</b>	<b>(945)</b>
<b>Cash flows from investing activities</b>		
Purchases of property, plant and equipment	(8,081)	(23,550)
Dividend income received from joint venture	1,800	14,500
Decrease/(increase) in amount due from a joint venture partner (net)	(6)	(1,140)
Decrease/(increase) in amounts due from joint ventures	(34,242)	1,287
Acquisition of interest in a joint venture company	(1,350)	-
Purchases of investment securities	(13,996)	(7,656)
Proceeds from disposal of property, plant and equipment	269	345
Proceeds from maturity/redemption of investment securities	12,050	6,031
Interest received from investment securities	1,468	1,466
Dividend income received from investment securities	111	101
<b>Net cash flows (used in) / generated from investing activities</b>	<b>(41,977)</b>	<b>(8,616)</b>
<b>Cash flows from financing activities</b>		
Dividend paid	(9,217)	(63,747)
Repayment of bank loans	(3,600)	(400)
Repayment of obligations under finance lease	-	(13)
<b>Net cash flows used in financing activities</b>	<b>(12,817)</b>	<b>(64,160)</b>
Net increase/(decrease) in cash and cash equivalents	(38,033)	(73,721)
Effect of exchange differences on cash and cash equivalents	328	(182)
Cash and cash equivalents, Beginning balance	132,081	205,984
<b>Cash and cash equivalents, Ending balance</b>	<b>94,376</b>	<b>132,081</b>



**1(d)(i) A statement (for the issuer and the group) showing either (i) all changes in equity or (ii) changes in equity other than those arising from capitalization 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

	Share capital	Capital reserve	Accumulated profits	Fair value adjustment reserve	Merger deficit	Total equity
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
<b>At 1 January 2018</b>	58,956	1,000	157,160	540	(16,239)	201,417
Impact from adoption of SFRS(l)15	-	-	(3,977)	-	-	(3,977)
Impact from adoption of SFRS(l)9	-	-	(667)	-	-	(667)
<b>1 January 2018 Restated</b>	<b>58,956</b>	<b>1,000</b>	<b>152,516</b>	<b>540</b>	<b>(16,239)</b>	<b>196,773</b>
Total comprehensive income	-	-	14,048	(375)	-	13,673
Dividend on ordinary shares	-	-	(9,217)	-	-	(9,217)
Share-based payment	998	-	-	-	-	998
<b>At 31 December 2018</b>	<b>59,954</b>	<b>1,000</b>	<b>157,347</b>	<b>165</b>	<b>(16,239)</b>	<b>202,227</b>
<b>At 1 January 2017</b>	58,956	1,000	201,130	177	(16,239)	245,024
Impact from adoption of FRS 115	-	-	(1,704)	-	-	(1,704)
<b>1 January 2017 Restated</b>	<b>58,956</b>	<b>1,000</b>	<b>199,426</b>	<b>177</b>	<b>(16,239)</b>	<b>243,320</b>
Total comprehensive income	-	-	17,504	363	-	17,867
Dividend on ordinary shares	-	-	(63,747)	-	-	(63,747)
<b>At 31 December 2017</b>	<b>58,956</b>	<b>1,000</b>	<b>153,183</b>	<b>540</b>	<b>(16,239)</b>	<b>197,440</b>

Company

	Share capital	Accumulated profits	Total Equity
	\$'000	\$'000	\$'000
<b>At 1 January 2018</b>	58,956	32,749	91,705
Cost of share-based payment	998	-	998
Total comprehensive income	-	13,151	13,151
Dividend on ordinary shares	-	(9,217)	(9,217)
<b>At 31 December 2018</b>	<b>59,954</b>	<b>36,683</b>	<b>96,637</b>
<b>At 1 January 2017</b>	58,956	76,974	135,930
Total comprehensive income	-	19,522	19,522
Dividend on ordinary shares	-	(63,747)	(63,747)
<b>At 31 December 2017</b>	<b>58,956</b>	<b>32,749</b>	<b>91,705</b>



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 convertible, 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.

	FY2018		FY2017	
	No of shares	\$'000	No of shares	\$'000
Issued and paid up capital				
As at beginning of financial year	509,978,991	58,956	509,978,991	58,956
Issue of shares pursuant HLS Performance Share Plan	2,125,000	998	-	-
As at end of financial year	512,103,991	59,954	509,978,991	58,956

There were no outstanding treasury shares as at 31 December 2018.

1(d)(iii) To show the total number of issued shares excluding treasury shares as at end of the current financial period and as at the end of the immediately preceding year.

	As at	
	31 December 2018	31 December 2017
Total number of issued shares (excluding treasury shares)	512,103,991	509,978,991

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.

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.

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.**

Except as disclosed in paragraph 5, the Group has applied the same accounting policies and methods of computation in the financial statements for the current financial period compared with those of the audited financial statements as at 31 December 2017.

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.**

Singapore-incorporated companies listed on the Singapore Exchange are required to apply a new financial reporting framework identical to the IFRS, Singapore Financial standards (International) (SFRS(I)s), for annual periods beginning on or after 1 January 2018.

The Group has adopted SFRS(I)s on 1 January 2018 and has prepared its first set of financial information under SFRS(I) for the financial period ended 31 December 2018. The new framework will have no material impact on the financial statements in the year of application except as follows:

SFRS(I) 15 Revenue from Contracts with Customers

SFRS(I) 15 establishes a five step model to account for revenue arising from contracts with customers, and introduces a new contracts costs guidance. Under SFRS(I) 15, revenue is recognized at an amount that reflects the consideration which an entity expects to be entitled in exchange for transferring goods or services to a customer. The new revenue standard is effective for annual periods beginning or after 1 January 2018. The Group has applied the changes in accounting policies retrospectively to each reporting year presenting, using the full retrospective approach. As such, the comparative 2017 figures in this report is not comparable to previously announced 2017 figures.

a. Civil Engineering

Prior to 1 January 2018, the Group recognises revenue using percentage-of- completion method by reference to the professional surveys of performance to-date. On the adoption of SFRS(I) 15, the Group recognized revenue using percentage-of-completion method by reference to the proportion of contract cost incurred to-date to the estimated total contract costs method. Management considers that this is an appropriate measure of the progress towards complete satisfaction of the performance obligations under SFRS(I) 15.

b. Properties Development

Prior to 1 January 2018, the Group recognizes revenue from its industrial properties project using the Completion of Contracts method. With the adoption of SFRS(I) 15, the performance obligation for the sale of the industrial development properties are satisfied over time as the Group is restricted contractually from directing the property for another use as they are being developed and has an enforceable right to the payment for performance completed to date. Revenue and cost of units sold is now recognized over time in line with the progress of construction works.

Borrowing costs relating to properties development

In December 2018, IFRS Interpretations Committee issued a tentative agenda decision for public comments where it presented its views that borrowing costs relating to development properties that are ready for its intended sale (i.e. ready for launch) should not be capitalized and instead, be expensed when incurred. The Group has adopted the above recommendation to expense the interest cost incurred after the project launch for sale.





The following comparative figures that have been restated with significant impact arising from the adoption of SFRS(I) 15 are summarized below:

Group	31.12.2017	Adjustment	31.12.2017
	FRS		<b>Restated</b> SFRS(I)
<b>Income statement</b>			
	\$'000	\$'000	\$'000
Sales	151,083	(8,683)	142,400
Cost of sales	(123,975)	6,756	(117,219)
Gross profit	27,108	(1,927)	25,181
Distribution and selling cost	(12)	(131)	(143)
Finance costs	-	(432)	(432)
Profit before taxation	23,955	(2,490)	21,465
Tax expenses	(4,178)	217	(3,961)
Profit after taxation	19,777	(2,273)	17,504
<b>Balance Sheet</b>			
	\$'000	\$'000	\$'000
<b>Assets</b>			
Deferred tax asset	967	468	1,435
Contract work-in-progress*	9,989	(168)	9,821
Development properties	99,725	(4,100)	95,625
<b>Liabilities</b>			
Progress billings to customers	1,566	(3,738)	(2,172) <i>reclass to current asset</i>
Progress billings in excess of work-in-progress #	36,507	3,915	40,422
<b>Equity</b>			
Accumulated profits	157,160	(3,977)	153,183

\* "Contract work-in-progress" has been reclassified as " Contract Assets" in SFRS(I) 15

# "Progress billings in excess of work-in-progress" has been reclassified as " Contract Liabilities" in SFRS(I) 15

### SFRS(I) 9 Financial Instruments

The Group has elected to apply the short-term exemption under SFRS(I)1 to adopt SFRS(I)9 on 1 January 2018. Accordingly, requirements of SFRS 39 Financial Instruments: Recognition and Measurement will continue to apply to financial instruments up to the financial year ended 31 December 2017.

#### i. Classification and measurement

The Group has assessed the business models that are applicable on 1 January 2018 to financial assets so as to classify them into the appropriate categories under SFRS(I)9. The Group has classified the quoted debts instruments as financial asset measure at fair value through profit or loss with effect from 1 January 2018, which was previously classified as financial asset- held to maturity.

#### ii. Impairment of financial assets

Trade and other receivables and loans to related parties was subjected to expected credit loss impairment model under SFRS(I)9. No such impairment is required as assessed by the management.

Financial assets measure at fair value through profit or loss was subject to fair value adjustment according to market price as at reporting date under SFRS(I) 9. Any differences between the previous carrying amount and fair value should be recognized in the opening retained earnings of the reporting period. As a result, the carrying value of the investment securities and the opening revenue reserve as at 1 January 2018 was reduced by \$667,000.



**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.**

Earnings per share ("EPS")

	< ----- Group ----- >	
	31.12.2018	31.12.2017 Restated
Earnings attributable to equity holders of the Company (\$'000)	14,048	17,504
Weighted average number of ordinary shares used in computation of basic and fully diluted EPS	511,580,018	509,978,991
Basic EPS attributable to equity holders of the Company (cents)	2.7	3.4
Fully diluted EPS attributable to equity holders of the Company (cents)	2.7	3.4

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

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

Net asset value ("NAV")

	Group As at		Company As at	
	31.12.2018	31.12.2017 Restated	31.12.2018	31.12.2017
NAV per ordinary share (cents)	39.5	38.7	18.9	18.0
Number of shares used in computation of NAV per share	512,103,991	509,978,991	512,103,991	509,978,991



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.

#### FY 2018 compared with FY 2017 Performance and segmental review

##### Revenue

In \$' million	FY 2018	%	FY 2017 Restated	%
Civil Engineering	192.1	97.1	137.6	96.6
Property Development	5.5	2.8	4.6	3.2
Investment Properties	0.2	0.1	0.2	0.2
	197.8	100.0	142.4	100.0

Revenue increased by 39% to \$197.8 million, contributed mainly from the much higher construction activities for the Joint Venture Changi Airport project. Revenue of \$5.2 million was recognized for Property Development in relation to the sales of units at Shine@TuasSouth and Ark@Gambas. Revenue for FY2017 was restated in accordance with SFRS(I)15 for both Civil Engineering and Property Development (see Note 5 of this announcement for the changes in the revenue recognition). About 7% of the completed units at Shine@Tuas were sold as at todate. Rental income from Investment properties remained insignificant.

##### Gross Profit

In \$' million	FY 2018	FY 2017 Restated
Civil Engineering	19.1	24.1
Property Development	1.5	1.0
Investment Properties	0.1	0.1
	20.7	25.2

Gross profit decreased by \$4.5 million (-18%) to \$20.7 million mainly due to the lower gross margin for Civil Engineering segment as the ongoing construction projects and the cost saving recognized from the completed projects was much lower for the current financial year. Property development segment contributed \$1.5 million with gross profit for sales of unit at Ark@Gambas and marginal profit recognized for Shine@TuasSouth project.

Other income reduced by \$552,000 (-14%), as the interest income and the government grant was about \$600,000 and \$200,000 lower, offset by the foreign exchange gain of about \$300,000 recognized for the USD holdings.

Administrative expenses was \$4.9 million, about 9% lower than last financial year mainly due to the lower performance bonus accrued for the current year.

Total loss on fair value of investment securities amounted to about \$1.2 million due to lower market price for debts instruments measure at fair value through profit or loss.

Other operating cost was \$1.0 million, about \$0.1 million (-9%) below FY2017. The current year cost mainly comprised of \$0.6 million cost incurred for the property related cost at Shine@TuasSouth project after TOP. Other operating cost for FY2017 mainly comprised of \$0.7 million foreign exchange loss.



Finance cost of \$251,000 and \$432,000 was recorded for FY2018 and FY2017 respectively. The interest expenses incurred for Shine@Tuas project was lower for the current year due to partial principal repayment during the year.

The share of result of joint venture of \$1.2 million was mainly due to the cost saving realized for the Skywoods joint venture project as final account was settled with the contractor.

The effective tax rate was higher than the effective tax rate of 17% of Singapore corporate tax rate as the impairment loss and fair value loss in investment securities is not expected to be tax deductible.

Profit before taxation decreased by \$3.6 million to \$17.9 million, resulting mainly from the lower gross profit of \$4.5 million offset by the share of profit of joint venture of \$1.2 million.

### **Financial position and cash flow review**

The main movements are:

- Increase in property, plant & equipment was related the additional construction cost incurred for the Group's central workshop which obtained TOP in December 2018.
- Increase in investment in joint venture was due to increase in paid up capital for the JV company for the Mattar residential development project.
- Decrease in investment securities ( both current and long term ) by \$0.3 million, was mainly due to the \$12.0 million redemption, \$2.2 million impairment and revaluation loss, offset by the new addition of \$14.0 million corporate bonds or equities. Much lower long term securities investments as financial assets at FVTPL was classified as current asset in FY2018.
- Development properties of \$103 million was the inventory cost for the unsold units at Ark@Gambas and Shine@Tuas.
- Decrease in contract assets mainly due to the retention receivable for the JV Changi Airport project offset by the higher milestone payment which exceeded the revenue recognized to date. Also, the progress billings due from buyers for the development project, Shine@SouthTuas was invoiced to buyers and settled during FY2018.
- Increase in other receivables was mainly due to the advance payment to subcontractors/suppliers for the JV Changi Airport project.
- Amount due from joint venture of \$34.6 million was for the shareholder loan relating to the Mattar road residential project.
- Bank's borrowing of \$11.5 million was reclassified as current liability as the loan is due for repayment in Jan 2019.
- Net decrease of cash and short term deposits of \$38 million for the current financial year was mainly due to the loan to joint venture company, payment of dividend of \$9.2 million, acquisition of fixed assets.

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

The current announced results are in line with the general prospect commentary previously disclosed to shareholders in the results announcement for the financial period ended 30 September 2018.

**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.**

As at 31 December 2018, the Group's order book for on-going projects of civil engineering segment was approximately \$630 million ( based on new revenue, SFRS(I)15, recognition standard) for the Maxwell station, the two Changi Airport projects and Stabling at Gali Batu Depot.



The Group's industrial development project, Shine@TuasSouth, has obtained TOP on 1 August 2018. With the Tuas Mega port slated to open progressively from 2021, the management will increase the marketing effort. The Mattar Road residential joint venture project is expected to commence construction by 2Q 2019. The sale launch is expected in 3Q 2019.

The management will continue to tender for infrastructure projects competitively and explore other business opportunities in property related segment to enhance the shareholders' value.

## 11. Dividend

**(a) Current Financial Period Reported On**  
**Any dividend declared for the current financial period reported on ?**

Yes.

Name of dividend	First and final
Dividend type	Cash
Dividend amount per share (in cents)	1.8
Tax rate	Tax exempt (one tier)

The above proposed dividend is subject to shareholders' approval at the Annual General Meeting.

**(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	First and final
Dividend type	Cash
Dividend amount per share (in cents)	1.8
Tax rate	Tax exempt (one tier)

**(c) Date payable**

The proposed dividend, if approved at the next Annual General Meeting to be held on 23 April 2019, will be paid on 22 May 2019.

**(d) Books closure date**

The Share Transfer Books and Register of Members of Hock Lian Seng Holdings Limited ("the Company") will be closed on 9 May 2019.

## 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.

There is no IPT to be report for the current financial period. There is no general mandate from shareholders for IPTs.



## PART II – ADDITIONAL INFORMATION REQUIRED FOR FULL YEAR ANNOUNCEMENT

### 14. 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.

By operating segments

Group	<i>Civil Engineering</i> \$'000	<i>Properties Development</i> \$'000	<i>Properties Investment</i> \$'000	<i>Adjustments</i> \$'000	<i>Total</i> \$'000
<b><u>FY2018</u></b>					
Sales to external customers	192,114	5,499	180	-	197,793
Inter-segment ^	519	-	-	(519)	-
	<u>192,633</u>	<u>5,499</u>	<u>180</u>	<u>(519)</u>	<u>197,793</u>
<b>Results</b>					
Depreciation	5,348	-	-	-	5,348
Fair value loss on investment properties	-	-	50	-	50
Dividend income from investment securities	-	-	-	111	111
Interest income	-	-	-	2,706	2,706
Share of results of joint venture	-	1,234	-	-	1,234
Segment profit	<u>19,168</u>	<u>2,308</u>	<u>24</u>	<u>(3,646)</u>	<u>17,854</u>
<b>Assets</b>					
Investment in joint ventures	-	1,711	-	-	1,711
Additions to non-current assets	21,508	-	-	-	21,508
Segment assets	<u>157,950</u>	<u>146,447</u>	<u>3,722</u>	<u>34,682</u>	<u>342,801</u>
<b>Segment liabilities</b>	<u>123,023</u>	<u>13,628</u>	<u>28</u>	<u>3,895</u>	<u>140,574</u>
<b><u>FY2017(restated)</u></b>					
Sales to external customers	137,610	4,604	186	-	142,400
Inter-segment ^	606	-	-	(606)	-
	<u>138,216</u>	<u>4,604</u>	<u>186</u>	<u>(606)</u>	<u>142,400</u>
<b>Results</b>					
Depreciation	3,975	-	-	-	3,975
Fair value loss on investment properties	-	-	200	-	200
Dividend income from investment securities	-	-	-	101	101
Interest income	-	-	-	3,315	3,315
Share of results of joint venture	-	490	-	-	490
Segment profit	<u>24,149</u>	<u>843</u>	<u>(122)</u>	<u>(3,405)</u>	<u>21,465</u>
<b>Assets</b>					
Investment in joint ventures	-	1,303	-	-	1,303
Additions to non-current assets	23,550	-	-	-	23,550
Segment assets	<u>196,527</u>	<u>101,747</u>	<u>3,521</u>	<u>34,613</u>	<u>336,408</u>
<b>Segment liabilities</b>	<u>121,106</u>	<u>15,644</u>	<u>28</u>	<u>2,190</u>	<u>138,968</u>

<sup>^</sup>Inter-segment revenues are eliminated on consolidation.

The Group's revenue from external customers was principally generated from Singapore. Accordingly, no geographical segment assets and revenue from customers' information are presented.



**15. 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.

**16. A breakdown of sales as follows:-**

	< ----- Group ----- >		Increase/ (Decrease) (%)
	Financial Year ended 31 Dec 2018	2017 Restated	
	\$'000	\$'000	
(a) Sales reported for first half year	94,748	46,237	+104%
(b) Operating profit after tax before deduction minority interests reported for first half year	4,420	2,355	+88%
(c) Sales reported for second half year	103,045	96,163	+7%
(d) Operating profit after tax before deduction minority interests reported for second half year	9,628	15,148	-36%

**17. A breakdown of the total annual dividend (in dollar value) for the issuer's latest full year and its previous full year.**

	Latest Full Year FY2018	Previous Full Year FY2017
	\$'000	\$'000
Proposed first and final dividend (Tax exempt 1-tier)	9,217*	9,217

\*subject to shareholders' approval at the forthcoming Annual General Meeting

**18. 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(13) in the format below. If there are no such persons, the issuer must make an appropriate negative statement.**

Name	Age	Family relationship with any director and/or substantial shareholder	Current position and duties, and the year the position was held	Details of changes in duties and position held , if any, during the year
Chua Chee Yong	52	Nephew of Mr Chua Leong Hai, substantial shareholder, Executive director and CEO of the Company and cousin of Ms Chua Siok Peng, Executive Director of the Company.	Joined the Group since 1986. Mr Chua Chee Yong is the Senior Manager-, Logistic , responsible for fleet management, deployment and maintenance of plant and equipments.	In charge of the Logistic Department with effect from 2017.



**19. Confirmation that the issuer has procured undertakings from all its directors and executive officers pursuant to Rule 720(1) of the Listing Manual.**

The Company has procured undertakings in the format set out in Appendix 7.7 from all its directors and the executive officers under Rule 720(1) of the Listing Manual.

BY ORDER OF THE BOARD

CHUA LEONG HAI

Executive Director and CEO  
28 February 2019