Third Quarter Financial Statement and Dividend Announcement for the period Ended 30 September 2019

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

	Note	Group 3Q2019 $'000	Group 3Q2018 $'000	+/(-) %	Group 9M2019 $'000	Group 9M2018 $'000	+/(-) %
Revenue							
- Property development		201,032	257,306	(21.9)	575,131	583,094	(1.4)
- Construction		41,281	39,461	4.6	124,359	131,373	(5.3)
- Hospitality		19,165	18,164	5.5	58,459	51,658	13.2
- Education		3,791	499	659.7	8,904	499	1,684.4
- Property investment & others		1,888	1,914	(1.4)	5,552	5,601	(0.9)
		267,157	317,344	(15.8)	772,405	772,225	0.0
Cost of sales		(218,543)	(255,708)	(14.5)	(632,716)	(607,112)	4.2
Gross profit		48,614	61,636	(21.1)	139,689	165,113	(15.4)
Other items of income							
Interest income		1,564	1,876	(16.6)	5,626	3,706	51.8
Other income		1,029	1,877	(45.2)	3,065	2,790	9.9
Other items of expense							
Marketing and distribution expenses	1	(1,633)	(3,930)	(58.4)	(8,943)	(11,685)	(23.5)
Administrative expenses		(23,562)	(23,510)	0.2	(66,557)	(62,018)	7.3
Finance costs	2	(15,057)	(16,991)	(11.4)	(46,100)	(35,376)	30.3
Share of results of associates and joint venture		72	327	(78.0)	1,041	2,382	(56.3)
Profit before tax		11,027	21,285	(48.2)	27,821	64,912	(57.1)
Income tax expense	3	(5,941)	253	NM	(9,188)	(14,221)	(35.4)
Profit after tax		5,086	21,538	(76.4)	18,633	50,691	(63.2)
Profit attributable to:							
Owners of the Company		4,679	18,200	(74.3)	19,920	36,571	(45.5)
Non-controlling interests		407	3,338	(87.8)	(1,287)	14,120	NM
		5,086	21,538	(76.4)	18,633	50,691	(63.2)

1(a)(ii) Items, which if significant, must be included in the income statement

	Note	Group 3Q2019 $'000	Group 3Q2018 $'000	+/(-) %	Group 9M2019 $'000	Group 9M2018 $'000	+/(-) %
Other income							
Rental income from non investment holding companies		301	94	220.2	1,082	281	285.1
Sales of materials		389	896	(56.6)	689	896	(23.1)
Government grants		146	112	30.4	402	311	29.3
Deposits forfeited from buyers		51	395	(87.1)	128	440	(70.9)
Gain on disposal of property, plant and equipment		31	141	(78.0)	260	146	78.1
Others		111	239	(53.6)	504	716	(29.6)
		1,029	1,877	(45.2)	3,065	2,790	9.9
The following items have been included in arriving at profit after tax:							
Employee benefits expenses		18,003	17,969	0.2	53,857	50,119	7.5
Depreciation of property, plant and equipment	4	6,971	5,300	31.5	17,211	13,811	24.6
Foreign exchange loss	5	1,079	2,645	(59.2)	2,708	6,113	(55.7)
Provision for onerous contract	6	-	7,500	(100.0)	-	7,500	(100.0)
Legal and professional fees		959	617	55.4	2,703	1,742	55.2
Property maintenance expenses		1,053	398	164.6	3,250	2,726	19.2
Amortisation of intangible assets		98	59	66.1	283	174	62.6
Under/(Over)provision of tax in respect of previous years		521	(4,425)	NM	(2,168)	(4,364)	(50.3)

Note:-
NM - Not meaningful.

Notes to Group Income Statement

1 The decrease in marketing and distribution expenses in 3Q2019 was due to higher marketing expenses incurred in 2018 as a result of Park Colonial being launched in July 2018.

2 The decrease in finance costs in 3Q2019 was in line with lower average borrowings.

3 The effective tax rate was higher in 3Q2019 due mainly to effect of deferred tax assets not provided on losses, on grounds of prudence. The tax benefit in 3Q2018 was the result of overprovision in respect of previous years.

4 The increase in depreciation charges was mainly due to depreciation of right-of-use assets arising from the adoption of SFRS(I) 16 Leases which took effect from 1 January 2019.

5 Foreign exchange loss was mainly due to weakening of Australian dollars and New Zealand dollars.

6 Provision for onerous contract in 3Q2018 was made in respect of a construction project.

1(a)(iii) Statement of Comprehensive Income

	Note	Group 3Q2019 $'000	Group 3Q2018 $'000	+/(-) %	Group 9M2019 $'000	Group 9M2018 $'000	+/(-) %
Profit after tax		5,086	21,538	(76.4)	18,633	50,691	(63.2)
Other comprehensive loss:							
Items that may be reclassified subsequently to profit or loss							
Foreign currency translation differences	1	(1,941)	(4,001)	(51.5)	(3,461)	(9,587)	(63.9)
Share of foreign currency translation of associate and joint venture		(16)	(9)	77.8	(45)	(15)	200.0
		(1,957)	(4,010)	(51.2)	(3,506)	(9,602)	(63.5)
Other comprehensive loss for the quarter/period, net of tax		(1,957)	(4,010)	(51.2)	(3,506)	(9,602)	(63.5)
Total comprehensive income for the quarter/period		3,129	17,528	(82.1)	15,127	41,089	(63.2)
Total comprehensive income attributable to:							
Owners of the Company		2,791	14,340	(80.5)	16,236	27,376	(40.7)
Non-controlling interests		338	3,188	(89.4)	(1,109)	13,713	NM
		3,129	17,528	(82.1)	15,127	41,089	(63.2)

Notes to Statement of Comprehensive Income

1 Foreign currency translation differences arises from the translation of financial statements of foreign operations whose functional currencies are different from that of the Group's functional currency. Translation loss in 3Q2019 was mainly due to depreciation of Australian dollars against Singapore dollars on the Group's foreign net assets which are largely denominated in these currencies.

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

	Note	The Group 30 Sep 2019 $'000	The Group 31 Dec 2018 $'000	Note	The Company 30 Sep 2019 $'000	The Company 31 Dec 2018 $'000
Non-current assets						
Property, plant and equipment	1	426,718	364,221		1,282	1,438
Investment properties		250,124	250,617		-	-
Intangible assets		21,846	16,677		463	509
Investment in subsidiaries		-	-	10	81,642	3,342
Investment in joint venture		4,047	3,392		-	-
Investments in associates	2	19,754	6,105		650	650
Deferred tax assets		6,666	5,956		-	-
Trade and other receivables		31,359	40,411	11	264,409	275,045
		760,514	687,379		348,446	280,984
Current assets						
Development properties	3	1,519,913	1,410,329		-	-
Inventories		2,744	2,152		-	-
Prepayments		3,974	2,708		168	252
Trade and other receivables	4	155,537	123,444		10,385	8,096
Contract assets	5	263,627	501,307		-	-
Capitalised contract costs		15,528	16,663		-	-
Cash and short-term deposits		336,780	342,558		47,132	41,428
		2,298,103	2,399,161		57,685	49,776
Total assets		**3,058,617**	**3,086,540**		**406,131**	**330,760**
Deduct: Current liabilities						
Loans and borrowings	6	121,624	129,773		-	-
Trade and other payables		57,404	64,814		232	671
Contract liabilities	7	21,465	99,488		-	-
Other liabilities	8	56,117	48,430		2,392	7,414
Income tax payable		3,856	9,716		-	600
		260,466	352,221		2,624	8,685
Net current assets		**2,037,637**	**2,046,940**		**55,061**	**41,091**
Deduct: Non-current liabilities						
Loans and borrowings	6	1,691,681	1,681,360		38,250	38,250
Trade and other payables	9	161,338	140,696	12	264,487	191,017
Other liabilities	8	64,609	36		-	-
Deferred tax liabilities		45,145	38,172		36	36
		1,962,773	1,860,264		302,773	229,303
		835,378	**874,055**		**100,734**	**92,772**
Equity attributable to owners of the Company						
Share capital		79,691	79,691		79,691	79,691
Treasury shares		(30,034)	(30,034)		(30,034)	(30,034)
Retained earnings		768,345	773,466		47,231	39,722
Other reserves		(10,964)	(5,775)		3,846	3,393
		807,038	817,348		100,734	92,772
Non-controlling interests		28,340	56,707		-	-
Total equity		**835,378**	**874,055**		**100,734**	**92,772**

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 (Cont'd)

Notes to Statement of Financial Position

Note

The Group

1 The increase in property, plant and equipment was mainly due to right-of-use assets of the Group's lease commitments arising from the adoption of SFRS(I) 16 Leases which took effect from 1 January 2019.

2 The increase in investments in associates was due to investment in Zeus Education Group in July 2019.

3 The increase in development properties was due to the acquisition of Kampong Java site in April 2019, partially offset by progressive sales of other development properties, mainly from Park Colonial and Grandeur Park Residences.

4 The increase in current trade and other receivables was mainly due to progress billings receivable from purchasers of High Park Residences of which Temporary Occupation Permit has been obtained.

5 The decrease in contract assets was mainly due to the transfer to trade receivables following the completion of High Park Residences.

6 The increase in current and non-current loans and borrowings was due to issuance of term notes, financings obtained for development projects and working capital, partially offset by repayment of bank loans.

7 The decrease in contract liabilities was due to lesser amount of advances from customers following the progressive recognition of revenue.

8 The increase in other liabilities was due to lease liabilities arising from the adoption of SFRS(I) 16 Leases which took effect from 1 January 2019.

9 The increase in non-current trade and other payables was due to advance payment received from a customer for a construction project.

The Company

10 The increase in investment in subsidiaries was due to increase in share capital of subsidiaries.

11 The decrease in non-current trade and other receivables was due to capitalisation of loan extended to a subsidiary, partially offset by working capital loans extended to subsidiaries.

12 The increase in non-current trade and other payables was due to loans obtained from subsidiaries.

1(b)(ii) In relation to the aggregate amount of the group's borrowings and debt securities, specify the following as at the end of the current financial period reported on with comparative figures as at the end of the immediately preceding financial year

	As at 30 Sep 2019 $'000	As at 31 Dec 2018 $'000
Amount repayable in one year or less, or on demand		
- Secured	121,624	129,773
- Unsecured	-	-
Amount repayable after one year		
- Secured	1,553,431	1,643,110
- Unsecured	138,250	38,250
	1,813,305	1,811,133

Details of any collateral

The Group's total borrowings of $1.8 billion are loans taken to finance property development projects, investment properties and hotels, and for working capital.

The Group's secured borrowings of $1.7 billion are mainly secured by:
(a) legal mortgage on the development properties, investment properties and hotels;
(b) subordination of shareholder's loan;
(c) assignment of sale proceeds of the development properties;
(d) assignment of all rights and benefits under construction contracts, performance bonds and insurance policies in respect of the development properties;
(e) assignment of tenancy and sale agreements of the investment and development properties;
(f) fixed and floating charge on the assets of the hotels; and
(g) corporate guarantee from the Company.

The Group's unsecured borrowings of $138.3 million comprise the following notes issued under its $750 million Multicurrency Debt Issuance Programme:

(a) $13.0 million 5-year fixed rate notes issued on 14 June 2016. The notes bear interest at the rate of 4.75 per cent. per annum payable semi-annually in arrear and will due in June 2021.

(b) $25.3 million 5-year fixed rate notes issued on 19 May 2017. The notes bear interest at the rate of 4.90 per cent. per annum payable semi-annually in arrear and will due in May 2022.

(c) $100.0 million 3-year fixed rate notes issued on 15 March 2019. The notes bear interest at the rate of 6.0 per cent. per annum payable semi-annually in arrear and will due in March 2022.

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		Group	
	3Q2019	**3Q2018**	**9M2019**	**9M2018**
	$'000	**$'000**	**$'000**	**$'000**
Cash flows from operating activities				
Profit before tax	**11,027**	**21,285**	**27,821**	**64,912**
Adjustments for:				
Interest income	(1,564)	(1,876)	(5,626)	(3,706)
Gain on disposal of property, plant and equipment	(31)	(141)	(260)	(146)
Interest expense	15,057	16,991	46,100	35,376
Property, plant and equipment written off	-	-	95	-
Provision for onerous contract	-	7,500	-	7,500
Depreciation of property, plant and equipment	6,971	5,300	17,211	13,811
Amortisation of intangible assets	98	59	283	174
Amortisation of capitalised contract cost	3,977	3,688	9,817	10,625
Unrealised exchange loss	1,306	2,272	3,112	4,920
Share of results of associates and joint venture	(72)	(327)	(1,041)	(2,382)
Net loss on liquidation of an associate	-	17	-	17
Reversal of impairment on receivables	-	-	-	(10)
Share-based compensation expenses	227	-	453	995
Operating profit before changes in working capital	36,996	54,768	97,965	132,086
Changes in working capital:				
Development properties	120,244	801,855	(105,684)	452,103
Capitalised contract cost	(5,920)	(9,596)	(8,686)	(13,822)
Inventories	219	2,362	(576)	1,394
Prepayments	(547)	(610)	(1,267)	466
Trade and other receivables and contract assets	3,702	(383,865)	214,048	(201,726)
Trade and other payables and contract liabilities	(5,935)	(312,470)	(65,685)	(440,892)
Other liabilities	5,766	4,516	7,050	(11,452)
Cash generated from/(used in) operations	**154,525**	**156,960**	**137,165**	**(81,843)**
Interest paid	(17,957)	(15,019)	(52,110)	(42,317)
Interest received	1,564	1,876	5,626	3,706
Income tax (paid)/refunded	(2,873)	1,675	(8,831)	(5,792)
Net cash generated from/(used in) operating activities	**135,259**	**145,492**	**81,850**	**(126,246)**
Cash flows from investing activities:				
Purchase of property, plant and equipment	(7,581)	(15,268)	(12,189)	(49,356)
Proceeds from disposal of property, plant and equipment	43	336	345	466
Investment in an associate	(13,870)	-	(13,870)	-
Net cash outflow on acquisition of subsidiary	-	(10,377)	(3,265)	(10,377)
Dividend income	270	750	534	1,350
(Loan to)/Repayment from associate and joint venture	(197)	-	(197)	94
Distribution from liquidation of an associate	27	849	27	849
Additions to intangible assets	(21)	(690)	(21)	(885)
Additions to investment properties	-	-	-	(13,160)
Net cash used in investing activities	**(21,329)**	**(24,400)**	**(28,636)**	**(71,019)**
Cash flows from financing activities:				
Repayment of loans and borrowings	(60,615)	(60,732)	(443,206)	(157,168)
Proceeds from loans and borrowings	-	-	344,600	501,202
Proceeds from issuance of term notes	-	-	100,000	-
Dividends paid	-	-	(25,041)	(24,841)
Dividend paid to a minority shareholder	(29,200)	-	(29,200)	-
Proceeds from exercise of employee share options	-	2,771	-	2,771
Proceeds from issuance of new shares by subsidiary to non-controlling interests	-	-	-	1,620
Acquisition of non-controlling interests	(2,540)	-	(2,540)	-
Repayment of obligations under finance leases	(1,197)	-	(2,950)	-
Net cash (used in)/generated from financing activities	**(93,552)**	**(57,961)**	**(58,337)**	**323,584**
Net increase/(decrease) in cash and cash equivalents	20,378	63,131	(5,123)	126,319
Effect of exchange rate changes on cash and cash equivalents	(374)	(1,078)	(655)	(1,372)
Cash and cash equivalents at beginning of the period	316,776	320,740	342,558	257,846
Cash and cash equivalents at end of the period	**336,780**	**382,793**	**336,780**	**382,793**
Cash and cash equivalents comprise:				
Short term fixed deposits			226,545	160,252
Cash and bank balances			110,235	222,541
			336,780	382,793

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 (Cont'd)

Net cash generated from/(used in) operating activities

Higher net cash generated from operating activities in 9M2019 as compared to same period last year was mainly due to higher progressive payments from development properties.

The net cash outflows from operating activities in 9M2018 was due mainly to development expenditure incurred.

Net cash used in investing activities

Lower net cash used in investing activities in 9M2019 as compared to same period last year was mainly due to lower cash used for investment in Zeus and Invictus Education Groups in 9M2019 as compared to acquisition of the Mercure & Ibis Styles Grosvenor Hotel, the adjoining properties at Hindley Street, property at 51 Pirie Street, in Adelaide, Australia and White Lodge Education Group in 9M2018.

Net cash (used in)/generated from financing activities

Higher net cash used in financing activities in 3Q2019 was mainly due to dividend paid to a minority shareholder during the quarter.

Net cash used in financing activities in 9M2019 as compared to net cash generated from financing activities in 9M2018 was due to higher repayment of loans and borrowings and dividend paid to a minority shareholder during the period.

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

	Attributable to owners of the Company										
Group	**Issued capital $'000**	**Treasury shares $'000**	**Treasury shares reserve $'000**	**Share-based compensation reserve $'000**	**Other reserves $'000**	**Asset revaluation reserve $'000**	**Currency translation reserve $'000**	**Retained earnings $'000**	**Total $'000**	**Non-controlling interests $'000**	**Total equity $'000**
At 1 January 2019	79,691	(30,034)	(868)	4,261	674	2,611	(12,453)	773,466	817,348	56,707	874,055
Total comprehensive (loss)/income for the period	-	-	-	-	-	-	(1,796)	15,241	13,445	(1,447)	11,998
Dividends paid	-	-	-	-	-	-	-	(25,041)	(25,041)	-	(25,041)
Share-based compensation expenses	-	-	-	226	-	-	-	-	226	-	226
Acquisition of subsidiary	-	-	-	-	-	-	-	-	-	2,524	2,524
At 30 June 2019	79,691	(30,034)	(868)	4,487	674	2,611	(14,249)	763,666	805,978	57,784	863,762
Total comprehensive (loss)/income for the quarter	-	-	-	-	-	-	(1,888)	4,679	2,791	338	3,129
Transactions with non-controlling interests	-	-	-	-	(1,958)	-	-	-	(1,958)	(582)	(2,540)
Dividends paid	-	-	-	-	-	-	-	-	-	(29,200)	(29,200)
Share-based compensation expenses	-	-	-	227	-	-	-	-	227	-	227
At 30 September 2019	79,691	(30,034)	(868)	4,714	(1,284)	2,611	(16,137)	768,345	807,038	28,340	835,378

	Attributable to owners of the Company										
Group	**Issued capital $'000**	**Treasury shares $'000**	**Treasury shares reserve $'000**	**Share-based compensation reserve $'000**	**Capital reserve $'000**	**Asset revaluation reserve $'000**	**Currency translation reserve $'000**	**Retained earnings $'000**	**Total $'000**	**Non-controlling interests $'000**	**Total equity $'000**
At 1 January 2018	79,691	(33,653)	(533)	3,779	674	2,655	530	735,186	788,329	36,386	824,715
Total comprehensive (loss)/income for the period	-	-	-	-	-	-	(5,335)	18,371	13,036	10,525	23,561
Dividends paid	-	-	-	-	-	-	-	(24,841)	(24,841)	-	(24,841)
Share-based compensation expenses	-	-	-	995	-	-	-	-	995	-	995
Capital contribution to non-controlling interests	-	-	-	-	-	-	-	-	-	1,620	1,620
At 30 June 2018	79,691	(33,653)	(533)	4,774	674	2,655	(4,805)	728,716	777,519	48,531	826,050
Total comprehensive (loss)/income for the quarter	-	-	-	-	-	-	(3,860)	18,200	14,340	3,188	17,528
Treasury shares reissued pursuant to employee share option scheme	-	3,619	(335)	(513)	-	-	-	-	2,771	-	2,771
Acquisition of subsidiary	-	-	-	-	-	-	-	-	-	420	420
At 30 September 2018	79,691	(30,034)	(868)	4,261	674	2,655	(8,665)	746,916	794,630	52,139	846,769

Company	**Issued capital $'000**	**Treasury shares $'000**	**Treasury shares reserve $'000**	**Share-based compensation reserve $'000**	**Retained earnings $'000**	**Total equity $'000**
At 1 January 2019	79,691	(30,034)	(868)	4,261	39,722	92,772
Total comprehensive income for the period	-	-	-	-	1,156	1,156
Dividends paid	-	-	-	-	(25,041)	(25,041)
Share-based compensation expenses	-	-	-	226	-	226
At 30 June 2019	79,691	(30,034)	(868)	4,487	15,837	69,113
Total comprehensive income for the quarter	-	-	-	-	31,394	31,394
Share-based compensation expenses	-	-	-	227	-	227
At 30 September 2019	79,691	(30,034)	(868)	4,714	47,231	100,734

Company	**Issued capital $'000**	**Treasury shares $'000**	**Treasury shares reserve $'000**	**Share-based compensation reserve $'000**	**Retained earnings $'000**	**Total equity $'000**
At 1 January 2018	79,691	(33,653)	(533)	3,779	67,659	116,943
Total comprehensive income for the period	-	-	-	-	389	389
Dividends paid	-	-	-	-	(24,841)	(24,841)
Share-based compensation expenses	-	-	-	995	-	995
At 30 June 2018	79,691	(33,653)	(533)	4,774	43,207	93,486
Total comprehensive income for the quarter	-	-	-	-	3,734	3,734
Treasury shares reissued pursuant to employee share option scheme	-	3,619	(335)	(513)	-	2,771
At 30 September 2018	79,691	(30,034)	(868)	4,261	46,941	99,991

1(d)(ii) Details of any changes in the company's share capital arising from rights issue, bonus issue, share buy-backs, exercise of share options or warrants, conversion of other issues of equity securities, issue of shares for cash or as consideration for acquisition or for any other purpose since the end of the previous period reported on. State also the number of shares that may be issued on conversion of all the outstanding convertibles, as well as the number of shares held as treasury shares, if any, against the total number of issued shares excluding treasury shares of the issuer, as the end of the financial period reported on and as at the end of the corresponding period of the immediately preceding financial year.

As at 30 September 2019, the Company held 41,501,100 (30 September 2018 : 41,501,100) ordinary shares as treasury shares. The total number of issued shares excluding treasury shares as at 30 September 2019 was 626,014,061 (30 September 2018 : 626,014,061).

As at 30 September 2019, the number of outstanding share options under the Company's Employee Share Option Scheme was 50,000,000 (30 September 2018 : 35,000,000).

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

The total number of issued shares excluding treasury shares of 41,501,100 (31 December 2018 : 41,501,100) shares as at 30 September 2019 was 626,014,061 (31 December 2018 : 626,014,061) shares.

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

Not applicable as no treasury shares had been sold, transferred, disposed, cancelled or used in any other manner.

1(d)(v) A statement showing all sales, transfers, disposal, 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 by the Company's auditors.

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

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 below, the Group has applied the same accounting policies and methods of computation in the preparation of the financial statements for the current reporting period as that of the audited financial statements for the year ended 31 December 2018.

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

The Group has adopted SFRS(I) 16 Leases with effect from 1 January 2019. The Group has applied the simplified transition approach and will not restate comparative amounts for the year prior to first adoption and has not restated comparatives for the 2018 reporting period as permitted under the specfic transition provisions in the standard. On adoption of SFRS(I) 16 Leases, the Group has recognised right-of-use assets of $15,782,000 and lease liabilities of $15,782,000 on 1 January 2019.

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

	Group		Group	
	3Q2019	3Q2018	9M2019	9M2018
Earnings per ordinary share for the period :-				
(i) Based on weighted average number of ordinary shares in issue (in cents)	0.75	2.93	3.18	5.88
(ii) On a fully diluted basis (in cents)	0.74	2.86	3.15	5.75

Notes:
(i) The computation of basic earnings per share was based on the weighted average of 626,014,061 ordinary shares (30 September 2018 : 622,109,951 ordinary shares).

(ii) The computation of fully diluted basic earnings per share was based on the adjusted weighted average of 632,979,663 ordinary shares (30 September 2018 : 635,738,201 ordinary shares).

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	
	30 Sep 2019	31 Dec 2018	30 Sep 2019	31 Dec 2018
Net asset value per ordinary share (in cents) based on issued share capital as at the end of the period reported on	128.92	130.56	16.09	14.82

The computation of net asset value per ordinary share was based on 626,014,061 ordinary shares (excluding treasury shares of 41,501,100) (31 December 2018 : 626,014,061 ordinary shares excluding treasury shares of 41,501,100).

8 A review of the performance of the group, to the extent necessary for a reasonable understanding of the group's business. The review must include discussion of 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. It must also include discussion of any material factors that affected the cash flow, working capital, assets or liabilities of the group during the current financial period reported on

Quarterly results : 3Q2019 vs 3Q2018

Overall

Gross revenue decreased by 15.8% from $317.3 million to $267.2 million, with lower contribution from the property development division, partially offset by higher contribution from education, construction and hospitality divisions. In tandem with lower revenue, gross profit dropped by 21.1% from $61.6 million to $48.6 million on lower margins. Finance costs decreased by 11.4% from $17.0 million to $15.1 million in line with lower average borrowings. Profit before tax declined by 48.2% from $21.3 million to $11.0 million. Effective tax rate was higher as a result of deferred tax assets not provided on losses and absence of overprovision of tax in respect of previous years. Accordingly, profit after tax decreased by 76.4% from $21.5 million to $5.1 million.

Property Development

Revenue dropped by 21.9% from $257.3 million to $201.0 million due to completion of High Park Residences in 1Q2019 and absence of disposal of 150 Queen Street, Melbourne in 3Q2018, partially offset by higher contribution from Grandeur Park Residences and Park Colonial.

Construction

Revenue improved by 4.6% from $39.5 million to $41.3 million. This was largely attributable to higher revenue recognised from the Bidadari C8 & C9 and Sengkang N4C39 & C40, which are in their active stage of construction and higher revenue from Precast. The increase was partially offset by lower revenue recognised from Tampines N6C1A/1B and Woodlands N1C26 & N1C27 which were completed in 2H2018 and Bidadari C6 & C7 as it progresses nearer to completion.

Hospitality

Revenue from the hospitality division increased by 5.5% from $18.2 million to $19.2 million due to improvement in revenue from Grand Park Kodhipparu Resort, Maldives and Park Hotel Alexandra, Singapore. Revenue from the Group's hotels in Australia remained relatively stable.

Education

Revenue from education division relates to revenue of White Lodge preschools, the Group's first Repton Schoolhouse and newly acquired Invictus International School.

Property Investment & Others

Revenue remained relatively stable at $1.9 million.

Nine-months results : 9M2019 vs 9M2018

Overall

Gross revenue remained relatively stable at $772.4 million in 9M2019, as compared to $772.2 million in 9M2018 with higher contribution from hospitality and education divisions being offset by lower contribution from property development and construction divisions. However, gross profit dropped by 15.4% from $165.1 million to $139.7 million on lower margin from property development division. Finance costs increased by 30.3% from $35.4 million to $46.1 million primarily due to higher borrowing costs on development expenditure being expensed off.

In line with lower gross profit and higher expenses, profit before tax declined by 57.1% from $64.9 million to $27.8 million while profit after tax decreased by 63.2% from $50.7 million to $18.6 million.

Property Development

Revenue dropped marginally by 1.4% from $583.1 million to $575.1 million mainly attributable to absence of disposal of 150 Queen Street, Melbourne in 3Q2018 and lower contribution from the Williamsons Estate in Doncaster, Melbourne and High Park Residences which were completed in 2Q2018 and 1Q2019 respectively, partially offset by progressive revenue recognition from Grandeur Park Residences and Park Colonial.

Construction

Revenue decreased by 5.3% from $131.4 million to $124.4 million. This was largely attributable to lower revenue recognised from Tampines N6C1A/1B, Woodlands N1C26 & N1C27 and Bidadari C6 & C7. The decrease was partially offset by revenue recognised from the Bidadari C8 & C9 and Sengkang N4C39 & C40, which are in their active stage of construction and higher revenue from Precast.

Hospitality

Revenue from the hospitality division increased by 13.2% from $51.7 million to $58.5 million mainly due to improved performance in Grand Park Kodhipparu Resort in Maldives and full nine months contribution from the Mercure & Ibis Styles Grosvenor Hotel in Adelaide, South Australia which was acquired in March 2018.

Education

Revenue from education division relates to revenue of White Lodge preschools, the Group's first Repton Schoolhouse and newly acquired Invictus International School.

Property Investment & Others

Revenue remained relatively stable at $5.6 million.

Group Statement of Financial Position Review

The Group’s net current assets remained fairly stable at $2.04 billion during the period in review. Non-current liabilities increased from $1.86 billion to $1.96 billion due mainly to lease liabilities arising from the adoption of SFRS(I) 16 Leases which took effect from 1 January 2019 and advance payment received from a customer for a construction project.

Total equity dipped from $874.1 million to $835.4 million, after taking into account a net profit of $18.6 million recorded in 9M2019 and dividend payment of $54.2 million (including minority shareholder). As a result of increased borrowings and lower equity, the Group’s net-debt-to-equity ratio increased from 1.68 as at 31 December 2018 to 1.77 as at 30 September 2019.

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

No prospect statements for 3Q2019 were previously provided.

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

Property Development

Singapore

According to the Urban Redevelopment Authority ("URA"):
- The residential property price index rose at a slower pace of 1.3% compared to 1.5% in 2Q 2019
- Developers sold 3,281 private residential units in 3Q 2019, compared with 2,350 units sold in 2Q 2019
- Supply of uncompleted private residential units (excluding ECs) in the pipeline was 50,964. Out of this, 31,948 remained unsold.

With the above backdrop, the real estate industry is expected to be challenging amidst economic uncertainties and substantial pipeline supply ahead. The Group will remain selective in replenishing its land bank and will adopt competitive pricing strategy.

Sales to-date for Park Colonial rose further to 87.2% from 82.6% since the 2Q2019 results announcement while that of Grandeur Park Residences improved slightly from 97.4% to 97.8%. As for Parc Komo which was launched in May 2019, the sales was 38.8%, compared to 38.4% a quarter ago.

The Group intends to launch its Kampong Java project in 1H2020.

Australia

According to the property consultant CoreLogic, housing market was on the course of recovery. Home prices increased by 1.7% in 3Q2019 compared to 2Q2019, with Sydney and Melbourne outperforming other cities in Australia.
The Group plans to re-launch its residential project in Melbourne, Fifteen85, in 1H2020.

Construction

The construction sector grew by 2.7% on a year-on-year basis in 3Q 2019, extending the 2.8% expansion in 2Q 2019 (MTI flash estimates). The Group's construction order book declined to $349.2 million, as compared to $388.4 million a quarter ago due to progressive billings for existing projects and absence of new contracts.

The Group expects the acquisition of Sembcorp Design and Construction Pte Ltd will be completed before the year end. With that, the Group's construction capabilities will be enhanced and it is expected that its order book will be increased following the acquisition. The Group will participate more in the tenders of civil and building infrastructure projects which are of larger scale and/or higher value.

Hospitality

According to Singapore Tourism Board, international tourist arrivals in Singapore in the first 8 months of 2019 increased 2.0%, relative to the same period last year. Over the same period, in the Maldives, Ministry of Tourism reported a 17% growth in tourist arrivals.

The Group expects its hotel and resort in Singapore and the Maldives to continue to benefit from growth in tourist arrivals in these two markets. The Group's proposed hotel at Pirie Street, Adelaide, Australia will be branded as Hyatt Regency. Barring any unforeseen circumstances, the hotel is expected to open in early 2023.

Education

Preparations for the opening of Invictus International School's first overseas kindergarten and primary school in Hong Kong is well underway, pending the grant of the relevant license. Separately, the Group's second Repton Schoolhouse in Bukit Timah and The Perse Singapore elementary school in Upper Bukit Timah are slated to open in January 2020.

Apart from the organic growth, the Group is also pursuing opportunities to grow its education sector through mergers and acquisitions.

11 Dividend

(a) Current Financial Period Reported On

Any dividend declared for the current financial period reported on?
No.

(b) Corresponding Period of the Immediately Preceding Financial Year

Any dividend declared for the corresponding period of the immediately preceding financial year?
No.

(c) Date payable

Not applicable.

(d) Books closure date

Not applicable.

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

No dividend has been declared/recommended for the quarter ended 30 September 2019.

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.

The Company does not have a shareholders' mandate for interested person transactions.

14 Confirmation

We, Chia Lee Meng Raymond and Tan Tee How, being two Directors of CHIP ENG SENG CORPORATION LTD. (the "Company"), do hereby confirm on behalf of the Directors of the Company that, to the best of our knowledge, nothing has come to the attention of the Board of Directors of the Company which may render the unaudited interim financial statements of the Company and of the Group for the third quarter ended 30 September 2019 to be false or misleading in any material aspect.

On behalf of the Board of Directors,

Chia Lee Meng Raymond Executive Director and Group Chief Executive Officer	Tan Tee How Executive Director

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

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

BY ORDER OF THE BOARD

Chia Lee Meng Raymond
Executive Director and Group Chief Executive Officer
29 October 2019