



Third Quarter Financial Statement and Dividend Announcement for the Period Ended 30 September 2016

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		+ / (-) %	Group		+ / (-) %
		3Q 2016 \$'000	3Q 2015 \$'000		9M 2016 \$'000	9M 2015 \$'000	
Revenue							
- Property developments		67,907	78,647	(13.7)	264,115	272,778	(3.2)
- Construction		74,112	71,166	4.1	205,704	235,362	(12.6)
- Hospitality		7,057	6,219	13.5	20,400	7,670	NM
- Property investments & others		2,718	2,380	14.2	7,727	6,770	14.1
		<u>151,794</u>	<u>158,412</u>	(4.2)	<u>497,946</u>	<u>522,580</u>	(4.7)
Cost of sales		(124,835)	(118,028)	5.8	(397,201)	(403,509)	(1.6)
Gross profit		<u>26,959</u>	<u>40,384</u>	(33.2)	<u>100,745</u>	<u>119,071</u>	(15.4)
Other items of income							
Interest income		996	864	15.3	3,147	1,808	74.1
Other income		4,586	2,156	112.7	4,474	3,446	29.8
Other items of expense							
Marketing and distribution	1	(961)	(16,794)	(94.3)	(3,894)	(27,234)	(85.7)
Administrative expenses	2	(12,667)	(10,860)	16.6	(44,483)	(30,504)	45.8
Finance costs	3	(5,414)	(3,724)	45.4	(13,811)	(10,014)	37.9
Share of results of associates		(646)	(477)	35.4	(653)	1,136	(157.5)
Profit before tax		<u>12,853</u>	<u>11,549</u>	11.3	<u>45,525</u>	<u>57,709</u>	(21.1)
Income tax expense	4	(3,758)	(2,674)	40.5	(16,733)	(10,975)	52.5
Profit after tax		<u>9,095</u>	<u>8,875</u>	2.5	<u>28,792</u>	<u>46,734</u>	(38.4)
Profit attributable to:							
Owners of the Company		5,714	13,571	(57.9)	20,804	53,230	(60.9)
Non-controlling interests		3,381	(4,696)	NM	7,988	(6,496)	NM
		<u>9,095</u>	<u>8,875</u>	2.5	<u>28,792</u>	<u>46,734</u>	(38.4)

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

	Group		+ / (-) %	Group		+ / (-) %
	3Q 2016 \$'000	3Q 2015 \$'000		9M 2016 \$'000	9M 2015 \$'000	
Other income						
Net foreign exchange gain	3,462	91	NM	1,171	-	NM
Government grants	69	45	53.3	885	473	87.1
Rental income from development properties	250	182	NM	789	409	92.9
Dividend income from investment securities	503	700	(28.1)	503	700	(28.1)
Net gain on disposal of property, plant and equipment	120	127	-	497	152	NM
Sales of materials	122	200	(39.0)	360	836	(56.9)
Deposits forfeited from buyers	43	189	(77.2)	43	200	(78.5)
Disposal of show units	-	350	NM	-	350	NM
Others	17	272	NM	226	326	NM
	<u>4,586</u>	<u>2,156</u>	112.7	<u>4,474</u>	<u>3,446</u>	29.8

The following items have been included in arriving at profit before tax:

Employee benefits expenses	13,532	14,225	(4.9)	42,001	46,035	(8.8)
Legal and professional fees	1,320	328	302.4	5,664	988	NM
Depreciation of property, plant and equipment	1,742	1,787	(2.5)	5,241	4,337	20.8
Impairment loss on a development property	-	-	NM	4,963	-	NM
Maintenance of properties	838	1,254	(33.2)	2,125	1,849	14.9

Note:-

NM - Not meaningful.

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

Notes to Group Income Statement

- 1 Lower marketing and distribution expenses in 3Q2016 was due to absence of a new property launch. The marketing and distribution expenses in 3Q2015 was due principally to marketing expenses incurred for High Park Residences which was launched in July 2015.
- 2 Higher administrative expenses in 3Q2016 were due to higher legal and professional fees incurred.
- 3 Higher finance costs in 3Q2016 was due to the interest on the \$120 million 5-year fixed rate notes issued in June 2016.
- 4 Higher effective tax rate in 3Q2016 was due to deferred tax assets not recognised.

1(a)(iii) Statement of Comprehensive Income

	Note	Group		+ / (-) %	Group		+ / (-) %
		3Q 2016 \$'000	3Q 2015 \$'000		9M 2016 \$'000	9M 2015 \$'000	
Profit after tax		9,095	8,875	2.5	28,792	46,734	(38.4)
Other comprehensive income:							
<i>Items that will not be reclassified to profit or loss</i>							
Foreign currency translation loss on revaluation of freehold land and building		-	(178)	NM	-	(303)	NM
Share of gain on property revaluation of associates		-	-	NM	227	191	18.8
Income tax relating to components of other comprehensive income		-	1	NM	-	(10)	NM
		-	(177)	NM	227	(122)	(286.1)
<i>Items that may be reclassified subsequently to profit or loss</i>							
Net gain/(loss) on fair value changes of available-for-sale financial assets	1	2,883	(704)	(509.5)	3,347	697	380.2
Foreign currency translation gain/(loss)	2	5,436	(5,003)	(208.7)	1,744	(11,064)	(115.8)
		8,319	(5,707)		5,091	(10,367)	(149.1)
Other comprehensive loss for the quarter, net of tax		8,319	(5,884)	(241.4)	5,318	(10,489)	(150.7)
Total comprehensive income for the quarter		<u>17,414</u>	<u>2,991</u>	482.2	<u>34,110</u>	<u>36,245</u>	(5.9)
Total comprehensive income attributable to:							
Owners of the Company		14,033	7,687	82.6	26,122	42,741	(38.9)
Non-controlling interests		3,381	(4,696)	NM	7,988	(6,496)	NM
		<u>17,414</u>	<u>2,991</u>	482.2	<u>34,110</u>	<u>36,245</u>	(5.9)

Notes to Statement of Comprehensive Income

- 1 Net gain on fair value changes of available-for-sale financial assets in 3Q2016 of \$2.8 million was due to price appreciation of a quoted equity.
- 2 Foreign currency translation arose from the translation of financial statements of foreign operations whose functional currencies are different from that of the Group's presentation currency. The translation gain for 3Q2016 was due to strengthening of the Australian Dollar against the Singapore Dollar.

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

	The Group		The Company			
	Note	30 Sep 2016 \$'000	31 Dec 2015 \$'000	Note	30 Sep 2016 \$'000	31 Dec 2015 \$'000
Non-current assets						
Property, plant and equipment		221,203	225,206		1,779	1,322
Investment properties		283,220	283,637		-	-
Intangible assets		2,286	98		540	85
Investment in subsidiaries		-	-		48,302	48,302
Investment in associates		7,158	12,121		650	650
Deferred tax assets		639	3,606		-	-
Other receivables		128	7,272	8	234,433	180,219
Investment securities		7,713	3,864		7,713	3,864
		522,347	535,804		293,417	234,442
Current assets						
Gross amount due from customers for contract work-in-progress	1	17,929	10,826		-	-
Development properties	2	1,074,621	625,362		-	-
Assets held for sale	3	38	39,463		-	-
Prepayments		4,444	3,854		1,985	1,399
Trade and other receivables	4	93,461	249,272	9	3,959	27,524
Cash and short-term deposits	5	461,976	442,456	10	113,487	49,904
		1,652,469	1,371,233		119,431	78,827
Total assets		2,174,816	1,907,037		412,848	313,269
Deduct: Current liabilities						
Loans and borrowings	6	85,045	120,415		-	-
Gross amount due to customers for contract work-in-progress	1	3,984	8,374		-	-
Trade and other payables	7	71,021	116,632		133	227
Other liabilities		39,612	38,242		7,310	5,764
Income tax payable		34,067	33,001		-	-
		233,729	316,664		7,443	5,991
Net current assets		1,418,740	1,054,569		111,988	72,836
Deduct: Non-current liabilities						
Loans and borrowings	6	1,086,414	738,287	11	270,000	150,000
Trade and other payables		99,221	93,188		-	-
Deferred tax liabilities		2,420	15,931		16	16
		1,188,055	847,406		270,016	150,016
Net assets		753,032	742,967		135,389	157,262
Equity attributable to owners of the Company						
Share capital		79,691	79,691		79,691	79,691
Treasury shares		(33,653)	(33,653)		(33,653)	(33,653)
Retained earnings		718,814	722,851		84,230	110,246
Other reserves		(14,461)	(20,575)		5,121	978
		750,391	748,314		135,389	157,262
Non-controlling interests		2,641	(5,347)		-	-
Total equity		753,032	742,967		135,389	157,262

Notes to Statement of Financial Position

Note

The Group

- The net increase in gross amount due from customers for contract work-in-progress was due to slower progress claims for certain on-going construction projects.
- The increase in development properties was mainly due to acquisitions of the South Melbourne and the New Upper Changi Road sites, as well as development costs incurred for the on-going projects (High Park Residences and Williamsons Estate).
- Following the settlement of sales of the Victoria Street site in Melbourne, assets held for sale declined.
- The decrease in trade and other receivables for the Group was mainly due to payments received from buyers of completed development projects (Nine Residences & Junction Nine).
- The increase in cash and short term deposits was due to proceeds from the issuance of \$120 million notes, payments received from owners of completed development projects (Nine Residences & Junction Nine) and proceed from sale of the Victoria Street site in Melbourne, Australia, partially offset by land purchases in Singapore and Australia.
- The increase in loans and borrowings was due to issuance of \$120 million notes and project financing for the New Upper Changi Road site, partially offset by repayment of bank loans.
- The decrease in trade and other payables was due to de-recognition of deposits held for a development project.

The Company

- The increase in other receivables was due to working capital loans extended to a subsidiary.
- The decrease in trade and other receivables was due to repayment of advances from a subsidiary.
- The increase in cash and short-term deposits was due to issuance of \$120 million notes, partially offset by working capital loans extended to a subsidiary.
- The increase in loans and borrowings was due to issuance of \$120 million notes.

1(b)(ii) Aggregate amount of the group's borrowings and debt securities 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 Jun 2016 \$'000	As at 31 Dec 2015 \$'000
Amount repayable in one year or less, or on demand		
- Secured	85,045	120,415
- Unsecured	-	-
Amount repayable after one year		
- Secured	816,414	588,287
- Unsecured	270,000	150,000

Details of any collateral

The Group's total borrowings of \$1.2 billion are loans taken to finance property development projects, investment properties and hotel, and for working capital.

The Group's borrowings of \$901.5 million are mainly secured by :

- (a) legal mortgage on the development properties, investment properties and hotel;
- (b) subordination of shareholder's loan to the property development companies;
- (c) assignment of sale proceeds of the development properties;
- (d) assignment of all rights, title, interest and benefits under contracts in respect of the development properties;
- (e) assignment of construction contracts, performance bonds and fire insurance policy on the development properties;
- (f) assignment of tenancy and sale agreements of the investment properties;
- (g) fixed and floating charge on the hotel; and
- (h) corporate guarantee from the Company.

The Group's unsecured borrowings of \$270.0 million comprise the following notes issued under its S\$500 million Multicurrency Debt Issuance Programme :

- (a) \$150 million 3-year fixed rate notes issued on 17 October 2014. The notes bear interest at the rate of 4.25 per cent. per annum payable semi-annually in arrear and will due in October 2017.
- (b) \$120 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.

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	
	3Q 2016 \$'000	3Q 2015 \$'000	9M 2016 \$'000	9M 2015 \$'000
Cash flows from operating activities				
Operating profit before taxation	12,853	11,549	45,525	57,709
Adjustments for:				
Depreciation and amortisation	1,754	1,796	5,261	4,367
Interest income	(996)	(864)	(3,147)	(1,808)
Dividend income from investment securities	(503)	(700)	(503)	(700)
Interest expense	5,414	3,724	13,811	10,014
Net gain on disposal of property, plant and equipment	(120)	(127)	(497)	(152)
Unrealised exchange gain	(2,399)	(763)	(1,425)	(538)
Share of results of associates	646	477	653	(1,136)
Property, plant and equipment written off	10	-	10	-
Reversal of impairment loss on receivables	(144)	-	(184)	-
Impairment loss on development properties	-	-	4,963	-
Share-based compensation	654	-	796	-
Operating profit before changes in working capital	17,169	15,092	65,263	67,756
Development properties	(15,162)	176,806	(450,875)	82,287
Assets held for sale	145	1,166	38,760	636
Trade and other receivables	40,262	11,685	154,213	102,818
Prepayments	(545)	850	(582)	1,306
Gross amount due to customers for contract work-in-progress, net	1,603	(14,362)	(11,439)	(4,945)
Trade and other payables	(13,953)	(2,421)	(35,609)	12,125
Other liabilities	186	10,560	(944)	(15,762)
Cash (used in)/generated from operations	29,705	199,376	(241,213)	246,221
Interest paid	(2,323)	(2,145)	(10,949)	(8,317)
Interest received	996	865	3,147	1,808
Income tax paid	(9,303)	(10,722)	(26,027)	(24,201)
Net cash (used in)/generated from operating activities	19,075	187,374	(275,042)	215,511
Cash flows from investing activities:				
Purchase of property, plant and equipment	(695)	(1,531)	(1,455)	(20,170)
Proceeds from disposal of property, plant and equipment	129	256	730	445
Net cash inflow on acquisition of subsidiaries	3,648	-	3,648	-
Dividend income	-	4,393	1,070	4,523
Repayment of advances from associates, net	-	(915)	2,260	5,320
Proceeds from liquidation of an associate	-	-	3,582	-
Additions to intangible assets	(2,108)	-	(2,208)	-
Additions to investment properties	(193)	(181)	(417)	(224)
Net cash (used in)/generated from investing activities	781	2,022	7,210	(10,106)

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)

	Group		Group	
	3Q 2016	3Q 2015	9M 2016	9M 2015
	\$'000	\$'000	\$'000	\$'000
Cash flows from financing activities:				
Repayment of loans and borrowings	(45,014)	(28,467)	(129,729)	(107,192)
Proceeds from loans and borrowings	16,172	-	322,235	132,195
Proceeds from issuance of term notes	-	-	120,000	-
Dividends paid	-	-	(24,841)	(37,384)
Share buyback	-	-	-	(6,279)
Net cash (used in)/generated from financing activities	(28,842)	(28,467)	287,665	(18,660)
Net increase in cash and cash equivalents	(8,986)	160,929	19,833	186,745
Effect of exchange rate changes on cash and cash equivalents	712	(1,387)	(313)	(1,586)
Cash and cash equivalents at beginning of the period	470,250	310,666	442,456	285,049
Cash and cash equivalents at end of the period	461,976	470,208	461,976	470,208
Cash and cash equivalents comprise:				
Short term deposits	296,171	193,186	296,171	193,186
Cash and bank balances	165,805	277,022	165,805	277,022
	461,976	470,208	461,976	470,208

Net cash (used in)/generated from operating activities

Higher net cash generated from operating activities in 3Q2015 was due to progress payment received from buyers of High Park Residences. Net cash generated in 3Q2016 was due to cash inflow from payments received from owners of recently completed development projects (Nine Residences and Junction Nine).

Net cash used in operating activities in 9M2016 as compared to net cash generated from operating activities in 9M2015 was due to increased development expenditure and payments of trade and other payables.

Net cash (used in)/generated from investing activities

Net cash generated from investing activities in 9M2016 as compared to net cash used in investing activities in 9M2015 was mainly due to net cash inflow on acquisition of subsidiaries, proceeds from liquidation of an associate partially offset by additions to intangible assets. Net cash used in investing activities in 9M2015 was due to the construction cost on hotel.

Net cash (used in)/generated from financing activities

Net cash generated from financing activities in 9M2016 as compared to net cash used in financing activities in 9M2015 was due to issuance of \$120 million notes under the \$500 million Multicurrency Debt Issuance Programme in June 2016 and drawdown of bank loans for a property development project along New Upper Changi Road.

1(d)(i) A statement (for the issuer and group) showing either (i) all changes in equity or (ii) changes in equity other than those arising from capitalisation issues and distributions to shareholders, together with a comparative statement for the corresponding period of the immediately preceding financial year

Group	Attributable to owners of the Company										Non-controlling interests	Total equity
	Issued capital	Treasury shares	Treasury shares reserve	Share-based compensation reserve	Capital reserve	Fair value adjustment reserve	Asset revaluation reserve	Currency translation reserve	Retained earnings	Total		
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
At 1 January 2016	79,691	(33,653)	(533)	-	674	1,511	2,482	(24,709)	722,851	748,314	(5,347)	742,967
Total comprehensive income for the period	-	-	-	-	-	464	227	(3,692)	15,090	12,089	4,607	16,696
Dividends paid	-	-	-	-	-	-	-	-	(24,841)	(24,841)	-	(24,841)
Share-based payment transactions	-	-	-	142	-	-	-	-	-	142	-	142
At 30 June 2016	79,691	(33,653)	(533)	142	674	1,975	2,709	(28,401)	713,100	735,704	(740)	734,964
Total comprehensive income for the quarter	-	-	-	-	-	2,883	-	5,436	5,714	14,033	3,381	17,414
Share-based payment transactions	-	-	-	654	-	-	-	-	-	654	-	654
At 30 September 2016	79,691	(33,653)	(533)	796	674	4,858	2,709	(22,965)	718,814	750,391	2,641	753,032

Group	Attributable to owners of the Company										Non-controlling interests	Total equity
	Issued capital	Treasury shares	Treasury shares reserve	Capital reserve	Fair value adjustment reserve	Asset revaluation reserve	Currency translation reserve	Retained earnings	Total equity			
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
At 1 January 2015	79,691	(27,374)	(533)	674	445	4,110	(18,243)	697,245	736,015	397	736,412	
Total comprehensive income for the period	-	-	-	-	1,401	55	(6,061)	39,659	35,054	(1,800)	33,254	
Dividends paid	-	-	-	-	-	-	-	(37,384)	(37,384)	-	(37,384)	
Share buyback	-	(6,279)	-	-	-	-	-	-	(6,279)	-	(6,279)	
At 30 June 2015	79,691	(33,653)	(533)	674	1,846	4,165	(24,304)	699,520	727,406	(1,403)	726,003	
Total comprehensive income for the quarter	-	-	-	-	(704)	(177)	(5,003)	13,571	7,687	(4,696)	2,991	
At 30 September 2015	79,691	(33,653)	(533)	674	1,142	3,988	(29,307)	713,091	735,093	(6,099)	728,994	

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

Company	Issued capital \$'000	Treasury shares \$'000	Treasury shares reserve \$'000	Share-based compensation reserve \$'000	Fair value adjustment reserve \$'000	Retained earnings \$'000	Total equity \$'000
At 1 January 2016	79,691	(33,653)	(533)	-	1,511	110,246	157,262
Total comprehensive income for the period	-	-	-	-	464	392	856
Dividends paid	-	-	-	-	-	(24,841)	(24,841)
Share-based payment transactions	-	-	-	142	-	-	142
At 30 June 2016	79,691	(33,653)	(533)	142	1,975	85,797	133,419
Total comprehensive income for the quarter	-	-	-	-	2,883	(1,567)	1,316
Share-based payment transactions	-	-	-	654	-	-	654
At 30 September 2016	79,691	(33,653)	(533)	796	4,858	84,230	135,389

Company	Issued capital \$'000	Treasury shares \$'000	Treasury shares reserve \$'000	Fair value adjustment reserve \$'000	Retained earnings \$'000	Total equity \$'000
At 1 January 2015	79,691	(27,374)	(533)	445	108,826	161,055
Total comprehensive income for the period	-	-	-	1,401	(2,189)	(788)
Dividends paid	-	-	-	-	(37,384)	(37,384)
Share buyback	-	(6,279)	-	-	-	(6,279)
At 30 June 2015	79,691	(33,653)	(533)	1,846	69,253	116,604
Total comprehensive income for the quarter	-	-	-	(704)	(703)	(1,407)
At 30 September 2015	79,691	(33,653)	(533)	1,142	68,550	115,197

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 2016, the Company held 46,501,100 (30 September 2015 : 46,501,100) ordinary shares as treasury shares. The total number of issued shares excluding treasury shares as at 30 September 2016 was 621,014,061 (30 September 2015 : 621,014,061).

As at 30 September 2016, the number of outstanding share options under the Company's Employee Share Option Scheme was 40,000,000 (30 September 2015 : nil).

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 46,501,100 (31 December 2015 : 46,501,100) shares as at 30 September 2016 was 621,014,061 (31 December 2015 : 621,014,061) 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.

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

The Group has applied the same accounting policies and methods of computation in the financial statements for the current financial period as those of the audited financial statements for the year ended 31 December 2015, as well as all the applicable Financial Reporting Standards ("FRS") which became effective for the financial year beginning on or after 1 January 2016.

The adoption of those new and revised FRSs has no material effect on the current financial statements for the current period.

5 If there are any changes in the accounting policies and methods of computation, including any required by an accounting standard, what has changed, as well as the reasons for, and the effect of, the change

Please refer to paragraph 4 above.

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	
	3Q 2016	3Q 2015	9M 2016	9M 2015
Earnings per ordinary share for the period :-				
(i) Based on weighted average number of ordinary shares in issue (in cents)	0.92	2.18	3.35	8.53
(ii) On a fully diluted basis (in cents)	0.91	2.18	3.32	8.53

Notes:

- (i) The computation of basic earnings per share was based on the weighted average of 621,014,061 ordinary shares (30 September 2015 : 623,762,733 ordinary shares).
- (ii) The computation of fully diluted basic earnings per share was based on the adjusted weighted average of 626,306,060 ordinary shares (30 September 2015 : 623,762,733 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 2016	31 Dec 2015	30 Sep 2016	31 Dec 2015
Net asset value per ordinary share (in cents) based on issued share capital as at the end of the period reported on	120.83	120.50	21.80	25.32

The computation of net asset value per ordinary share was based on 621,014,061 ordinary shares (excluding treasury shares of 46,501,100) (31 December 2015 : 621,014,061 ordinary shares excluding treasury shares of 46,501,100).

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 : 3Q2016 vs 3Q2015

Overall

The Group's total revenue decreased by 4.2% to \$151.8 million from \$158.4 million. The decrease was attributable to lower contribution from the Property Development Division, partially offset by higher revenue from Construction Division. In line with lower revenue, gross profits decreased. Despite lower gross profit, pre-tax profits increased by 11.3% to \$12.9 million due to lower marketing and distribution expenses.

Property Developments

Revenue decreased from \$78.6 million to \$67.9 million due to lesser revenue contribution from Junction Nine and Nine Residences which was completed in December 2015. In 3Q2016, revenue was recognised mainly from High Park Residences and Fulcrum.

Construction

Revenue increased from \$71.2 million to \$74.1 million due largely to Woodlands N1C26 & N1C27 and Tampines N6C1A/1B which are at their active stages of construction.

Hospitality

Revenue increased from \$6.2 million to \$7.1 million due to higher occupancy of Park Hotel Alexandra.

Property Investments & others

Revenue increased from \$2.4 million to \$2.7 million due to higher occupancy of CES Centre.

Nine-months results : 9M2016 vs 9M2015

Overall

The Group's total revenue declined by 4.7% to \$497.9 million from \$522.6 million due to lower contributions from the Construction Division. With the declining revenue, gross profit fell by 15.4% to \$100.7 million. Pre-tax profit fell by 21.1% to \$45.5 million on the back of impairment loss on a development property, depreciation charges, legal and financing costs. The Group's net profit after tax slid by 38.4% as a result of higher tax expense from Australia and deferred tax assets not recognised.

Property Developments

Revenue dipped by 3.2% to \$264.1 million from \$272.8 million due to completion of Junction Nine and Nine Residences in December 2015. Revenue for 9M2016 was primarily contributed by divestment of the Victoria Street site (Melbourne, Australia), progressive recognition of High Park Residences, and sales of completed units of Fulcrum which was relaunched in April 2016. Back in 9M2015, revenue was primarily recognised from Nine Residences and Junction Nine.

Construction

Revenue decreased by 12.6% to \$205.7 million from \$235.4 million due to fewer active projects.

Hospitality

Higher revenue was mainly attributable to realisation of full nine-months sales in 2016 as the hotel commenced its business in May 2015.

- 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 (Cont'd)**

Property Investments & Others

Revenue from Property Investment Division grew by 14.1% to \$7.7 million from \$6.8 million due to higher occupancy of CES Centre.

Group Statement of Financial Position Review

The Group's net current assets increased by \$0.40 billion to \$1.42 billion due largely to proceeds from issuance of \$120 million notes and acquisition of the South Melbourne and the New Upper Changi Road sites. These factors had also resulted in a corresponding increase in non-current liabilities which saw an increase of \$0.40 billion to \$1.19 billion.

Shareholders' equity increased from \$743.0 million to \$753.0 million. The increase was mainly attributed by current period profit, gain from a quoted equity, and foreign currency translation gain, partly offset by dividend payment. Net debts soared by \$283.3 million from \$416.2 million to \$699.5 million as the Group used more cash for property developments and obtained project financing for its New Upper Changi Road project. As a result of higher net debts, the Group's net debt to equity ratio increased to 0.94 at the end of 9M2016 as compared to 0.56 at the close of 2015.

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

No prospects statements for 3Q2016 was 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 Developments

Singapore

Despite the sluggish economic climate and property cooling measures weighing on the residential property market, certain recent residential property launches were well received by home buyers. The success in these property launches has raised otherwise weak property market sentiment.

The Group's plan to launch its New Upper Changi Road development in 1H2017 remains on track. On the available inventory for sales, both High Park Residences and Fulcrum have registered higher sales results from preceding quarter.

Australia

From the contracts of sales and customers' feedback on Willow Apartments, the Group understands buyers' inclination for larger units. Re-designing the remaining inventory for larger units is currently underway before the Group relaunches this residential project.

As regards the South Melbourne project, the Group will stick to its plan to roll out the first phase of this project in 1H2017.

As regards the Tower Melbourne, the Group has obtained a favourable determination for the new demolition plan for lift and plant motor room from the relevant building surveyor. However, the adjoining owner has appealed to the Building Appeal Board against the determination. The Group is awaiting the hearing date for the appeal to be confirmed. As for the demolition plan for remaining building to ground level, the Supreme Court had held hearing for the appeal and a judgement will be issued in due course.

Construction

The Group has secured two contracts in August 2016; namely the supply of precast components worth \$75.9 million and the provision of construction services for Toa Payoh Bidadari HDB project valued at \$191.9 million. These two contracts have bolstered the Group's construction order book to \$628.4 million as of 30 September 2016, from \$437.4 million at the end of preceding quarter.

The Group will continue to work on the plan it has embarked to enhance the Group's expertise in non-public housing and other civil engineering projects in addition to public housing.

Property Investments

The Group expects the occupancy rates for its industrial and office buildings to remain stable amid increasing pressure to reduce rental rates on lease renewal.

Hospitality

In October 2016, the Group announced that it has entered into a sale and purchase agreement to acquire a 120-villa island resort in Maldives. The acquisition augurs well with the Group's expansion plan to build a larger hospitality arm. While working on completion of this acquisition, the Group will continue to look out for suitable hotels around the region to add to the Group's Hospitality Division. As regards the Park Hotel Alexandra, weaker economic climate and corporate demand are expected to affect its performance.

- 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 2016.

- 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 Hoon Tai Meng, 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 2016 to be false or misleading in any material aspect.

On behalf of the Board of Directors,

Chia Lee Meng Raymond
Executive Chairman

Hoon Tai Meng
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 Chairman and Group Chief Executive Officer
8 November 2016