



Third Quarter Financial Statement and Dividend Announcement for the Period Ended 30 September 2015

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 2015 \$'000	3Q 2014 \$'000		9M 2015 \$'000	9M 2014 \$'000	
Revenue							
- Property developments		78,647	313,846	(74.9)	272,778	475,804	(42.7)
- Construction		71,166	100,149	(28.9)	235,362	256,907	(8.4)
- Hospitality		6,219	-	NM	7,670	-	NM
- Property investments & others		2,433	1,698	43.3	6,934	4,415	57.1
		<u>158,465</u>	<u>415,693</u>	(61.9)	<u>522,744</u>	<u>737,126</u>	(29.1)
Cost of sales		(118,028)	(322,378)	(63.4)	(403,509)	(585,182)	(31.0)
Gross profit		<u>40,437</u>	<u>93,315</u>	(56.7)	<u>119,235</u>	<u>151,944</u>	(21.5)
Other items of income							
Interest income	1	864	128	575.0	1,808	586	208.5
Other income		2,103	564	272.9	3,282	1,222	168.6
Other items of expense							
Marketing and distribution	2	(16,794)	(1,549)	984.2	(27,234)	(5,066)	437.6
Administrative expenses	3	(10,860)	(14,839)	(26.8)	(30,504)	(31,462)	(3.0)
Finance costs	4	(3,724)	(866)	330.0	(10,014)	(2,421)	313.6
Share of results of associates	5	(477)	7,879	(106.1)	1,136	16,712	(93.2)
Profit before tax		<u>11,549</u>	<u>84,632</u>	(86.4)	<u>57,709</u>	<u>131,515</u>	(56.1)
Income tax expense	6	(2,674)	(11,717)	(77.2)	(10,975)	(18,369)	(40.3)
Profit after tax		<u>8,875</u>	<u>72,915</u>	(87.8)	<u>46,734</u>	<u>113,146</u>	(58.7)
Profit attributable to:							
Owners of the company		13,571	72,915	(81.4)	53,230	113,146	(53.0)
Non-controlling interests		(4,696)	-	NM	(6,496)	-	NM
		<u>8,875</u>	<u>72,915</u>	(87.8)	<u>46,734</u>	<u>113,146</u>	(58.7)

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

	Group		+/(-) %	Group		+/(-) %
	3Q 2015 \$'000	3Q 2014 \$'000		9M 2015 \$'000	9M 2014 \$'000	
Other income						
Dividend income from investment securities	700	135	418.5	700	135	418.5
Disposal of show units	350	-	NM	350	-	NM
Sales of materials	200	60	233.3	836	300	178.7
Deposits forfeited from buyers	189	44	329.5	200	44	354.5
Rental income from development properties	129	-	NM	245	-	NM
Net gain on disposal of property, plant and equipment	127	25	408.0	152	26	484.6
Unrealised foreign exchange gain	91	-	NM	-	-	NM
Government grants	45	94	(52.1)	473	370	27.8
Others	272	206	32.0	326	347	(6.1)
	<u>2,103</u>	<u>564</u>		<u>3,282</u>	<u>1,222</u>	

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

Employee benefits expenses	14,225	21,975	(35.3)	46,035	56,462	(18.5)
Depreciation of property, plant and equipment	1,787	934	91.3	4,337	2,746	57.9
Operating lease expenses	157	157	0.0	470	471	(0.2)
Unrealised foreign exchange loss	-	1,416	(100.0)	5	1,416	(99.6)

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 Interest income in 3Q2015 was in relation to interest income earned from fixed deposits.
- 2 Higher marketing and distribution expenses in 3Q2015 was due principally to marketing expenses incurred for High Park Residences which was launched in July 2015.
- 3 Lower administrative expenses in 3Q2015 was due to lower staff cost and lower unrealised exchange loss. This was partially offset by new operating expenses arising from commencement of our hotel business in May 2015.
- 4 Finance costs was higher for 3Q2015 as a result of interest for the \$150 million Fixed Rate Notes issued in October 2014 and loans drawn down for working capital purpose.
- 5 Lower share of profit from associates for 3Q2015 was mainly due to absence of significant contribution from the joint venture project - Belysa.
- 6 The tax rate in 3Q2015 was higher than the Singapore statutory rate of 17% due principally to higher corporate tax rate of the Group's overseas subsidiaries. In 3Q2014, it was lower than 17% due to share of profits from associates.

1(a)(iii) Statement of Comprehensive Income

	Note	Group		+/(-) %	Group		+/(-) %
		3Q 2015 \$'000	3Q 2014 \$'000		9M 2015 \$'000	9M 2014 \$'000	
Profit after tax		8,875	72,915	(87.8)	46,734	113,146	(58.7)
Other comprehensive income:							
<i>Items that will not be reclassified to profit or loss</i>							
Net deficit on revaluation of freehold land and building		-	-		-	(367)	NM
Foreign currency translation loss on revaluation of freehold land and building		(178)	-	NM	(303)	-	NM
Share of gain on property revaluation of associates		-	-		191	1,190	(83.9)
Income tax relating to components of other comprehensive income		1	(2)	(150.0)	(10)	354	(102.8)
		(177)	(2)		(122)	1,177	
<i>Items that may be reclassified subsequently to profit or loss</i>							
Net (loss)/gain on fair value changes of available-for-sale financial assets		(704)	141	(599.3)	697	396	76.0
Foreign currency translation loss	1	(5,003)	(6,276)	(20.3)	(11,064)	(1,329)	732.5
		(5,707)	(6,135)		(10,367)	(933)	
Other comprehensive (loss)/income for the quarter/period, net of tax		(5,884)	(6,137)	(4.1)	(10,489)	244	NM
Total comprehensive income for the quarter/period		2,991	66,778	(95.5)	36,245	113,390	(68.0)
Total comprehensive income attributable to:							
Owners of the company		7,687	66,778	(88.5)	42,741	113,390	(62.3)
Non-controlling interests		(4,696)	-	NM	(6,496)	-	NM
		2,991	66,778	(95.5)	36,245	113,390	(68.0)

Notes to Statement of Comprehensive Income

- 1 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 loss for the quarter was due to the weakening of the Australian dollar and Malaysian Ringgit 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 2015 \$'000	31 Dec 2014 \$'000	Note	30 Sep 2015 \$'000	31 Dec 2014 \$'000
Non-current assets						
Property, plant and equipment	1	227,915	213,525		1,457	1,704
Investment properties		285,389	288,983		-	-
Intangible assets		264	294		249	269
Investment in subsidiaries		-	-		48,302	48,302
Investment in associates		11,025	13,338		650	650
Deferred tax assets		3,345	-		-	-
Other receivables		7,752	10,315	8	147,296	224,458
Investment securities		3,523	2,359		3,495	2,331
		539,213	528,814		201,449	277,714
Current assets						
Gross amount due from customers for contract work-in-progress		8,569	9,137		-	-
Development properties	2	835,004	923,559		-	-
Assets held for sale		37,891	40,249		-	-
Prepayments and deposits		3,720	5,075		1,556	2,293
Trade and other receivables	3	112,696	216,441		27,399	31,642
Cash and short-term deposits	4	470,208	285,049		40,629	22,970
		1,468,088	1,479,510		69,584	56,905
Total assets		2,007,301	2,008,324		271,033	334,619
Deduct: Current liabilities						
Loans and borrowings	5	147,500	2,400		-	-
Gross amount due to customers for contract work-in-progress		14,664	20,104		-	-
Trade and other payables		108,808	110,543		62	1,527
Other liabilities	6	41,777	56,757	6	5,769	22,032
Income tax payable		33,051	54,542		-	-
		345,800	244,346		5,831	23,559
Net current assets		1,122,288	1,235,164		63,753	33,346
Deduct: Non-current liabilities						
Loans and borrowings	5	816,084	938,416		150,000	150,000
Trade and other payables	7	96,035	79,481		-	-
Other liabilities		1,048	1,916		-	-
Deferred tax liabilities		19,340	7,753		5	5
		932,507	1,027,566		150,005	150,005
Net assets		728,994	736,412		115,197	161,055
Equity attributable to owners of the Company						
Share capital		79,691	79,691		79,691	79,691
Treasury shares		(33,653)	(27,374)		(33,653)	(27,374)
Retained earnings		713,091	697,245		68,550	108,826
Other reserves		(24,036)	(13,547)		609	(88)
		735,093	736,015		115,197	161,055
Non-controlling interests		(6,099)	397		-	-
Total equity		728,994	736,412		115,197	161,055

Notes to Statement of Financial Position

Note

The Group

- The increase in property, plant and equipment was due to construction costs incurred and purchase of equipment for Park Hotel Alexandra.
- The decrease in development properties was mainly due to the receipt of progress billings from buyers of High Park Residences. The decrease was partially offset by the development costs incurred for on-going development projects; namely, Fulcrum, Nine Residences & Junction Nine, High Park Residences and Williamsons Estate (Melbourne, Australia).
- The decrease in trade and other receivables for the Group was mainly due to payments received from owners of the three completed development projects (100 Pasir Panjang, My Manhattan and Alexandra Central) following the receipts of TOP of these projects in 2014.
- The increase in cash and cash equivalent was due to payments received from buyers of High Park Residences.
- The increase in combined current and non-current loans and borrowings was due to loans drawn down for property development and working capital.
- The decrease in other liabilities for the Group and the Company was mainly due to the payment of year end expenses accrued.
- The increase in trade and other payables was due to loans extended to the Group's joint venture project by minority shareholders.

The Company

- The decrease in trade and other receivables was due to repayment of loans by subsidiaries.

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 Sep 2015 \$'000	As at 31 Dec 2014 \$'000
Amount repayable in one year or less, or on demand		
- Secured	147,500	2,400
- Unsecured	-	-
Amount repayable after one year		
- Secured	666,084	788,416
- Unsecured	150,000	150,000

Details of any collateral

The Group's borrowings of \$963.6 million are loans taken to finance property development projects, investment properties and hotel, and for working capital.

The Group's borrowings 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 unsecured borrowings of \$150 million relates to the issuance of \$150 million Fixed Rate Notes (the "Notes") on 17 October 2014 under Chip Eng Seng Corporation Ltd's \$500 million Multicurrency Debt Issuance Programme. The Notes bear interest at the rate of 4.25 per cent. per annum payable semi-annually in arrear and will due on 17 October 2017.

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 2015 \$'000	3Q 2014 \$'000	9M 2015 \$'000	9M 2014 \$'000
Cash flows from operating activities				
Operating profit before taxation	11,549	84,632	57,709	131,515
Adjustments for:				
Depreciation and amortisation	1,796	943	4,367	2,776
Interest income	(864)	(128)	(1,808)	(586)
Dividend income from investment securities	(700)	(135)	(700)	(135)
Interest expense	3,724	866	10,014	2,421
Net gain on disposal of property, plant and equipment	(127)	(25)	(152)	(26)
Foreign currency translation adjustment	(2,393)	(6,979)	(5,549)	(2,118)
Net fair value gain on investment securities	-	-	-	(29)
Share of results of associates	477	(7,879)	(1,136)	(16,712)
Operating profit before reinvestment of working capital	13,462	71,295	62,745	117,106
Decrease in development properties	179,626	220,462	88,555	394,046
Increase in assets held for sale	(198)	-	(728)	-
Decrease/(increase) in trade and other receivables	11,669	(82,003)	103,918	(149,884)
Decrease/(increase) in prepayments and deposits	883	(136,444)	1,362	(129,958)
Increase/(decrease) in gross amount due to customers for contract work-in-progress, net	(14,273)	(10,295)	(4,871)	6,340
(Decrease)/increase in trade and other payables	(1,998)	(73,995)	11,240	(75,241)
Increase/(decrease) in other liabilities	8,853	10,854	(17,545)	5,992
Cash generated from operations	198,024	(126)	244,676	168,401
Interest paid	(2,152)	(869)	(8,324)	(2,627)
Interest received	865	800	1,808	3,123
Income tax paid	(10,750)	(804)	(24,235)	(7,300)
Net cash generated from/(used in) operating activities	185,987	(999)	213,925	161,597
Cash flows from investing activities:				
Purchase of property, plant and equipment	(1,531)	(12,625)	(20,170)	(32,962)
Proceeds from disposal of property, plant and equipment	256	25	445	28
Proceeds from disposal of investment securities	-	-	-	13
Dividend income	4,393	17,215	4,523	25,215
Repayment of advances from associates, net	(915)	12,429	5,320	38,165
Purchase of investment securities	-	(68)	-	(68)
Additions to intangible assets	-	(51)	-	(51)
Additions to investment properties	(181)	(3,723)	(224)	(68,139)
Net cash generated from/(used in) investing activities	2,022	13,202	(10,106)	(37,799)

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 2015 \$'000	3Q 2014 \$'000	9M 2015 \$'000	9M 2014 \$'000
Cash flows from financing activities:				
Repayment of loans and borrowings	(28,467)	(71,000)	(107,192)	(328,000)
Proceeds from loans and borrowings	-	56,583	132,195	143,457
Dividends paid	-	-	(37,384)	(25,681)
Share buyback	-	(6,544)	(6,279)	(13,888)
Net cash generated used in financing activities	(28,467)	(20,961)	(18,660)	(224,112)
Net increase/(decrease) in cash and cash equivalents	159,542	(8,758)	185,159	(100,314)
Cash and cash equivalents at beginning of the period	310,666	192,666	285,049	284,222
Cash and cash equivalents at end of the period	470,208	183,908	470,208	183,908
Cash and cash equivalents comprise:				
Short term deposits	193,186	25,131	193,186	25,131
Cash and bank balances	277,022	158,777	277,022	158,777
	470,208	183,908	470,208	183,908

Net cash generated from/(used in) operating activities

Net cash generated from operating activities spiked in 3Q2015 due to progress payment received from buyers of High Park Residences. Net cash used in operating activities in 3Q2014 was primarily due to deposit paid for land purchase at Fernvale Road in Singapore.

Higher net cash generated from operating activities in 9M2015 as compared to 9M2014 was due to absence of deposit for land purchase and lower contribution of profit during the current period.

Net cash generated from/(used in) investing activities

Lower net cash generated from investing activities in 3Q2015 was mainly due to lesser dividend income and loan repayment received from associates. This was partially offset by lower construction costs paid for hotel and CES Centre.

Lower net cash used in investing activities in 9M2015 as compared to 9M2014 was due to the absence of acquisition of investment property (420 St Kilda Road in Melbourne, Australia) and lower construction costs paid for hotel and CES Centre in Singapore. In addition, the Group received lesser dividend income and loan repayment from associates in 9M2015 as compared to 9M2014.

Net cash generated used in financing activities

Higher net cash used in financing activities in 3Q2015 was due to absence of share buyback and lower loan repayment in 3Q2015.

Lower net cash used in financing activities in 9M2015 was due to higher net borrowings from banks as compared to repayment of borrowings in 9M2014.

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 \$'000	Total equity \$'000
	Issued capital \$'000	Treasury shares \$'000	Treasury shares reserve \$'000	Capital reserve \$'000	Fair value adjustment reserve \$'000	Asset revaluation reserve \$'000	Currency translation reserve \$'000	Retained earnings \$'000	Total \$'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 period	-	-	-	-	(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

Group	Attributable to owners of the Company									Non-controlling interests \$'000	Total equity \$'000
	Issued capital \$'000	Treasury shares \$'000	Treasury shares reserve \$'000	Capital reserve \$'000	Fair value adjustment reserve \$'000	Asset revaluation reserve \$'000	Currency translation reserve \$'000	Retained earnings \$'000	Total \$'000		
At 1 January 2014	79,691	(12,006)	(533)	674	270	2,750	(14,231)	442,193	498,808		498,808
Total comprehensive income for the period	-	-	-	-	255	1,179	4,947	40,231	46,612		46,612
Dividends paid	-	-	-	-	-	-	-	(25,681)	(25,681)		(25,681)
Share buyback	-	(7,344)	-	-	-	-	-	-	(7,344)		(7,344)
At 30 June 2014	79,691	(19,350)	(533)	674	525	3,929	(9,284)	456,743	512,395		512,395
Total comprehensive income for the period	-	-	-	-	141	(2)	(6,276)	72,915	66,778		66,778
Share buyback	-	(6,544)	-	-	-	-	-	-	(6,544)		(6,544)
At 30 September 2014	79,691	(25,894)	(533)	674	666	3,927	(15,560)	529,658	572,629		572,629

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 (Cont'd)

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 period	-	-	-	(704)	(703)	(1,407)
At 30 September 2015	79,691	(33,653)	(533)	1,142	68,550	115,197

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 2014	79,691	(12,006)	(533)	270	115,897	183,319
Total comprehensive income for the period	-	-	-	255	676	931
Dividends paid	-	-	-	-	(25,681)	(25,681)
Share buyback	-	(7,344)	-	-	-	(7,344)
At 30 June 2014	79,691	(19,350)	(533)	525	90,892	151,225
Total comprehensive income for the period	-	-	-	141	880	1,021
Share buyback	-	(6,544)	-	-	-	(6,544)
At 30 September 2014	79,691	(25,894)	(533)	666	91,772	145,702

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 2015, the Company held 46,501,100 ordinary shares as treasury shares (30 September 2014 : 37,946,000 ordinary shares). The total number of issued shares of the Company excluding treasury shares as at 30 September 2015 and 30 September 2014 were 621,014,061 and 629,569,161 shares respectively.

There are no performance shares being granted under the "Chip Eng Seng Performance Share Plan" as at 30 September 2015 and 30 September 2014.

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 2014 : 39,646,000) shares as at 30 September 2015 and 31 December 2014 were 621,014,061 and 627,869,161 shares respectively.

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 2014, as well as all the applicable Financial Reporting Standards ("FRS") which became effective for the financial year beginning on or after 1 January 2015.

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 2015	3Q 2014	9M 2015	9M 2014
Earnings per ordinary share for the period :-				
(i) Based on weighted average number of ordinary shares in issue (in cents)	2.18	11.40	8.53	17.69
(ii) On a fully diluted basis (in cents)	2.18	11.40	8.53	17.69

Notes:

- (i) The computation of basic earnings per share was based on the weighted average of 623,762,733 ordinary shares (30 September 2014 : 639,655,104 ordinary shares).
- (ii) The computation of fully diluted basic earnings per share was based on the adjusted weighted average of 623,762,733 ordinary shares (30 September 2014 : 639,655,104 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 2015	31 Dec 2014	30 Sep 2015	31 Dec 2014
Net asset value per ordinary share (in cents) based on issued share capital as at the end of the period reported on	118.37	117.22	18.55	25.65

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 2014 : 627,869,161 ordinary shares excluding Treasury shares of 39,646,000).

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

3Q2015 vs 3Q2014

Overall

The Group's total revenue decreased by 61.9% to \$158.5 million in 3Q2015, compared to \$415.7 million in 3Q2014, due to lower contributions from the Property Development and Construction Divisions.

In line with the lower revenue, gross profit also decreased.

The Group's pre-tax profit dropped by a higher percentage of 86.4% from \$84.6 million in 3Q2014 to \$11.5 million in 3Q2015 due to the marketing expenses incurred for High Park Residences, which was launched in July 2015.

Property Developments

Revenue decreased from \$313.8 million in 3Q2014 to \$78.6 million in 3Q2015 mainly due to absence of project completion in 3Q2015. In 3Q2014, the development project - Belvia was completed and its entire revenue was recognised one-off on a completion basis. In 3Q2015, revenue was derived mainly from progressive recognition of the development projects, Nine Residences and Junction Nine in Yishun.

Construction

Revenue decreased from \$100.1 million in 3Q2014 to \$71.2 million in 3Q2015 due to lesser number of projects which were in their active stage of construction as compared to 3Q2014.

Hospitality

The Group's maiden hotel – Park Hotel Alexandra, which commenced business in May 2015, delivered \$6.2 million revenue from its room and food & beverage sales in this quarter.

Property Investments & others

Revenue rose 43.3% to \$2.4 million in 3Q2015, against \$1.7 million in 3Q2014, due principally to rental income contributed by CES Centre, which commenced its leasing business from 1Q2015.

9M2015 vs 9M2014

Overall

The Group's total revenue declined by 29.1% to \$522.7 million in 9M2015 from \$737.1 million in 9M2014 due to lower contributions from the Property Development Division.

With the declining revenue, gross profit decreased by 21.5% to \$119.2 million in 9M2015 as compared to \$151.9 million in 9M2014. Similarly, pre-tax profit also decreased but by a larger magnitude of 56.1% to \$57.7 million in 9M2015 due to higher marketing expenses incurred for new property launches, finance costs and operating expenses incurred for the hospitality division which commenced business in mid 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 Developments

Revenue decreased to \$272.8 million in 9M2015 compared to \$475.8 million in 9M2014. Revenue for 9M2015 was primarily contributed by the progressive recognition of Nine Residences & Junction Nine and Fulcrum. Back in 9M2014, revenue was mainly contributed by 100 Pasir Panjang and Belvia which were both recognised on a completion basis.

Lower share of profit from associates for 9M2015 was mainly due to absence of significant contribution from the joint venture project - Belysa.

Construction

Revenue decreased by 8.4% to \$235.4 million in 9M2015 compared to \$256.9 million in 9M2014. The decrease was primarily due to completion of several projects in 2014.

Hospitality

The Group's maiden hotel – Park Hotel Alexandra, which commenced business in May 2015, delivered \$7.7 million revenue from its room and food & beverage sales in 9M2015.

Property Investments & Others

Revenue from Property Investment Division grew by 57.1% to \$6.9 million in 9M2015, compared to \$4.4 million in 9M2014 due to rental income contributed by CES Centre which commenced leasing in early 2015.

Group Statement of Financial Position Review

The Group's net current assets decreased by \$112.9 million to \$1.12 billion, due largely to certain loans becoming payable within the next 12 months. This also resulted in decrease in non-current liabilities by \$95.1 million to \$932.5 million as at 30 September 2015.

Shareholders' equity decreased from \$736.4 million as at 31 December 2014 to \$729.0 million as at 30 September 2015. The decrease was mainly attributed by dividend payment of \$37.4 million, share buyback of \$6.3 million and translation loss of \$11.1 million which were partly offset by profit contribution for the current period of \$46.7 million.

The progressive payment received from buyers caused a huge increase in cash and cash equivalent and led to decrease in net debts. As a result of reduced net debts, the Group's net debt to equity ratio declined from 0.89 as at 31 December 2014 to 0.68 as at 30 September 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 3Q2015 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

The residential property markets in Singapore remain challenging. Despite that, we managed to sell some units of High Park Residences, raising the overall sale results to-date to more than 90%. We will continue our efforts in marketing the remaining units of High Park Residences in the coming months. As for Fulcrum, the construction progresses well with TOP expected in January 2016.

In Australia, we have sold 97% of the townhouses of Williamsons Estate, a suburban project with 104 townhouses and 72 apartments. We will roll out the apartments in 4Q2015.

As regards Tower Melbourne, the dispute with the adjoining owner on the protection method is still on-going. While we remain committed to the erection of this iconic tower in Melbourne, we expect that the on-going legal dispute with the adjoining owner will further delay the resumption of demolition works to 2016.

Property Investments

In Singapore, the Group currently holds one office building (CES Centre), one industrial building (CES Building) and a number of shop houses. With the softening commercial rental market, the Group will continue to exercise prudence in expanding its commercial building portfolio in Singapore.

In Australia, the Group owns an office building (420 St Kilda Melbourne). The Group will continue to look out for suitable commercial buildings with attractive yields to generate more recurring incomes for the Group.

Construction

As at 30 September 2015, the Group's construction order book stood at \$641.8 million. The Group will continue to actively participate in the tender of public housing projects.

Hospitality

Since starting its operations in mid May 2015, Park Hotel Alexandra has seen a steady growth in its occupancy rates. The Group expects the hospitality business to breakeven in 2016.

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/recommendeded, a statement to that effect

No dividend has been declared/recommendeded for the quarter ended 30 September 2015.

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, Lim Tiang Chuan 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 2015 to be false or misleading in any material aspect.

On behalf of the Board of Directors,

Lim Tiang Chuan
Executive Deputy Chairman

Hoon Tai Meng
Group Chief Executive Officer

BY ORDER OF THE BOARD

Hoon Tai Meng
Group Chief Executive Officer
5 November 2015