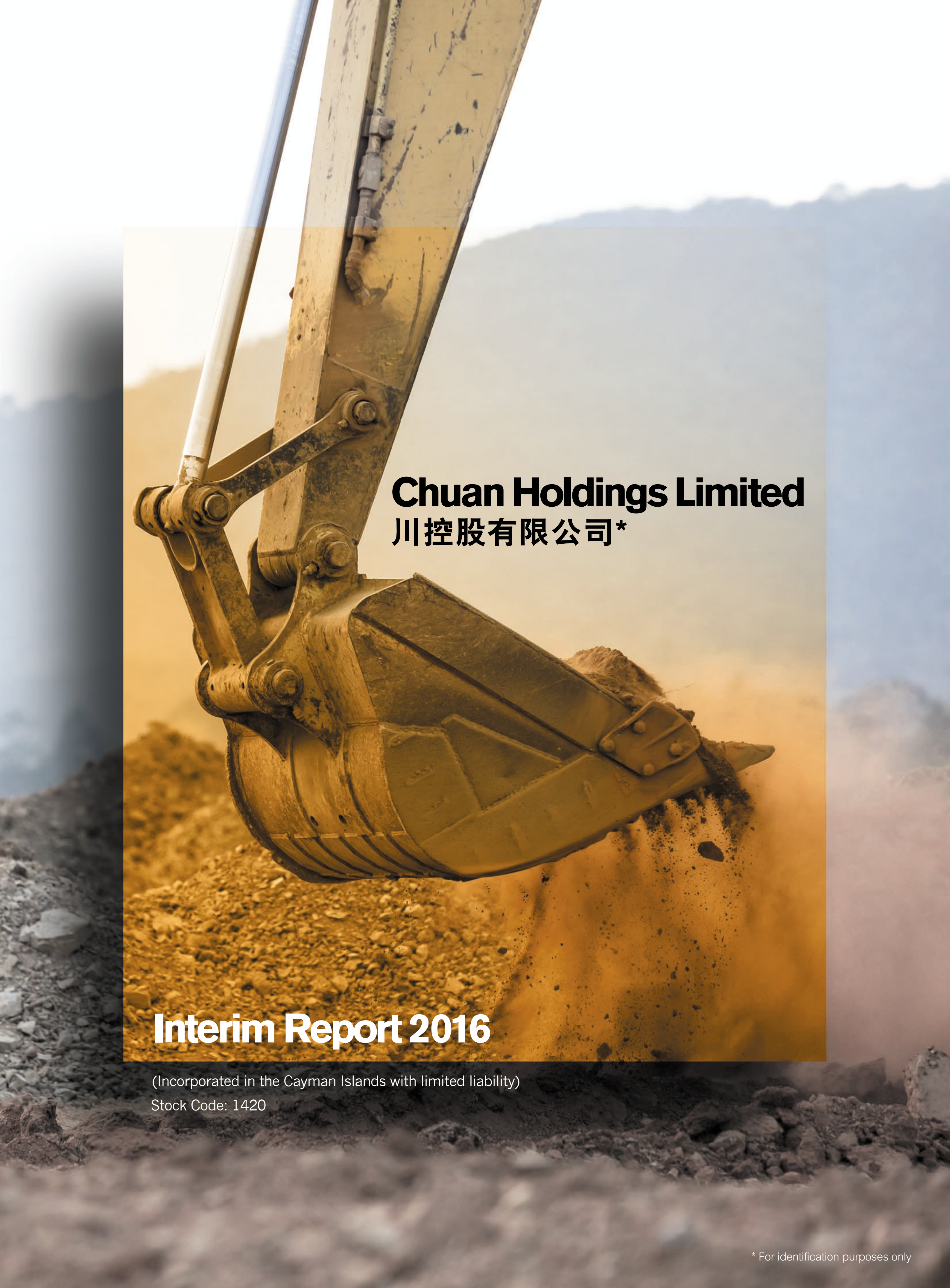

Chuan Holdings Limited
川控股有限公司*

Interim Report 2016

(Incorporated in the Cayman Islands with limited liability)

Stock Code: 1420

* For identification purposes only

Contents

Corporate Information

DIRECTORS

Executive Directors

Mr. Lim Kui Teng *(Chairman)*
Mr. Quek Sze Whye
Mr. Bijay Joseph
Mr. Lau Yan Hong

Independent Non-executive Directors

Mr. Chow Wing Tung
Mr. Phang Yew Kiat
Mr. Lee Teck Leng

AUDIT COMMITTEE

Mr. Chow Wing Tung *(Chairman)*
Mr. Lee Teck Leng
Mr. Phang Yew Kiat

NOMINATION COMMITTEE

Mr. Lim Kui Teng *(Chairman)*
Mr. Phang Yew Kiat
Mr. Chow Wing Tung

REMUNERATION COMMITTEE

Mr. Phang Yew Kiat *(Chairman)*
Mr. Lim Kui Teng
Mr. Chow Wing Tung

COMPANY SECRETARY

Ms. Ngan Chui Wan Judy

AUTHORIZED REPRESENTATIVES

Mr. Lim Kui Teng
Ms. Ngan Chui Wan Judy

COMPLIANCE ADVISER

VBG Capital Limited
A corporation licensed to carry out Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activities under the SFO
18th Floor, Prosperity Tower
39 Queen's Road Central
Hong Kong

REGISTERED OFFICE

Cricket Square
Hutchins Drive
P.O. Box 2681
Grand Cayman KY1-1111
Cayman Islands

PRINCIPAL PLACE OF BUSINESS IN HONG KONG

57/F, The Center
99 Queen's Road Central
Hong Kong

HEADQUARTERS AND PRINCIPAL PLACE OF BUSINESS

20 Senoko Drive
Singapore 758207

PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

Codan Trust Company (Cayman) Limited
Cricket Square
Hutchins Drive
PO Box 2681
Grand Cayman KY1-1111
Cayman Islands

HONG KONG SHARE REGISTRAR AND TRANSFER OFFICE

Tricor Investor Services Limited
Level 22 Hopewell Centre
183 Queen's Road East
Hong Kong

PRINCIPAL BANKERS

Malayan Banking Berhad
Standard Chartered Bank (Singapore) Limited
DBS Bank Ltd (Singapore)

LISTING INFORMATION

The Stock Exchange of Hong Kong Limited
Stock Code: 1420

COMPANY WEBSITE

www.chuanholdings.com

Condensed Consolidated Statement of Comprehensive Income

For the six months ended 30 June 2016

	Notes	Six months ended 30 June 2016 S$'000 (Unaudited)	2015 S$'000 (Unaudited)
Revenue	5	**50,960**	44,063
Direct costs		**(39,921)**	(35,650)
Gross profit		**11,039**	8,413
Other income and gains	5	**965**	1,244
Administrative and other operating expenses		**(2,279)**	(1,985)
Other expenses		**(1,115)**	(788)
Finance costs	6	**(83)**	(99)
Profit before income tax	7	**8,527**	6,785
Income tax expense	8	**(1,450)**	(1,126)
Profit for the period		**7,077**	5,659
Other comprehensive income for the period, net of tax			
Items that may be reclassified subsequently to profit or loss:			
(Loss)/gain in revaluation of available-for-sale financial assets		**(35)**	75
Total comprehensive income for the period attributable to the owners of the Company		**7,042**	5,734
Earnings per share – basic and diluted (S cents)	9	**0.83**	0.68

Condensed Consolidated Statement of Financial Position

As at 30 June 2016

	Notes	30 June 2016 S$'000 (Unaudited)	31 December 2015 S$'000
ASSETS AND LIABILITIES			
Non-current assets			
Property, plant and equipment	11	10,425	8,035
Investment property		1,364	1,370
Other assets		373	373
Deposits and other receivables		234	209
Available-for-sale financial assets		1,600	1,635
Deferred tax assets		237	237
		14,233	11,859
Current assets			
Due from customers for contract work		14,466	15,199
Trade receivables	12	24,469	34,950
Deposits, prepayments and other receivables		15,298	2,043
Pledged deposits	13	4,282	4,271
Cash and cash equivalents	13	34,781	10,632
		93,296	67,095
Current liabilities			
Due to customers for contract work		1,861	6,774
Trade payables	15	6,255	10,314
Other payables, accruals and deposits received		4,619	4,383
Due to directors		–	400
Bank borrowings	16	254	252
Finance lease obligations		4,407	4,298
Income tax payable		2,695	2,598
		20,091	29,019
Net current assets		73,205	38,076
Total assets less current liabilities		87,438	49,935

Condensed Consolidated Statement of Financial Position

As at 30 June 2016

	Notes	30 June 2016 S$'000 (Unaudited)	31 December 2015 S$'000
Non-current liabilities			
Deposits received		**15**	15
Bank borrowings	*16*	**271**	398
Finance lease obligations		**2,373**	1,522
		2,659	1,935
Net assets		**84,779**	48,000
EQUITY			
Share capital	*14*	**1,808**	–
Reserves		**82,971**	48,000
Total equity		**84,779**	48,000

Condensed Consolidated Statement of Changes in Equity

For the six months ended 30 June 2016

	Share capital S$'000 (note 14)	Share premium S$'000	Merger reserve S$'000	Investment revaluation reserve S$'000	Retained profits S$'000	Total S$'000
At 1 January 2015	–	–	3,000	(82)	37,706	40,624
Dividends *(note 10)*	–	–	–	–	(3,000)	(3,000)
Transactions with owners	–	–	–	–	(3,000)	(3,000)
Profit for the period	–	–	–	–	5,659	5,659
Other comprehensive income						
Gain in revaluation of available-for-sale financial assets	–	–	–	75	–	75
Total comprehensive income	–	–	–	75	5,659	5,734
At 30 June 2015 (unaudited)	**–**	**–**	**3,000**	**(7)**	**40,365**	**43,358**
At 1 January 2016	**–**	**–**	**5,166**	**(408)**	**43,242**	**48,000**
Issue of shares	361	31,466	–	–	–	31,827
Shares issues expenses	–	(2,090)	–	–	–	(2,090)
Share capitalisation	1,447	(1,447)	–	–	–	–
Transactions with owners	1,808	27,929	–	–	–	29,737
Profit for the period	–	–	–	–	7,077	7,077
Other comprehensive income						
Loss in revaluation of available-for-sale financial assets	–	–	–	(35)	–	(35)
Total comprehensive income	–	–	–	(35)	7,077	7,042
At 30 June 2016 (unaudited)	**1,808**	**27,929**	**5,166**	**(443)**	**50,319**	**84,779**

Condensed Consolidated Statement of Cash Flows

For the six months ended 30 June 2016

	Six months ended 30 June	
	2016	2015
	S$'000	S$'000
	(Unaudited)	(Unaudited)
Cash flows from operating activities		
Cash generated from operations	**13,398**	2,915
Income tax paid, net	**(1,353)**	(1,570)
Net cash generated from operating activities	**12,045**	1,345
Cash flows from investing activities		
Proceeds from disposal of property, plant and equipment	**129**	112
Purchases of property, plant and equipment	**(1,745)**	(48)
Interest received	**27**	28
Dividend received	**1**	28
Net cash (used in)/generated from investing activities	**(1,588)**	120
Cash flows from financing activities		
Net proceeds from issue of shares	**16,277**	–
Decrease in amounts due to directors	**(400)**	(160)
Interest element on finance lease payments	**(76)**	(89)
Capital element of finance lease obligations	**(1,966)**	(1,853)
Repayment of bank borrowings	**(125)**	(303)
(Increase)/decrease in pledged deposits	**(11)**	3
Dividends paid	**–**	(2,951)
Interests paid	**(7)**	(10)
Net cash generated from/(used in) financing activities	**13,692**	(5,363)
Net increase/(decrease) in cash and cash equivalents	**24,149**	(3,898)
Cash and cash equivalents at beginning of the period	**10,632**	12,240
Cash and cash equivalents at end of the period	**34,781**	8,342

Notes to the Unaudited Condensed Consolidated Interim Financial Statements

For the six months ended 30 June 2016

1. CORPORATE INFORMATION

The Company was incorporated as an exempted company with limited liability in the Cayman Islands on 25 August 2015. The address of the Company's registered office is Cricket Square, Hutchins Drive, PO Box 2681, Grand Cayman KY1-1111, Cayman Islands. The principal place of business is located at 20 Senoko Drive, Singapore 758207.

The Company is an investment holding company while the principal subsidiary of the Group is engaged in provision of earthworks and related services and general construction in Singapore.

The Company has listed its shares on the Main Board of The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**") on 8 June 2016.

The unaudited condensed consolidated interim financial statements of the Group are presented in Singapore dollars ("**S$**") and all values are rounded to the nearest thousand except when otherwise indicated.

The unaudited condensed consolidated interim financial statements have neither been audited nor reviewed.

2. REORGANISATION AND BASIS OF PREPARATION

In connection with the listing of the shares of the Company on the Stock Exchange, the Company underwent a reorganisation (the "**Reorganisation**").

Details of the Reorganisation are set out in the section headed "History, Reorganisation and corporate structure" to the prospectus of the Company dated 25 May 2016 (the "**Prospectus**"). The Reorganisation involved only inserting new holding companies on top of the existing operating company and has not resulted in any change of economic substance. The Group resulting from the Reorganisation is regarded as a continuing entity as it involved combinations of entities under common control, which were controlled by the same controlling shareholder. Immediately after the Reorganisation, the Company became the holding company of its subsidiaries now comprising the Group on 10 May 2016. Accordingly, the unaudited condensed consolidated interim financial statements were prepared using the merger accounting as if the Reorganisation had been completed and the current group structure had always been in existence. The unaudited condensed consolidated statement of comprehensive income and the unaudited condensed consolidated statement of changes in equity for the six months ended 30 June 2016 include the results and changes in equity of the companies now comprising the Group from the earliest date presented or since their respective dates of incorporation, whichever was shorter, as if the current group structure had been in existence. No adjustment is made to reflect fair values, or to recognise any new assets or liabilities as a result of the Reorganisation.

2. REORGANISATION AND BASIS OF PREPARATION (CONTINUED)

The unaudited condensed consolidated interim financial statements for the six months ended 30 June 2016 have been prepared in accordance with the Hong Kong Accounting Standard 34 "Interim Financial Reporting" ("**HKAS 34**") issued by the Hong Kong Institute of Certified Public Accountants (the "**HKICPA**") and the applicable disclosure provisions required by the Rules Governing the Listing of Securities on the Stock Exchange. The unaudited condensed consolidated interim financial statements and notes thereon do not include all of the information required for full set of financial statements and should be read in conjunction with the accountant's report included in Appendix I (the "**Accountant's Report**") to the Prospectus, which have been prepared in accordance with Hong Kong Financial Reporting Standards ("**HKFRSs**"), which collective terms include all applicable individual HKFRSs, Hong Kong Accounting Standards and Interpretations issued by the HKICPA.

The preparation of the unaudited condensed consolidated interim financial statements in conformity with HKAS 34 requires management to make judgments, estimates and assumptions that affect the application of accounting policies and reported amounts of assets, liabilities, income and expenses on a year to date basis. Actual results may differ from these estimates.

3. PRINCIPAL ACCOUNTING POLICIES

The unaudited condensed consolidated interim financial statements have been prepared on the historical cost basis except for certain financial instruments that are measured at fair values. Except for the adoption of the new and amended HKFRSs for annual periods beginning on 1 January 2016, the accounting policies and methods of computation used in the condensed consolidated interim financial statements are consistent with those described in the Accountant's Report to the Prospectus.

During the interim period, the Group has adopted all the following new and amended HKFRSs which are first effective for the reporting period and relevant to the Group.

HKFRSs (Amendments)	Annual Improvements 2012-2014 Cycle
Amendments to HKAS 1	Disclosure Initiative
Amendments to HKAS 16 and HKAS 38	Clarification of Acceptable Methods of Depreciation and Amortisation
Amendments to HKAS 27	Equity Method in Separate Financial Statements

The adoption of these new and amended HKFRSs has no material effect to the Group's accounting policies and the Directors considered that the changes are not material to the Group's results of operations or financial position.

The Group has not yet adopted any new and amended HKFRSs that have been issued but are not yet effective. The Group is in the process of assessing the impact of the adoption of such new and revised HKFRSs on the Group's results and financial position.

Notes to the Unaudited Condensed Consolidated Interim Financial Statements

For the six months ended 30 June 2016

4. SEGMENT INFORMATION

For the purpose of resources allocation and performance assessment, the Group determines its operating segments based on reports reviewed by the executive directors of the Company, being the chief operating decision-maker ("**CODM**") that are used to make strategic decisions.

Financial information reported to the CODM, based on the following segments:

(i) Provision of earthworks and related services, mainly include excavation, earth disposal, demolition and various ancillary services (collectively referred as "**Earthworks**"); and

(ii) Provision of general construction works, mainly include construction of new buildings, alteration and addition works (collectively referred as "**General Construction Works**").

Segment revenue represents revenue from external customers. There were no inter-segment revenue during the respective periods. Operating revenue, direct costs, gains on disposal of property, plant and equipment, interest expenses on finance leases, provision for impairment of trade receivables and bad debts recovered, are allocated to different segments to assess corresponding performance.

The unallocated expenses mainly includes director's emoluments, employee benefit expenses, depreciation of office equipment, operating lease expenses and other centralised administrative cost for the Group's headquarter and listing expenses.

Corporate and unallocated assets mainly include unallocated property, plant and equipment, investment property, available-for-sale financial assets, other assets, deferred tax assets, pledged deposits, cash and cash equivalents, deposits, prepayments paid for operating leases and office expenses, and other receivables due from related parties.

Corporate and unallocated liabilities mainly include bank borrowings, accruals for employee benefit expenses, listing expenses and payable of office operating expenses, utilities, and amounts due to directors.

Notes to the Unaudited Condensed Consolidated Interim Financial Statements

For the six months ended 30 June 2016

4. SEGMENT INFORMATION (CONTINUED)

Information regarding the Group's reporting segments is set out below:

For the six months ended 30 June 2016 (unaudited)

	Earthworks S$'000	**General Construction Works S$'000**	**Total S$'000**
Revenue from external customers	**23,424**	**27,536**	**50,960**
Reportable segment results	**6,611**	**4,691**	**11,302**
Reportable segment results			**11,302**
Unallocated other income and gains			**452**
Corporate and other unallocated expenses			**(3,220)**
Interest on bank overdrafts and loans			**(7)**
Profit before income tax			**8,527**

For the six months ended 30 June 2015 (unaudited)

	Earthworks S$'000	General Construction Works S$'000	Total S$'000
Revenue from external customers	23,395	20,668	44,063
Reportable segment results	4,529	4,086	8,615
Reportable segment results			8,615
Unallocated other income and gains			466
Corporate and other unallocated expenses			(2,286)
Interest on bank overdrafts and loans			(10)
Profit before income tax			6,785

Notes to the Unaudited Condensed Consolidated Interim Financial Statements

For the six months ended 30 June 2016

4. SEGMENT INFORMATION (CONTINUED)

Reportable segment assets

	As at 30 June 2016 S$'000 (Unaudited)	As at 31 December 2015 S$'000
Earthworks	28,223	24,207
General Construction Works	21,099	33,928
Total	**49,322**	58,135

	As at 30 June 2016 S$'000 (Unaudited)	As at 31 December 2015 S$'000
Reportable segment assets	49,322	58,135
Corporate and unallocated assets	58,207	20,819
Group assets	**107,529**	78,954

4. SEGMENT INFORMATION (CONTINUED)

Reportable segment liabilities

	As at 30 June 2016 S$'000 (Unaudited)	As at 31 December 2015 S$'000
Earthworks	**11,176**	14,471
General Construction Works	**3,720**	8,437
Total	**14,896**	22,908

	As at 30 June 2016 S$'000 (Unaudited)	As at 31 December 2015 S$'000
Reportable segment liabilities	**14,896**	22,908
Corporate and unallocated liabilities	**7,854**	8,046
Group liabilities	**22,750**	30,954

Notes to the Unaudited Condensed Consolidated Interim Financial Statements

For the six months ended 30 June 2016

5. REVENUE, OTHER INCOME AND GAINS

(a) Revenue, which is also the Group's turnover, represents the income from Earthworks and General Construction Works. Revenue recognised during the respective periods is as follows:

	Six months ended 30 June	
	2016	2015
	S$'000	S$'000
	(Unaudited)	(Unaudited)
Earthworks	**23,424**	23,395
General Construction Works	**27,536**	20,668
Total	**50,960**	44,063

(b) Other income and gains recognised during the respective periods is as follows:

	Six months ended 30 June	
	2016	2015
	S$'000	S$'000
	(Unaudited)	(Unaudited)
Other income		
Management service income	**151**	100
Interest income on financial assets carried at amortised cost	**27**	28
Bad debts recovered	**465**	658
Rental income from investment properties	**67**	61
Dividend income from available-for-sale financial assets	**1**	28
Sales of scrap materials and consumables	**93**	159
Others	**113**	97
	917	1,131
Gains		
Gains on disposals of property, plant and equipment	**48**	112
Net foreign exchange gain	**–**	1
	48	113
	965	1,244

Notes to the Unaudited Condensed Consolidated Interim Financial Statements

For the six months ended 30 June 2016

6. FINANCE COSTS

	Six months ended 30 June	
	2016	2015
	S$'000	S$'000
	(Unaudited)	(Unaudited)
Interest expenses for financial liabilities carried at amortised cost:		
– Interest on finance leases	**76**	89
– Interest on bank overdraft and loans wholly repayable within five years	**7**	10
	83	99

7. PROFIT BEFORE INCOME TAX

Profit before income tax is arrived at after charging:

	Six months ended 30 June	
	2016	2015
	S$'000	S$'000
	(Unaudited)	(Unaudited)
Depreciation of property, plant and equipment *	**2,282**	1,961
Depreciation of investment property **	**6**	6
Direct operating expenses arising from investment property that generated rental income	**13**	18
Operating lease rental expenses in respect of:		
– Office equipment and machineries	**2,057**	2,841
– Warehouses, premises, dormitories and workshops	**644**	549
	2,701	3,390
Employee benefit expenses (including directors' remuneration)		
– Salaries, wages and bonuses	**6,508**	6,126
– Defined contribution	**270**	265
– Other short-term benefits	**907**	964
	7,685	7,355
Listing expenses	**940**	352
Provision for impairment of trade and other receivables	**175**	436

Notes to the Unaudited Condensed Consolidated Interim Financial Statements

For the six months ended 30 June 2016

7. PROFIT BEFORE INCOME TAX (CONTINUED)

* Depreciation of property, plant and equipment amounted to approximately S$2,222,000 (30 June 2015: approximately S$1,912,000) has been included in direct costs and approximately S$60,000 (30 June 2015: approximately S$49,000) in administrative and other operating expenses.

** Depreciation of investment property has been included in administrative and other operating expenses in the respective periods.

8. INCOME TAX EXPENSE

	Six months ended 30 June	
	2016	2015
	S$'000	S$'000
	(Unaudited)	(Unaudited)
Current tax – Singapore income tax		
Tax for the period	**1,450**	1,223
Overprovision for prior years	**–**	(125)
	1,450	1,098
Deferred tax		
Charged to profit or loss	**–**	28
Income tax expense	**1,450**	1,126

Singapore income tax has been provided at the rate of 17% on the estimated assessable profits for each of the financial periods. Tax has not been provided by the Company as the Company did not derive any assessable profits during the respective periods.

Notes to the Unaudited Condensed Consolidated Interim Financial Statements

For the six months ended 30 June 2016

9. EARNINGS PER SHARE

The calculation of basic earnings per share for the six months ended 30 June 2016 is based on the profit attributable to the owners of the Company of approximately S$7,077,000 (2015: approximately S$5,659,000), and on the weighted average number of 856,222,527 (2015: 830,000,000) ordinary shares in issue during the period. For the six months ended 30 June 2015, the weighted average number of ordinary shares is based on the assumption that 830,000,000 ordinary shares of the Company are in issue and issuable, comprising an aggregate of 100 ordinary shares in issue and 829,999,900 ordinary shares issuable upon capitalisation of shares, as if the Reorganisation was effective on 1 January 2015.

Diluted earnings per share is the same as the basic earnings per share because the Group has no dilutive potential ordinary shares during the periods.

10. DIVIDEND

No dividend has been declared or paid by the Company since its date of incorporation.

Interim dividends of approximately S$3,000,000 represented dividends declared and paid by Chuan Lim Construction Pte Ltd to its then equity owners prior to the completion of the Reorganisation during the six months ended 30 June 2015. The rates of dividend and the number of shares ranking for dividends are not presented as such information are not meaningful.

The Company does not recommend the payment of an interim dividend to the six months ended 30 June 2016.

11. PROPERTY, PLANT AND EQUIPMENT

During the interim period, the Group incurred capital expenditures of approximately S$3,069,000 (30 June 2015: approximately S$278,000) in plant and machinery, approximately S$107,000 (30 June 2015: S$10,000) in furniture, fixtures and office equipment, and approximately S$1,577,000 (30 June 2015: nil) in motor vehicles.

Items of property, plant and equipment with net book value amounting to approximately S$81,000 were disposed of during the six months ended 30 June 2016 (30 June 2015: nil), resulting in a gain on disposal of S$48,000 (30 June 2015: S$112,000).

Notes to the Unaudited Condensed Consolidated Interim Financial Statements

For the six months ended 30 June 2016

12. TRADE RECEIVABLES

	As at 30 June 2016 S$'000 (Unaudited)	As at 31 December 2015 S$'000
Trade receivables	**21,083**	33,990
Retention sum receivables	**5,144**	3,008
	26,227	36,998
Less: Provision for impairment of trade receivables	**(1,758)**	(2,048)
	24,469	34,950

Retention sum receivables refer to retention sum which will be partially billed upon the practical completion, and the balance shall be billed upon the final completion. Retention sum receivables are non-interest-bearing and on terms based on the respective contract's retention period.

The credit period granted to the Group's customers generally within 30 days from invoice date of the relevant contract revenue. The terms of some construction contracts stipulate that the customers withhold a portion of total contract sum (usually 5%) until a specified period (usually 1 year) after completion of the contract.

Notes to the Unaudited Condensed Consolidated Interim Financial Statements

For the six months ended 30 June 2016

12. TRADE RECEIVABLES (CONTINUED)

Based on invoices date, ageing analysis of the Group's trade receivables as at the end of each of the respective periods is as follows:

	As at 30 June 2016 S$'000 (Unaudited)	As at 31 December 2015 S$'000
0 to 30 days	**4,599**	11,355
31 to 90 days	**1,455**	7,349
91 to 180 days	**15,423**	7,249
181 to 365 days	**1,639**	8,027
1 year to less than 2 years	**1,353**	970
	24,469	34,950

As at 30 June 2016 and 31 December 2015, there were no retention sum receivables which were past due.

Movement in the provision for impairment of trade receivables:

	As at 30 June 2016 S$'000 (Unaudited)	As at 31 December 2015 S$'000
Opening balance	**2,048**	2,257
Impairment losses	**175**	1,326
Bad debts recovered	**(465)**	(1,535)
Closing balance	**1,758**	2,048

Notes to the Unaudited Condensed Consolidated Interim Financial Statements

For the six months ended 30 June 2016

13. CASH AND CASH EQUIVALENTS

	As at 30 June 2016 S$'000 (Unaudited)	As at 31 December 2015 S$'000
Cash at banks and in hand	**39,063**	14,903
Less: Pledged deposits *(note)*	**(4,282)**	(4,271)
Cash and cash equivalents	**34,781**	10,632

Note:

As at 30 June 2016 and 31 December 2015, pledged deposits are restricted bank balances to secure:

(i) the fuel supplies guarantee arrangement and the issuance of performance bonds;

(ii) the banking facilities for term/bank loans amounting to approximately S$2.0 million (31 December 2015: approximately S$2.0 million); and

(iii) the banking facilities including letter of credits, overdraft and bank guarantee amounting to approximately S$16.5 million (31 December 2015: approximately S$16.5 million).

Notes to the Unaudited Condensed Consolidated Interim Financial Statements

For the six months ended 30 June 2016

14. SHARE CAPITAL

The Company was incorporated on 25 August 2015 with an authorised share capital of HK$380,000 divided into 38,000,000 shares of HK$0.01 each.

	Number of shares	Share capital HK$'000
Ordinary shares of HK$0.01 each		
Authorised:		
Upon incorporation	38,000,000	380
Increased during the period	9,962,000,000	99,620
As at 30 June 2016	10,000,000,000	100,000

	Number of shares	Share capital S$'000
Issued and fully paid		
Opening balance as at 1 January 2016	100	–
Issued during the period	1,037,499,900	1,808
As at 30 June 2016	1,037,500,000	1,808

Notes to the Unaudited Condensed Consolidated Interim Financial Statements

For the six months ended 30 June 2016

15. TRADE PAYABLES

	As at 30 June 2016 S$'000 (Unaudited)	As at 31 December 2015 S$'000
Trade payables	**4,933**	9,443
Retention payables	**1,322**	871
	6,255	10,314

The Group's trade payables are non-interest bearing and generally have payment terms of 30 days.

Ageing analysis of trade payables as at the reporting dates is as follows:

	As at 30 June 2016 S$'000 (Unaudited)	As at 31 December 2015 S$'000
0 to 30 days	**4,838**	8,023
31 to 90 days	**297**	1,100
91 to 180 days	**468**	172
Over 180 days	**652**	1,019
	6,255	10,314

16. BANK BORROWINGS

	As at 30 June 2016 S$'000 (Unaudited)	As at 31 December 2015 S$'000
Current liabilities		
Secured mortgage loan:		
– Amounts payable within one year	**65**	65
Secured term loans:		
– Amounts payable within one year	**189**	187
	254	252
Non-current liabilities		
Secured mortgage loan:		
– Amounts payable in second to fifth year	**160**	192
Secured term loans:		
– Amounts payable in second to fifth year	**111**	206
	271	398
Total balance of bank borrowings	**525**	650

The summary of pledged assets and pledged deposits to bank borrowings are as follows:

	As at 30 June 2016 S$'000 (Unaudited)	As at 31 December 2015 S$'000
Investment property	**1,364**	1,370
Pledged deposits	**4,282**	4,271

17. COMMITMENTS

The Group has the following commitments as at the reporting dates in respect of:

	As at 30 June 2016 S$'000 (Unaudited)	As at 31 December 2015 S$'000
– Contracted but not provided for, in respect of acquisition of property, plant and equipment	**4,321**	2,533

18. OPERATING LEASE ARRANGEMENT

a) As lessor

Future minimum lease rental receivables under non-cancellable operating leases of the Group as at the reporting dates are as follows:

	As at 30 June 2016 S$'000 (Unaudited)	As at 31 December 2015 S$'000
Within one year	**102**	133
Within second to fifth year	**–**	35
	102	168

The Group leases its investment property and a dormitory under operating lease. The leases run for an initial period of 1 to 3 years. None of these leases includes any contingent rentals.

18. OPERATING LEASE ARRANGEMENT (CONTINUED)

b) As lessee

Future minimum rental payables under non-cancellable operating lease of the Group as at the reporting dates are as follows:

	As at 30 June 2016 S$'000 (Unaudited)	As at 31 December 2015 S$'000
Within one year	**1,550**	113
Within second to fifth year	**2,370**	–
	3,920	113

The Group leases office premises, office equipments, workshops and warehouses and a dormitory under operating leases. The leases run for an initial period of 1 to 4 years, with options to renew the lease terms upon expiry when all terms are re-negotiated. None of these leases includes any contingent rentals.

Notes to the Unaudited Condensed Consolidated Interim Financial Statements

For the six months ended 30 June 2016

19. RELATED PARTY TRANSACTIONS

Save as disclosed elsewhere in the condensed consolidated interim financial statements, the following material transactions were carried out with related parties at terms mutually agreed by both parties:

	Six months ended 30 June	
	2016	2015
	S$'000	S$'000
	(Unaudited)	(Unaudited)
Construction contract work and ancillary services income received from related parties	**10,614**	13,327
Sales of scrap materials and consumables to related parties	**4**	2
Management service income received from related parties	**–**	84
Purchase of property, plant and equipment from a related party	**84**	–
Construction costs and related supporting service fees charged by related parties	**860**	857
Rental expenses charged by a related party	**24**	–

20. COMPENSATION OF KEY MANAGEMENT PERSONNEL

The remuneration of directors and other members of key management for the six months ended 30 June 2016 and 2015 were as follows:

	Six months ended 30 June	
	2016	2015
	S$'000	S$'000
	(Unaudited)	(Unaudited)
Short-term employee benefits	**704**	599

21. CONTINGENT LIABILITIES AND FINANCIAL GUARANTEES

(a) Performance bonds and guarantees provided for ordinary course of business

(i) As at 30 June 2016, the Group had contingent liabilities in respect of performance bonds of construction contracts in its ordinary course of business with utilised amount of approximately S$6,728,000 (31 December 2015: approximately S$6,431,000). The guarantees in respect of performance bonds issued by banks, which are secured by pledged deposits and guaranteed by Mr. Lim Kui Teng ("**Mr. Alan Lim**"), the director of the Company.

(ii) As at 30 June 2016 and 31 December 2015, the Group has contingent liabilities on providing guarantee on an agreement amounting to S$150,000 to a fuel supplier for commercial fuel supply to the Group, which was arranged via a bank under mutual agreement between parties whereby the Group has pledged its bank deposits and guaranteed by Mr. Alan Lim.

(b) Financial guarantees

As at 30 June 2016 and 31 December 2015, the Group had provided corporate guarantee to a bank for banking facilities offered to a related company, Hulett Construction (S) Pte Ltd, amounting to S$38,240,000. At 31 December 2015, the Group had provided corporate guarantee to a bank for banking facilities of AU$9,100,000 (equivalent to approximately S$9,394,000) offered to an independent third party, with the maximum exposure amounted to approximately S$4,697,000 and it has been released on 12 May 2016.

22. EVENTS AFTER THE REPORTING PERIOD

No significant events occurred since the end of the interim period.

23. APPROVAL OF THE INTERIM REPORT

The unaudited condensed consolidated interim financial statements for six months ended 30 June 2016 were approved and authorised for issue by the board of Directors on 30 August 2016.

Management Discussion and Analysis

GENERAL

The board of Directors (the "**Board**") of Chuan Holdings Limited (the "**Company**") is pleased to present the unaudited interim results of the Company and its subsidiaries (collectively, the "**Group**") for the six months ended 30 June 2016 together with its comparative figures for the six months ended 30 June 2015.

HIGHLIGHTS

	For six months ended 30 June 2016 S$'000	For six months ended 30 June 2015 S$'000	**Increase/ (decrease) (Comparing six months ended 30 June 2016 to 30 June 2015) %**
Revenue	**50,960**	44,063	15.7
Direct costs	**(39,921)**	(35,650)	12.0
Gross profit	**11,039**	8,413	31.2
Other income and gains	**965**	1,244	(22.4)
Administrative and other operating expenses	**(2,279)**	(1,985)	14.8
Other expenses	**(1,115)**	(788)	41.5
Finance costs	**(83)**	(99)	(16.2)
Profit before income tax	**8,527**	6,785	25.7
Income tax expense	**(1,450)**	(1,126)	28.8
Profit for the period	**7,077**	5,659	25.1
Earnings per share (S cents) *(note)*	**0.83**	0.68	22.1

note: S cents refers to Singapore cents.

Management Discussion and Analysis

BUSINESS REVIEW

Group strategy

The Group's corporate mission is to deliver its services on a timely and reliable basis, with integrity and good workmanship to meet customers, safety and regulatory requirements. The Group's corporate objective is to achieve a sustainable growth in its business and create long-term shareholders' value. The Group has continued to pursue its objective via expansion of its capacity through the purchase of excavation machines and tipper trucks that amounted to approximately S$4.3 million in capital expenditures for the six months ended 30 June 2016.

Performance drivers

The drivers of our business performance remained consistent for the six months ended 30 June 2016, as compared to the six months ended 30 June 2015. The pipeline of contracts, in particular for earthworks and related services projects, remained an important driver for our revenue growth. Public infrastructure projects that require earthworks and related services, such as that for the mass rapid transit system in Singapore and airport infrastructure, are larger scale projects that contributed to the revenue for the six months ended 30 June 2016. The percentage completion of the projects that the Group has undertaken will also affect its revenue recognised. Pricing for our contracts directly affects the Group's revenue and gross profits, and during the six months ended 30 June 2016, there were no particular upward nor downward trend in our pricing but instead our gross profits and gross profit margin for the six months ended 30 June 2016 were affected by a reduction in direct costs for earthworks.

Earthworks and related services

For the six months ended 30 June 2016, the Group had 83 earthworks and related services projects which contributed to this segment revenue of approximately S$23.4 million. Public infrastructure projects are the highest revenue contributor to the earthworks and related services segment in this interim period. Gross profit margin for earthworks and related services also improved mainly due to less than proportionate increase in direct costs, namely reduction in earth disposal fee and transportation cost as we dumped the excavated earth to a third party project site at zero cost and reduction in diesel price.

During this interim period, the Group was also awarded a public infrastructure project with a contract value of approximately S$14.3 million, the highest contract value secured by the Group to-date in this segment. The Group has also secured 7 new earthworks and related services projects since 1 July 2016.

General construction works

For the six months ended 30 June 2016, the Group had 8 general construction works projects which contributed to the general construction works revenue of approximately S$27.5 million. The increase in the Group's revenue was principally due to the increase in revenue contributed by the general construction works for 2 public residential projects as a result of higher percentage of completion during the interim period. However, gross profit margin for general construction works decreased during this interim period as public residential projects tend to have a lower gross profit margin. Since 1 July 2016, the Group has secured 1 new general construction works project.

Although general construction works contributed a higher proportion of the Group's total revenue during this interim period, earthworks and related services remain the Group's business focus in the foreseeable future. The Group continued to focus on strengthening our market position for earthworks and related services in Singapore. From 25 May 2016, being the date of the Group's prospectus up to the date of this interim report, there were no significant changes to the general business model of the Group and general economic and market conditions in Singapore or the industry in which the Group operates.

Management Discussion and Analysis

FINANCIAL REVIEW

Revenue and gross profit

	For six months ended 30 June 2016			For six months ended 30 June 2015		
	Revenue recognised S$'000	Gross profit S$'000	Gross profit margin %	Revenue recognised S$'000	Gross profit S$'000	Gross profit margin %
Earthworks and related services	23,424	6,349	27.1	23,395	4,326	18.5
General construction works	27,536	4,690	17.0	20,668	4,087	19.8
Total	50,960	11,039	21.7	44,063	8,413	19.1

For the six months ended 30 June 2016, the Group recorded an unaudited revenue of approximately S$51.0 million (30 June 2015: approximately S$44.1 million). Approximately 46.0% of our revenue was generated from earthworks and related services (30 June 2015: approximately 53.1%) while approximately 54.0% of our revenue was generated from general construction works (30 June 2015: approximately 46.9%).

For the six months ended 30 June 2016, the Group's revenue increased by approximately S$6.9 million or 15.7%, from approximately S$44.1 million to approximately S$51.0 million. The increase was principally due to the increase in revenue contributed by general construction works, which increased to approximately S$27.5 million for the six months ended 30 June 2016 (30 June 2015: approximately S$20.7 million). This increase was mainly attributed to higher percentage of completion for two public residential projects. The revenue contributed by earthworks and related services remained stable at approximately S$23.4 million for the six months ended 30 June 2015 and 2016.

For the six months ended 30 June 2016, gross profit of the Group increased by approximately S$2.6 million or 31.2%, from approximately S$8.4 million to approximately S$11.1 million. The gross profit margin also increased to approximately 21.7% for the six months ended 30 June 2016 (30 June 2015: approximately 19.1%). The higher gross profit margin was mainly due to less than proportionate increase in the direct costs for earthworks and related services, namely reduction in earth disposal fee and transportation cost as we dumped the excavated earth to a third party project site at zero cost and reduction in diesel price. This also accounted for the higher gross profit margin for earthworks and related services for the six months ended 30 June 2016 of approximately 27.1% (30 June 2015: approximately 18.5%).

As at 30 June 2016, the Group had 70 ongoing earthwork and related minor projects (31 December 2015: 54 projects), with an aggregate contract sum of approximately S$130.8 million (31 December 2015: approximately S$107.1 million). Approximately S$85.3 million of the aggregate contract sum has been recognised as revenue, with an estimated remaining balance of approximately S$30.0 million to be recognised in the second half of 2016 and approximately S$11.4 million and S$4.1 million to be recognised for the year ending 31 December 2017 and 2018 respectively. As at 30 June 2016, the Group had 7 ongoing general construction works projects (31 December 2015: 8 projects), with an aggregate contract sum of approximately S$109.8 million (31 December 2015: approximately S$149.2 million). Approximately S$61.5 million of the aggregate contract sum has been recognised as revenue, with an estimated remaining balance of approximately S$19.0 million to be recognised in the second half of 2016 and approximately S$29.3 million to be recognised for the year ending 31 December 2017. The Group has also secured seven new earthworks and related services projects and one new general construction work projects since 1 July 2016.

Other income and gains

For the six months ended 30 June 2016, other income and gains decreased by approximately S$0.3 million or 22.4%, from approximately S$1.2 million to approximately S$1.0 million, primarily due to lower bad debts recovered and gain on disposal of property, plant and equipment.

Administrative and other operating expenses

For the six months ended 30 June 2016, administrative and other operating expenses increased by approximately S$0.3 million or 14.8%, from approximately S$2.0 million to approximately S$2.3 million. The increase was primarily due to higher utilities charges and travelling expenses.

Other expenses

For the six months ended 30 June 2016, other expenses increased by approximately S$0.3 million or 41.5%, from approximately S$0.8 million to approximately S$1.1 million. The increase was mainly due to the initial listing expenses incurred of approximately S$0.9 million for the six months ended 30 June 2016.

Finance costs

For the six months ended 30 June 2016, finance cost decreased by approximately S$16,000 or 16.2%, from approximately S$99,000 to approximately S$83,000. The decrease was primarily due to decreased interest on finance leases as we have fully settled some of our finance leases.

Income tax expense

The effective tax rate was relatively stable at approximately 17.0% for the six months ended 30 June 2016 (30 June 2015: approximately 16.6%) consistent with the statutory tax rate in Singapore.

Management Discussion and Analysis

Profit after tax and net profit margin

As a result of the above factors, the Group recorded a profit after tax of approximately S$7.1 million for the six months ended 30 June 2016 (30 June 2015: approximately S$5.7 million). Net profit margin was approximately 13.9% for the six months ended 30 June 2016 (30 June 2015: approximately 12.8%).

LIQUIDITY, FINANCIAL RESOURCES AND GEARING

Liquidity

The Group generally meet its working capital requirements from its internally generated funds, and maintained a healthy financial position. Upon listing on 8 June 2016, the source of funds of the Group had been a combination of internal generated funds and net proceeds from the global offering. For the six months ended 30 June 2016, the Group generated net cash inflow from operating activities of approximately S$12.0 million (30 June 2015: approximately S$1.3 million), which was higher mainly due to increase in trade receivables and amount due from related company wholly-owned by Mr. Lim Kui Teng and Ms. Yee Say Lee. Subsequent to 30 June 2016, approximately S$10 million of the outstanding balances of trade receivables was settled up to the date of this interim report.

As at 30 June 2016, the Group had cash and cash equivalents of approximately S$34.8 million (31 December 2015: approximately S$10.6 million) out of which approximately 43.7% was denominated in Singapore Dollars and approximately 1.5% was denominated in United States Dollars which were placed with major banks in Singapore and approximately 54.8% was denominated in Hong Kong Dollars which were placed in a licenced financial institution in Hong Kong.

Use of proceeds

The net proceeds from the global offering was approximately S$26.5 million (after deducting underwriting fees, commissions and listing expenses), out of which approximately S$1.2 million has been utilised as at 31 July 2016.

Intended applications	**Actual proceeds** S$ '000	**Amount utilised as at 31 July 2016** S$ '000	**Balance as at 31 July 2016** S$ '000
Purchase of excavation machines and tipper trucks	11,129	1,215	9,914
Secure earth filling project	6,607	–	6,607
Expand workforce	4,414	–	4,414
Purchase of software	2,085	23	2,062
Working capital	2,247	–	2,247
Total	26,482	1,238	25,244

The balance of net proceeds is deposited in licenced financial institutions in Hong Kong.

Borrowings and gearing

As at 30 June 2016, the Group had an aggregate of current and non-current bank borrowings and finance lease obligations of approximately S$7.3 million (31 December 2015: approximately S$6.5 million), all denominated in Singapore Dollars with an annual interest rates ranging from 0.9% to 5.3%. The increase in our borrowings were mainly due to loans taken prior to our listing, to finance the purchase of our machinery and equipment. As at 30 June 2016, we had unutilised credit facilities of approximately S$17.7 million (31 December 2015: approximately S$18.0 million).

As at 30 June 2016, the Group's gearing ratio was approximately 0.09 times (31 December 2015: approximately 0.13 times). Gearing ratio is calculated by dividing total borrowings (bank borrowings and finance lease obligations) by total equity as at the end of the respective period.

Foreign exchange exposure

The Group's principal place of business is in Singapore, hence transactions arising from its operations were generally settled in Singapore Dollars which is the functional currency of the Group. Apart from a portion of the cash and cash equivalents of the Group arising from the global offering is denominated in Hong Kong Dollars and a small portion denominated in United States Dollars, the Group was not exposed to any significant foreign currency risk nor had employed any financial instrument for hedging.

Charges on Group's assets

As at 30 June 2016, the Group's bank borrowings were secured by (i) the pledge of the Group's deposits of approximately S$4.3 million (31 December 2015: approximately S$4.3 million); and (ii) the mortgage of the investment property of the Group consists of a four-storey industrial building used for rental income generation purpose located in Singapore with net book amount of approximately S$1.4 million, while the Group's finance lease obligations were secured by (i) the charge over the leased assets of net book value of approximately S$7.9 million (31 December 2015: approximately S$7.0 million); and (ii) pledged deposits of approximately S$4.3 million (31 December 2015: S$4.3 million).

Contingent liabilities and financial guarantees

As at 30 June 2016, the Group had contingent liabilities in respect of (a) performance bonds of construction contracts in our ordinary course of business with utilised amount of approximately S$6.7 million (31 December 2015: approximately S$6.4 million); and (b) guarantee provided and restricted to one of the major fuel suppliers for the commercial fuel supply agreement amounting to S$150,000. The Group had also provided corporate guarantee to a bank for banking facilities offered to a related company, Hulett Construction (S) Pte Ltd, amounting to S$38,240,000.

Management Discussion and Analysis

Capital expenditures and capital commitments

For the six months ended 30 June 2016, the Group invested approximately S$4.8 million for purchase of property, plant and equipment, which was mainly funded from finance lease obligations and proceeds from the listing.

As at 30 June 2016, the Group's capital commitments in respect of acquisition of property, plant and equipment was approximately S$4.3 million (31 December 2015: approximately S$2.5 million).

Significant investments held, material acquisitions and disposal of subsidiaries, associates and joint ventures

There were no significant investments held, material acquisitions and disposal of subsidiaries, associates and joint ventures for the six months ended 30 June 2016.

EMPLOYEE INFORMATION

As at 30 June 2016, the Group had 406 employees, including foreign workers.

The employees of the Group are remunerated according to their job scope and responsibilities. The local employees are also entitled to discretionary bonus depending on their respective performance. The foreign workers are typically employed on one year basis depending on the period of their work permits, and subject to renewal based on their performance and are remunerated according to their work skills.

Total staff costs, including Directors' emoluments amounted to approximately S$7.7 million for the six months ended 30 June 2016 (30 June 2015: approximately S$7.4 million).

PROSPECTS

Amidst the forecasted slower economic growth in Singapore, the Group maintained satisfactory results for the six months ended 30 June 2016. The Building and Construction Authority of Singapore estimated the total construction demand or the value of construction contracts to be awarded in 2016 to be between S$27 billion to S$34 billion, with about 65% driven by the public sector, largely due to an increase in civil engineering demand. Key projects include Changi Airport's 3-runway system, the remaining contracts for the Thomson-East Coast MRT line and Marina East desalination plant. We remain cautiously optimistic on the outlook for the construction industry in Singapore and we intend to continuously tender for attractive projects to maintain profitability and financial stability of the Group.

DIRECTORS' AND CHIEF EXECUTIVES' INTERESTS AND SHORT POSITIONS IN EQUITY OR DEBT SECURITIES

As at 30 June 2016, the interests of the directors (the "**Directors**") and the chief executives and their associates in the shares, underlying shares and debentures of the Company and its associated corporations, as recorded in the register maintained by the Company pursuant to section 352 of the Securities and Futures Ordinance ("**SFO**"), or as otherwise notified to the Company and pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers ("**Model Code**"), The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**") were as follows:

Aggregate long positions (L) in the shares and underlying shares of the Company

Name of Director/ Chief Executive	Nature of interest and capacity	Number of shares of the Company	Approximate percentage of interest in the issued share capital of the Company as at 30 June 2016
Mr. Lim Kui Teng ("**Mr. Alan Lim**")	Interest of controlled corporation *(Notes 1)*	697,500,000 (L)	67.23%
Ms. Yee Say Lee ("**Ms. Yee**")	Interest of spouse *(Notes 1 and 2)*	697,500,000 (L)	67.23%

Notes:

(1) The entire issued share capital of Brewster Global Holdings Limited ("**Brewster Global**") is beneficially owned by Mr. Alan Lim who is deemed to be interested in all the shares of the Company held by Brewster Global by virtue of the SFO. Mr. Alan Lim is a substantial shareholder and Executive Director of the Company.

(2) Ms. Yee is the spouse of Mr. Alan Lim and deemed to be interested in the shares of the Company indirectly held by Mr. Alan Lim through Brewster Global.

Save as disclosed above, none of the directors or chief executives or their associates had any interests or short positions in any shares, underlying shares or debentures of the Company or any of its associated corporations as at 30 June 2016.

Corporate Governance and Other Information

SUBSTANTIAL SHAREHOLDERS

The register of substantial shareholders maintained by the Company pursuant to Section 336 of the SFO shows that, at 30 June 2016, other than directors and chief executives, the following shareholders had notified the Company of the relevant interests in the issued share capital of the Company.

Aggregate long positions (L) in the shares and underlying shares of the Company

Name of shareholder(s)	Nature of interest and capacity	Number of shares of the Company	Approximate percentage of interest in the issued share capital of the Company as at 30 June 2016
Brewster Global	Beneficial owner *(Notes 1)*	697,500,000 (L)	67.23%
Mr. Alan Lim	Interest of controlled corporation *(Notes 1)*	697,500,000 (L)	67.23%
Ms. Yee	Interest of spouse *(Notes 1 and 2)*	697,500,000 (L)	67.23%
Victory Time Finance Limited	Beneficial owner *(Notes 3)*	52,500,000 (L)	5.06%
Mr. Cheung Ching Ping, Stephen	Interest of controlled corporation *(Notes 3)*	52,500,000 (L)	5.06%
Mr. Cheung Yick Chung	Interest of controlled corporation *(Notes 3)*	52,500,000 (L)	5.06%

Notes:

(1) The entire issued share capital of Brewster Global is beneficially owned by Mr. Alan Lim who is deemed to be interested in all the shares of the Company held by Brewster Global by virtue of the SFO. Mr. Alan Lim is a substantial shareholder and Executive Director of the Company.

(2) Ms. Yee is the spouse of Mr. Alan Lim and deemed to be interested in the shares of the Company indirectly held by Mr. Alan Lim through Brewster Global.

(3) These shares were held by Victory Time Finance Limited ("**Victory Time**"), which Mr. Cheung Ching Ping, Stephen and Mr. Cheung Yick Chung, each held 50% interests in Victory Time. Mr. Cheung Ching Ping, Stephen and Mr. Cheung Yick Chung are deemed to be interested in the shares of the Company held by Victory Time by virtue of the SFO.

Other than as disclosed above, the Company had not been notified of any other relevant interests or short positions in the shares or underlying shares of the Company as at 30 June 2016.

Corporate Governance and Other Information

SHARE OPTION SCHEME

Pursuant to the shareholders resolutions passed on 10 May 2016, the Company have conditionally adopted a share option scheme (the "**Share Option Scheme**") by the shareholders of the Company. During the six months ended 30 June 2016 ("**Interim Period**"), the Company has not issued any option to any participant under the Share Option Scheme.

DIRECTORS' INTEREST IN COMPETING BUSINESS

During the Interim Period, none of the Directors or the controlling shareholders of their respective associates of the Company has an interest in a business which competed with or might compete with the business of the Group.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SHARES

There was no purchase, sale or redemption of the Company's listed shares by the Company or any of its subsidiaries during the Interim Period.

SUFFICIENCY OF PUBLIC FLOAT

Based on the information that is publicly available to the Company and within the knowledge of the Directors, the Directors confirmed that the Company has maintained a sufficient amount of public float for its shares as required under the Listing Rules throughout the Interim Period.

MODEL CODE FOR SECURITIES TRANSACTIONS

The Company has adopted the Model Code as set out in Appendix 10 of the Listing Rules as a code of conduct regarding directors' securities transactions. All the members of the board have confirmed, following specific enquiry by the Company that they have complied with the required standard as set out in the Model Code throughout the six months ended 30 June 2016. The Model Code also applies to other specified senior management of the Group.

Corporate Governance and Other Information

CODE ON CORPORATE GOVERNANCE PRACTICES

In the opinion of the directors, except below, the Company has complied with the code on Corporate Governance Practices ("**CG Code**") as set out in Appendix 14 of the Listing Rules throughout the six months ended 30 June 2016.

The roles of the chairman (the "**Chairman**") and the chief executive officer (the "**Chief Executive Officer**") of the Company are served by Mr. Lim Kui Teng and have not segregated as repaired under Code A.2.1 of the CG Code. However, the Company considers that the combination of the roles of the Chairman and the Chief Executive Officer will involve a realignment of power and authority under the existing corporate structure and facilitate the ordinary business activities of the Company.

AUDIT COMMITTEE

The Audit Committee of the Company established on 10 May 2016 which comprised of three independent non-executive directors namely, Mr. Chow Wing Tung (Chairman), Mr. Lee Teck Leng and Mr. Phang Yew Kiat. The Audit Committee has reviewed with management the accounting principles and practices adopted by the Group and discussed internal control procedures and financial reporting matters including the review of the Group's unaudited interim financial statements for the six months ended 30 June 2016.

On behalf of the Board

Mr. Lim Kui Teng
Chairman

30 August 2016