



Second Quarter Financial Statement and Dividend Announcement for the Period Ended 30 June 2017

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		+/(-) %
		2Q 2017 \$'000	2Q 2016 \$'000		1H 2017 \$'000	1H 2016 \$'000	
Revenue							
- Property developments		141,779	154,483	(8.2)	231,914	196,208	18.2
- Construction		60,747	70,457	(13.8)	142,245	131,592	8.1
- Hospitality		7,146	6,807	5.0	14,481	13,343	8.5
- Property investments & others		2,881	2,549	13.0	5,765	5,009	15.1
		<u>212,553</u>	<u>234,296</u>	(9.3)	<u>394,405</u>	<u>346,152</u>	13.9
Cost of sales		(176,465)	(181,223)	(2.6)	(329,116)	(272,366)	20.8
Gross profit		<u>36,088</u>	<u>53,073</u>	(32.0)	<u>65,289</u>	<u>73,786</u>	(11.5)
Other items of income							
Interest income		1,354	1,194	13.4	2,197	2,151	2.1
Other income		778	530	46.8	7,258	2,179	233.1
Other items of expense							
Marketing and distribution expenses	1	(9,425)	(1,151)	718.9	(12,769)	(2,933)	335.4
Administrative expenses	2	(15,251)	(20,602)	(26.0)	(30,218)	(34,107)	(11.4)
Finance costs		(6,907)	(4,229)	63.3	(12,446)	(8,397)	48.2
Share of results of associates		22	(467)	(104.7)	214	(7)	NM
Profit before tax		<u>6,659</u>	<u>28,348</u>	(76.5)	<u>19,525</u>	<u>32,672</u>	(40.2)
Income tax expense	3	(1,605)	(11,281)	(85.8)	(4,156)	(12,975)	(68.0)
Profit after tax		<u>5,054</u>	<u>17,067</u>	(70.4)	<u>15,369</u>	<u>19,697</u>	(22.0)
Profit attributable to:							
Owners of the Company		819	14,273	(94.3)	6,929	15,090	(54.1)
Non-controlling interests		4,235	2,794	51.6	8,440	4,607	83.2
		<u>5,054</u>	<u>17,067</u>	(70.4)	<u>15,369</u>	<u>19,697</u>	(22.0)

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

	Group		+/(-) %	Group		+/(-) %
	2Q 2017 \$'000	2Q 2016 \$'000		1H 2017 \$'000	1H 2016 \$'000	
Other income						
Net gain on disposal of investment securities	-	-	NM	4,921	-	NM
Write back of impairment loss on trade receivables	15	-	NM	490	-	NM
Rental income from development properties	199	261	(23.8)	446	539	(17.3)
Net foreign exchange gain	-	-	NM	356	-	NM
Sales of materials	137	105	30.5	241	238	1.3
Government grants	87	64	35.9	190	816	(76.7)
Deposits forfeited from buyers	143	-	NM	143	-	NM
Net gain on disposal of property, plant and equipment	3	-	NM	107	377	(71.6)
GST refunded	162	-	NM	162	-	NM
Others	32	100	(68.0)	202	209	(3.3)
	<u>778</u>	<u>530</u>	46.8	<u>7,258</u>	<u>2,179</u>	233.1

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

Employee benefits expenses	13,733	16,213	(15.3)	31,202	30,876	1.1
Provision for foreseeable loss on construction and development property	6,592	4,963	32.8	6,758	4,963	36.2
Depreciation of property, plant and equipment	2,099	1,737	20.8	3,833	3,499	9.5
Maintenance of properties	854	568	50.4	1,954	1,287	51.8
Legal and professional fees	1,074	408	163.2	1,974	4,344	(54.6)
Net foreign exchange loss	1,255	3,035	(58.6)	-	2,291	NM

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 Higher marketing and distribution expenses in 2Q2017 was due to sales commission incurred for Grandeur Park Residences, which was launched in March 2017 and marketing expenses incurred for the newly opened Grand Park Kodhipparu, an island resort in Maldives.
- 2 Lower administrative expenses in 2Q2017 were due to lower staff costs, foreign exchange loss and impairment on a development property.
- 3 Effective tax rate in 2Q2017 was higher than 2Q2016 but lower than Singapore statutory tax rate due to lower profit made in Australia and deferred tax assets not recognised.

1(a)(iii) Statement of Comprehensive Income

Note	Group		+ / (-) %	Group		+ / (-) %
	2Q 2017 \$'000	2Q 2016 \$'000		1H 2017 \$'000	1H 2016 \$'000	
Profit after tax	5,054	17,067	(70.4)	15,369	19,697	(22.0)
Other comprehensive income:						
<i>Items that will not be reclassified to profit or loss</i>						
Share of gain on property revaluation of associates	-	-	NM	167	227	(26.4)
	-	-		167	227	(26.4)
<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	-	674	(100.0)	(135)	464	(129.1)
Realisation of reserves on disposal of available-for-sale financial assets	1	-		(5,020)	-	NM
Foreign currency translation (loss)/gain	2	(1,269)	(68.3)	2,613	(3,692)	(170.8)
		(1,269)	(61.9)	(2,542)	(3,228)	(21.3)
Other comprehensive loss for the quarter, net of tax	(1,269)	(3,333)	(61.9)	(2,375)	(3,001)	(20.9)
Total comprehensive income for the quarter	3,785	13,734	(72.4)	12,994	16,696	(22.2)
Total comprehensive income attributable to:						
Owners of the Company	(450)	10,940	(104.1)	4,554	12,089	(62.3)
Non-controlling interests	4,235	2,794	51.6	8,440	4,607	83.2
	3,785	13,734	(72.4)	12,994	16,696	(22.2)

Notes to Statement of Comprehensive Income

- 1 Relates to reclassification of reserve to income statement upon disposal of an available-for-sale financial asset.
- 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. Lower translation loss for 2Q2017 was due to weakening 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 Jun 2017 \$'000	31 Dec 2016 \$'000	Note	30 Jun 2017 \$'000	31 Dec 2016 \$'000
Non-current assets						
Property, plant and equipment	1	311,386	219,604		1,780	1,684
Investment properties		290,347	288,693		-	-
Intangible assets		2,026	2,202		439	528
Investment in subsidiaries		-	-		48,302	48,302
Investment in associates		6,740	6,359		650	650
Deferred tax assets		5,101	2,995		-	-
Other receivables		25	88		230,376	231,928
Investment securities		-	8,010		-	8,010
		615,625	527,951		281,547	291,102
Current assets						
Gross amount due from customers for contract work-in-progress	2	7,198	9,677		-	-
Development properties	3	983,828	1,127,718		-	-
Inventories and prepayments		4,349	4,070		2,295	1,831
Trade and other receivables		74,237	81,241		424	5,311
Cash and short-term deposits	4	597,920	481,582	4	228,647	122,273
		1,667,532	1,704,288		231,366	129,415
Total assets		2,283,157	2,232,239		512,913	420,517
Deduct: Current liabilities						
Loans and borrowings	5	173,418	234,182		150,000	150,000
Gross amount due to customers for contract work-in-progress	2	30,704	11,100		-	-
Trade and other payables		71,319	86,394		259	124
Other liabilities		38,809	42,190		3,337	5,944
Income tax payable		19,965	28,358		178	586
		334,215	402,224		153,774	156,654
Net current assets/(liabilities)		1,333,317	1,302,064		77,592	(27,239)
Deduct: Non-current liabilities						
Loans and borrowings	5	1,054,179	936,736	6	245,000	120,000
Trade and other payables		113,176	106,692		-	-
Deferred tax liabilities		15,628	9,974		21	21
		1,182,983	1,053,402		245,021	120,021
		765,959	776,613		114,118	143,842
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		715,784	733,696		66,028	91,790
Other reserves		(15,042)	(13,860)		2,052	6,014
		746,780	765,874		114,118	143,842
Non-controlling interests		19,179	10,739		-	-
Total equity		765,959	776,613		114,118	143,842

Notes to Statement of Financial Position

Note

The Group

- The increase in property, plant and equipment was mainly due to acquisition of an island resort in Maldives (Grand Park Kodhipparu).
- The net increase in gross amount due to customers for contract work-in-progress was due to progress billings in excess of construction work-in-progress.
- The decrease in development properties was mainly due to progress billings received from buyers, partially offset by development costs incurred for the on-going projects.
- The increase in cash and short term deposits was due to issuance of \$125 million notes.
- The increase in combined current and non-current loans and borrowings was due to financing obtained for Grand Park Kodhipparu and issuance of \$125 million notes, partially offset by repayment of bank loans.

The Company

- The increase in loans and borrowings was due to issuance of \$125 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 2017 \$'000	As at 31 Dec 2016 \$'000
Amount repayable in one year or less, or on demand		
- Secured	23,418	84,182
- Unsecured	150,000	150,000
Amount repayable after one year		
- Secured	809,179	816,736
- Unsecured	245,000	120,000

Details of any collateral

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

The Group's borrowings of \$832.6 million are mainly secured by :

- (a) legal mortgage on the development properties, investment properties and hotels;
- (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 hotels; and
- (h) corporate guarantee from the Company.

The Group's unsecured borrowings of \$395.0 million comprise the following notes issued under its S\$750 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.
- (c) \$125 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.

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	
	2Q 2017 \$'000	2Q 2016 \$'000	1H 2017 \$'000	1H 2016 \$'000
Cash flows from operating activities				
Operating profit before taxation	6,659	28,348	19,525	32,672
Adjustments for:				
Depreciation and amortisation	2,156	1,742	3,946	3,507
Interest income	(1,354)	(1,194)	(2,197)	(2,151)
Interest expense	6,907	4,229	12,446	8,397
Net gain on disposal of property, plant and equipment	(3)	-	(107)	(377)
Unrealised exchange gain	1,815	1,132	273	974
Share of results of associates	(22)	467	(214)	7
Net gain on disposal of a quoted investment securities	-	-	(4,921)	-
Net gain on disposal of intangible assets	-	-	(96)	-
Property, plant and equipment written off	2	-	7	-
Write back of impairment loss on trade receivables	(15)	(40)	(490)	(40)
Provision for foreseeable loss on construction and development properties	6,592	4,963	6,758	4,963
Share-based compensation	596	142	1,193	142
Operating profit before changes in working capital	23,333	39,789	36,123	48,094
Development properties	95,212	(412,952)	149,427	(435,713)
Assets held for sale	-	38,859	-	38,615
Trade and other receivables	21,207	134,644	6,135	111,947
Inventories and prepayments	333	(1,281)	(281)	(37)
Gross amount due to customers for contract work-in-progress, net	(1,247)	(2,650)	17,085	(13,042)
Trade and other payables	(10,202)	(37,622)	(8,337)	(21,656)
Other liabilities	(10,542)	(972)	(3,903)	(1,130)
Cash generated from/(used in) operations	118,094	(242,185)	196,249	(272,922)
Interest paid	(9,791)	(5,704)	(15,937)	(8,626)
Interest received	1,354	1,194	2,197	2,151
Income tax paid	(8,197)	(9,996)	(8,867)	(16,724)
Net cash generated from/(used in) operating activities	101,460	(256,691)	173,642	(296,121)
Cash flows from investing activities:				
Purchase of property, plant and equipment	(4,299)	21	(96,920)	(760)
Proceeds from disposal of property, plant and equipment	8	37	153	601
Proceeds from disposal of a quoted investment securities	-	-	7,776	-
Proceeds from disposal of intangible assets	-	-	179	-
Dividend income	-	-	-	1,070
Repayment from advances to associates, net	-	1,120	792	4,264
Proceeds from liquidation of an associate	-	3,582	-	3,582
Additions of intangible assets	-	-	(20)	(100)
Additions of investment properties	75	(57)	(690)	(224)
Net cash (used in)/generated from investing activities	(4,216)	4,703	(88,730)	8,433

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	
	2Q 2017 \$'000	2Q 2016 \$'000	1H 2017 \$'000	1H 2016 \$'000
Cash flows from financing activities:				
Repayment of loans and borrowings	(225,035)	(49,250)	(253,872)	(84,715)
Proceeds from loans and borrowings	110,881	306,063	185,069	306,063
Proceeds from issuance of term notes	125,000	120,000	125,000	120,000
Dividends paid	(24,841)	(24,841)	(24,841)	(24,841)
Net cash (used in)/generated from financing activities	(13,995)	351,972	31,356	316,507
Net increase in cash and cash equivalents	83,249	99,984	116,268	28,819
Effect of exchange rate changes on cash and cash equivalents	(50)	(1,103)	70	(1,025)
Cash and cash equivalents at beginning of the period	514,721	371,369	481,582	442,456
Cash and cash equivalents at end of the period	597,920	470,250	597,920	470,250
Cash and cash equivalents comprise:				
Short term deposits	405,670	252,535	405,670	252,535
Cash and bank balances	192,250	217,715	192,250	217,715
	597,920	470,250	597,920	470,250

Net cash generated from/(used in) operating activities

Net cash generated from operating activities in 2Q2017 and 1H2017 as compared to net cash used in operating activities in 2Q2016 and 1H2016 was mainly due to absence of land acquisition in the current period and cash inflow from payments received from sales of development properties.

Net cash (used in)/generated from investing activities

Net cash used in investing activities in 2Q2017 and 1H2017 as compared to net cash generated from investing activities in 2Q2016 and 1H2016 was mainly due to capital expenditure and acquisition of Grand Park Kodhipparu respectively.

Net cash (used in)/generated from financing activities

Lesser net cash generated from financing activities in 2Q2017 and 1H2017 as compared to 2Q2016 and 1H2016 was due to more repayment of loans and lesser financing obtained.

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 equity		
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
At 1 January 2017	79,691	(33,653)	(533)	1,392	674	5,155	2,709	(23,257)	733,696	765,874	10,739	776,613
Total comprehensive income for the period	-	-	-	-	-	(5,155)	167	3,882	6,110	5,004	4,205	9,209
Share-based compensation expenses	-	-	-	597	-	-	-	-	-	597	-	597
At 31 March 2017	79,691	(33,653)	(533)	1,989	674	-	2,876	(19,375)	739,806	771,475	14,944	786,419
Total comprehensive income for the quarter	-	-	-	-	-	-	-	(1,269)	819	(450)	4,235	3,785
Dividends paid	-	-	-	-	-	-	-	-	(24,841)	(24,841)	-	(24,841)
Share-based compensation expenses	-	-	-	596	-	-	-	-	-	596	-	596
At 30 June 2017	79,691	(33,653)	(533)	2,585	674	-	2,876	(20,644)	715,784	746,780	19,179	765,959

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 equity		
	\$'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	-	-	-	-	-	(210)	227	315	817	1,149	1,813	2,962
At 31 March 2016	79,691	(33,653)	(533)	-	674	1,301	2,709	(24,394)	723,668	749,463	(3,534)	745,929
Total comprehensive income for the quarter	-	-	-	-	-	674	-	(4,007)	14,273	10,940	2,794	13,734
Share-based compensation expenses	-	-	-	142	-	-	-	-	-	142	-	142
Dividends paid	-	-	-	-	-	-	-	-	(24,841)	(24,841)	-	(24,841)
At 30 June 2016	79,691	(33,653)	(533)	142	674	1,975	2,709	(28,401)	713,100	735,704	(740)	734,964

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 2017	79,691	(33,653)	(533)	1,392	5,155	91,790	143,842
Total comprehensive income for the period	-	-	-	-	(5,155)	472	(4,683)
Share-based compensation expenses	-	-	-	597	-	-	597
At 31 March 2017	79,691	(33,653)	(533)	1,989	-	92,262	139,756
Total comprehensive income for the quarter	-	-	-	-	-	(1,393)	(1,393)
Dividends paid	-	-	-	-	-	(24,841)	(24,841)
Share-based compensation expenses	-	-	-	596	-	-	596
At 30 June 2017	79,691	(33,653)	(533)	2,585	-	66,028	114,118

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	-	-	-	-	(210)	(1,139)	(1,349)
At 31 March 2016	79,691	(33,653)	(533)	-	1,301	109,107	155,913
Total comprehensive income for the quarter	-	-	-	-	674	1,531	2,205
Share-based compensation expenses	-	-	-	142	-	-	142
Dividends paid	-	-	-	-	-	(24,841)	(24,841)
At 30 June 2016	79,691	(33,653)	(533)	142	1,975	85,797	133,419

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 June 2017, the Company held 46,501,100 (30 June 2016 : 46,501,100) ordinary shares as treasury shares. The total number of issued shares excluding treasury shares as at 30 June 2017 was 621,014,061 (30 June 2016 : 621,014,061).

As at 30 June 2017, the number of outstanding share options under the Company's Employee Share Option Scheme was 40,000,000 (30 June 2016 : 40,000,000).

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 46,501,100 (31 December 2016 : 46,501,100) shares as at 30 June 2017 was 621,014,061 (31 December 2016 : 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 2016, as well as all the applicable Financial Reporting Standards ("FRS") which became effective for the financial year beginning on or after 1 January 2017.

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	
	2Q 2017	2Q 2016	1H 2017	1H 2016
Earnings per ordinary share for the period :-				
(i) Based on weighted average number of ordinary shares in issue (in cents)	0.13	2.30	1.12	2.43
(ii) On a fully diluted basis (in cents)	0.13	2.28	1.10	2.41

Notes:

- (i) The computation of basic earnings per share was based on the weighted average of 621,014,061 ordinary shares (30 June 2016 : 621,014,061 ordinary shares).
- (ii) The computation of fully diluted basic earnings per share was based on the adjusted weighted average of 628,628,378 ordinary shares (30 June 2016 : 626,489,844 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 Jun 2017	31 Dec 2016	30 Jun 2017	31 Dec 2016
Net asset value per ordinary share (in cents) based on issued share capital as at the end of the period reported on	120.25	123.33	18.38	23.16

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 2016 : 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 : 2Q2017 vs 2Q2016

Overall

The Group's total revenue decreased by 9.3% from \$234.3 million to \$212.6 million. The decrease was attributable to lower contributions from the Property Development and Construction Divisions. In line with lower revenue, gross and pre-tax profits also decreased but with a larger magnitude due to reduced margins, higher marketing and distribution expenses and a provision of \$5.0 million with respect to a construction project.

Property Developments

Revenue decreased by 8.2% from \$154.5 million to \$141.8 million due to absence of divestment in Victoria Street site (Melbourne, Australia) in 2Q2017. The decrease was partially offset by higher progressive recognition of High Park Residences, higher sales of Fulcrum and progressive handover of townhouses of Williamsons Estate.

Construction

Revenue decreased by 13.8% from \$70.5 million to \$60.7 million due largely to absence of revenue recognised from Bukit Batok N1C13 & N2C23 and Sembawang N1C10 as they were completed in 1Q2017 and 2Q2017 respectively. The decrease was partially offset by higher revenue recognised from Woodlands N1C26 & N1C27 and Tampines N6C1A/1B as they were in the active stages of construction.

Hospitality

Revenue from the Hospitality Division increased from \$6.8 million to \$7.1 million due to higher occupancy achieved for Park Hotel Alexandra.

Property Investments & Others

Revenue from the Property Investment Division grew by 13.0% from \$2.5 million to \$2.9 million due to higher occupancy achieved for its office buildings - CES Centre and 420 St Kilda Road, Melbourne.

Half year results : 1H2017 vs 1H2016

Overall

The Group posted a 13.9% increase in revenue to \$394.4 million. The increase was attributed to improved performance from the Property Development Division. Despite increased revenue, gross profit fell by 11.5% to \$65.3 million. Pre-tax profit decreased by 40.2% to \$19.5 million due to higher marketing and distribution expenses and finance cost. The Group's net profit after tax dipped by 22.0% as a result of lower effective tax rate due to absence of divestment in Victoria Street site in Melbourne, Australia.

Property Developments

Revenue rose by 18.2% from \$196.2 million to \$231.9 million. The increase was primarily contributed by higher progressive recognition of High Park Residences, sales of completed units of Fulcrum and progressive handover of townhouses of Williamsons Estate.

Construction

Revenue increased by 8.1% to \$142.2 million from \$131.6 million due to higher revenue recognised from a few construction projects which are in their active stages of construction.

Hospitality

Revenue rose by 8.5% to \$14.5 million from \$13.3 million mainly attributable to higher occupancy achieved for Park Hotel Alexandra.

Property Investments & Others

Revenue from Property Investment Division grew by 15.1% to \$5.8 million from \$5.0 million due to higher occupancy of CES Centre and 420 St Kilda Road, Melbourne.

- 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)**

Group Statement of Financial Position Review

The Group's net current assets increased slightly by \$0.03 billion to \$1.33 billion as the proceeds from bonds issue merely outweighed investment in Grand Park Kodhipparu and repayment of bank loans. The increase in non-current liabilities from \$1.05 billion to \$1.18 billion was due to issuance of \$125 million notes.

Total equity decreased from \$776.6 million to \$766.0 million due to dividend payment of \$24.8 million, which was partly offset by the current period profit of \$15.4 million. Net debts decreased by \$59.7 million from \$689.3 million to \$629.7 million as the cash collection outweighed investments and capital expenditures. As a result of lower net debts, the Group's net debt to equity ratio decreased to 0.82 as at 30 June 2017 as compared to 0.89 as at 31 December 2016.

- 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 2Q2017 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

The recent hotly contested Government Land Sales and en bloc deals show sign of property market recovering. Riding on this improved sentiment and the momentum generated from its successful debut in March 2017, Grandeur Park Residences continued to do well with units sold improved to 78.4%. As for Fulcrum, the sales raised further to 89.1%.

In July 2017, teaming up with same partners from High Park Residences, the Group tendered successfully for a land parcel at Woodleigh Lane. The land parcel will add some 800 residential units to the Group's inventory available for sales in 2H2018.

Australia

The Group has started to hand over completed townhouses at Williamsons Estate in phases to its buyers from 2Q2017. Settlements of the remaining townhouses will take place progressively before the close of 2017. Meanwhile, the sales of Willow Apartments improved further to 67.2%.

As for Tower Melbourne, the Supreme Court has ruled in the Group's favour for Stage 2 demolition. The hearing and determination of Stage 1 demolition by Building Appeal Board are still pending.

Construction

The Group won a tender in May 2017 for the building works at Bidadari for a contract sum of \$110.8 million. This lifted the Group construction order book to \$538.4 million at the end of 2Q2017, up from \$457.2 million of the preceding quarter.

Notwithstanding the increasing competition, the Group will stay active in the tender for the public housing projects.

Property Investments

The rental market in Singapore will remain challenging throughout 2017 as vacancies are expected to stay high.

Outside Singapore, the Group and Roxy-Pacific jointly acquired (pending completion of the transaction) a Grade A office building in Auckland, New Zealand which will improve the Group's recurring income.

Hospitality

The Group expects steady occupancy and average room rates for its Park Hotel Alexandra despite increased room supply. The topline of the Group's hospitality segment is expected to improve as its newly acquired Grand Park Kodhipparu Resort had opened for business in June 2017.

As announced on 1 August 2017, the Group has entered into an agreement to acquire its third hospitality property, The Sebel Mandurah and a strata restaurant property in Mandurah, Western Australia, as part of the Group's strategy to expand its hospitality portfolio.

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 June 2017.

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 second quarter ended 30 June 2017 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
4 August 2017