Third Quarter Financial Statement and Dividend Announcement for the period Ended 30 September 2018

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 3Q 2018 $'000	Group 3Q 2017 (Restated) $'000	+/(-) %	Group 9M 2018 $'000	Group 9M 2017 (Restated) $'000	+/(-) %
Revenue							
- Property developments		257,306	145,812	76.5	583,094	377,726	54.4
- Construction		42,218	54,579	(22.6)	131,373	182,640	(28.1)
- Hospitality		18,164	10,414	74.4	51,658	24,895	107.5
- Education		499	-	NM	499	-	NM
- Property investments & others		1,914	2,510	(23.7)	5,601	8,275	(32.3)
		320,101	213,315	50.1	772,225	593,536	30.1
Cost of sales		(273,414)	(180,031)	51.9	(629,231)	(503,427)	25.0
Gross profit		46,687	33,284	40.3	142,994	90,109	58.7
Other items of income							
Interest income		1,876	1,181	58.8	3,706	3,378	9.7
Other income	1	1,877	13,764	(86.4)	2,790	20,874	(86.6)
Other items of expense							
Marketing and distribution expenses	2	(3,930)	(226)	1,638.9	(11,685)	(5,186)	125.3
Administrative expenses		(23,097)	(17,098)	35.1	(61,605)	(47,370)	30.1
Finance costs		(7,827)	(7,035)	11.3	(20,141)	(19,481)	3.4
Share of results of associates		327	(22)	NM	2,382	192	1,140.6
Profit before tax		15,913	23,848	(33.3)	58,441	42,516	37.5
Income tax benefit/(expense)	3	911	(5,715)	(115.9)	(13,866)	(8,539)	62.4
Profit after tax		16,824	18,133	(7.2)	44,575	33,977	31.2
Profit attributable to:							
Owners of the Company		14,280	13,168	8.4	31,434	19,254	63.3
Non-controlling interests		2,544	4,965	(48.8)	13,141	14,723	(10.7)
		16,824	18,133	(7.2)	44,575	33,977	31.2

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

	Note	Group 3Q 2018 $'000	Group 3Q 2017 (Restated) $'000	+/(-) %	Group 9M 2018 $'000	Group 9M 2017 (Restated) $'000	+/(-) %
Other income							
Gain on disposal of investment property		-	13,384	NM	-	13,384	NM
Gain on disposal of investment securities		-	-	NM	-	4,921	(100.0)
Rental income from development properties		94	239	(60.7)	281	685	(59.0)
Write back of impairment loss on trade receivables		(10)	17	(158.8)	-	507	(100.0)
Sales of materials		896	172	420.9	896	413	116.9
Government grants		112	104	7.7	311	294	5.8
Deposits forfeited from buyers		395	19	NM	440	162	NM
Gain on disposal of property, plant and equipment		141	-	NM	146	107	36.4
Foreign exchange gain		-	-	NM	-	208	(100.0)
Others		249	(171)	NM	716	193	271.0
		1,877	13,764	(86.4)	2,790	20,874	(86.6)
The following items have been included in arriving at profit before tax:							
Employee benefits expenses	4	17,969	15,448	16.3	50,119	46,650	7.4
Impairment loss on development property and construction contract		7,500	5,046	48.6	7,500	11,804	(36.5)
Depreciation of property, plant and equipment	5	5,293	2,531	109.1	13,804	6,364	116.9
Legal and professional fees		1,261	1,113	13.3	2,386	3,087	(22.7)
Maintenance of properties		398	904	(56.0)	2,726	2,858	(4.6)
Foreign exchange loss		2,645	148	1,687.2	6,113	-	NM

Note:-
NM - Not meaningful.

Notes to Group Income Statement

1 Other income decreased in 3Q2018 due principally to absence of gain from disposal of investment property.

2 Marketing and distribution expenses in 3Q2018 was higher due to marketing expenses incurred for Park Colonial sale launch.

3 Effective tax rate was lower in 3Q2018 due to write back of tax provision in respect of prior years and benefits from previously unrecognised tax losses.

4 Employee benefits expenses in 3Q2018 increased due to higher headcount arising from hotel acquisitions and operation.

5 Depreciation of property, plant and equipment in 3Q2018 increased due to higher depreciation charges on hotel properties and precast yard.

1(a)(iii) Statement of Comprehensive Income

	Note	Group 3Q 2018 $'000	Group 3Q 2017 (Restated) $'000	+/(-) %	Group 9M 2018 $'000	Group 9M 2017 (Restated) $'000	+/(-) %
Profit after tax		16,824	18,133	(7.2)	44,575	33,977	31.2
Other comprehensive income:							
Items that will not be reclassified to profit or loss							
Share of loss on revaluation of property, plant and equipment in associates		-	-		-	167	NM
		-	-		-	167	NM
Items that may be reclassified subsequently to profit or loss							
Net loss on fair value changes of available-for-sale financial assets		-	-		-	(135)	(100.0)
Realisation of reserves on disposal of available-for-sale financial assets		-	-		-	(5,020)	(100.0)
Foreign currency translation (loss)/gain	1	(4,003)	722	(654.4)	(9,579)	3,347	(386.2)
Share of foreign currency translation of associate and joint venture		(9)	-	NM	(15)	-	NM
		(4,012)	722	NM	(9,594)	(1,808)	430.6
Other comprehensive loss for the quarter/period, net of tax		(4,012)	722	NM	(9,594)	(1,641)	484.6
Total comprehensive income for the quarter/period		12,812	18,855	(32.0)	34,981	32,336	8.2
Total comprehensive income attributable to:							
Owners of the Company		10,418	13,890	(25.0)	22,247	17,613	26.3
Non-controlling interests		2,394	4,965	(51.8)	12,734	14,723	(13.5)
		12,812	18,855	(32.0)	34,981	32,336	8.2

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 functional currency. Translation loss for 3Q2018 was due mainly to weakening of Australian Dollar against Singapore Dollar on the Group's foreign net assets which are largely denominated in Australian 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

	Note	The Group 30 Sep 2018 $'000	The Group 31 Dec 2017 (Restated) $'000	Note	The Company 30 Sep 2018 $'000	The Company 31 Dec 2017 $'000
Non-current assets						
Property, plant and equipment	1	360,021	324,611		1,589	1,829
Investment properties	2	264,621	251,706		-	-
Intangible assets		2,566	1,872		525	373
Investment in subsidiaries		-	-	9	3,142	48,302
Investment in associates and joint venture		7,019	6,941		650	650
Deferred tax assets		7,882	6,520		-	-
Goodwill on consolidation [#]	3	12,883	-		-	-
Other receivables	4	94,157	82,536	10	291,469	310,479
		749,149	674,186		297,375	361,633
Current assets						
Development properties	5	1,810,235	1,694,372		-	-
Assets held for sale	5	14,796	-		-	-
Inventories		924	1,696		-	-
Prepayments		4,634	5,003		1,486	1,848
Trade and other receivables	6	86,008	99,575	10	8,553	18,273
Cash and short-term deposits		382,792	257,846		45,631	6,167
		2,299,389	2,058,492		55,670	26,288
Total assets		**3,048,538**	**2,732,678**		**353,045**	**387,921**
Deduct: Current liabilities						
Loans and borrowings		11,735	8,735		-	-
Trade and other payables	7	91,769	79,561		333	11,243
Other liabilities		53,000	53,299		7,661	4,675
Income tax payable		12,754	13,235		39	39
		169,258	154,830		8,033	15,957
Net current assets		**2,130,131**	**1,903,662**		**47,637**	**10,331**
Deduct: Non-current liabilities						
Loans and borrowings	8	1,866,481	1,524,075		245,000	245,000
Trade and other payables	7	145,498	212,713		-	10,000
Other liabilities		121	64		-	-
Deferred tax liabilities		30,425	20,187		21	21
		2,042,525	1,757,039		245,021	255,021
		836,755	**820,809**		**99,991**	**116,943**
Equity attributable to owners of the Company						
Share capital		79,691	79,691		79,691	79,691
Treasury shares		(30,034)	(33,653)		(30,034)	(33,653)
Retained earnings		739,300	732,707		46,941	67,659
Other reserves		(1,957)	7,083		3,393	3,246
		787,000	785,828		99,991	116,943
Non-controlling interests		49,755	34,981		-	-
Total equity		**836,755**	**820,809**		**99,991**	**116,943**

Note [#]: Pending finalisation of Purchase Price Allocation

1(b)(i) A statement of financial position (for the issuer and group), together with a comparative statement as at the end of the immediately preceding financial year (Cont'd)

Notes to Statement of Financial Position

Note

The Group

1 The increase in property, plant and equipment was mainly due to acquisition of Mercure & Ibis Styles Grosvenor Hotel and 51 Pirie Street in Adelaide, Australia.

2 The increase in investment properties was mainly due to acquisition of commercial properties at Hindley Street in Adelaide, Australia.

3 The increase in goodwill was mainly due to provisional goodwill arising from the acquisition of White Lodge Education Group.

4 The increase in non-current other receivables was due mainly to advances made to a non-controlling interest.

5 The increase in development properties was due mainly to enbloc acquisition of Changi Garden. The increase was partially offset by reclassification of a development property (242 West Coast Highway, Scarborough, Western Australia) to assets held for sale and disposal of a development property (Tower Melbourne).

6 The decrease in current trade and other receivables was due to reclassification of land deposits to development properties upon completion of acquisition.

7 The increase in current trade and other payables was due to the increase in billings from suppliers and subcontractors for development property projects in progress.

The decrease in non-current trade and other payables was mainly due to repayment to non-controlling interest.

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

The Company

9 The decrease in investment in subsidiaries was mainly due to transfer of subsidiaries within the group.

10 The decrease in combined current and non-current trade and other receivables was due to repayment from a subsidiary, partially offset by working capital loans extended to other subsidiaries.

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

	As at 30 Sep 2018 $'000	As at 31 Dec 2017 $'000
Amount repayable in one year or less, or on demand		
- Secured	11,735	8,735
- Unsecured	-	-
Amount repayable after one year		
- Secured	1,621,481	1,279,075
- Unsecured	245,000	245,000
	1,878,216	1,532,810

Details of any collateral

The Group's total borrowings of $1.9 billion are loans taken to finance property development projects, investment properties and hotels, and for working capital.

The Group's borrowings of $1.6 billion are mainly secured by:
(a) legal mortgage on the development properties, investment properties and hotels;
(b) subordination of shareholder's loan to the subsidiary and associated companies;
(c) assignment of sale proceeds of the development properties;
(d) assignment of all rights and benefits under construction contracts, performance bonds and insurance policies in respect of the development properties;
(e) assignment of tenancy and sale agreements of the investment and development properties;
(f) fixed and floating charge on the hotels; and
(g) corporate guarantee from the Company.

The Group's unsecured borrowings of $245 million comprise the following notes issued under its $750 million Multicurrency Debt Issuance Programme:

(a) $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.

(b) $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.

With reference to the outstanding aggregate principal amount of S$120 million 4.75 per cent. notes due 2021 comprised in Series 002 and S$125 million 4.90 per cent. notes due 2022 comprised in Series 003 (collectively, the "Notes") issued under the S$750,000,000 Multicurrency Debt Issuance Programme of the Company, the Company had announced on 12 October that a change of control has occurred under Condition 6(e)(ii) of the Notes. This confers upon the holders of the Notes the option to require the Company to redeem their Notes at 100 per cent. of the principal amount, together with interest accrued to (but excluding) the date fixed for redemption. The deadline for exercising the option is 2 November 2018 and the redemption date will be 11 December 2018.

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 2018	3Q 2017 (Restated)	9M 2018	9M 2017 (Restated)
	$'000	$'000	$'000	$'000
Cash flows from operating activities				
Profit before tax	**15,913**	**23,848**	**58,441**	**42,516**
Adjustments for:				
Amortisation of intangible assets	59	56	174	169
Depreciation of property, plant and equipment	5,293	2,577	13,804	6,511
Interest income	(1,876)	(1,181)	(3,706)	(3,378)
Interest expense	7,827	7,035	20,141	19,481
Gain on disposal of property, plant and equipment	(141)	-	(146)	(107)
Gain on disposal of investment property	-	(13,384)	-	(13,384)
Unrealised exchange loss/(gain)	1,478	(590)	3,615	(309)
Reversal of provision for foreseeable losses	7,500	-	7,500	-
Share of results of associates	(327)	22	(2,382)	(192)
Net loss on liquidation of an associate	17	-	17	-
Gain on disposal of a quoted investment securities	-	-	-	(4,921)
Gain on disposal of intangible assets	-	-	-	(96)
Property, plant and equipment written off	-	27	-	34
Reversal of impairment on receivables	-	(17)	(10)	(507)
Impairment loss on development properties and construction contract	-	5,046	-	11,804
Share-based compensation	-	597	995	1,790
Operating profit before changes in working capital	35,743	24,036	98,443	59,411
Changes in working capital:				
Development properties	112,399	39,722	(117,611)	189,845
Inventories	2,600	(251)	777	301
Prepayments	(609)	(9)	369	(19)
Trade and other receivables	(848)	(219,082)	1,724	(206,906)
Trade and other payables	(520)	65,734	(58,220)	74,002
Other liabilities	4,516	128	(11,452)	(9,910)
Cash generated from/(used in) operations	**153,281**	**(89,722)**	**(85,970)**	**106,724**
Interest paid	(12,308)	(8,314)	(39,606)	(24,251)
Interest received	1,876	1,181	3,706	3,378
Income tax paid	1,674	(15,758)	(5,810)	(24,651)
Net cash generated from/(used in) operating activities	**144,523**	**(112,613)**	**(127,680)**	**61,200**
Cash flows from investing activities:				
Purchase of property, plant and equipment	(15,147)	(862)	(49,235)	(97,953)
Proceeds from disposal of property, plant and equipment	336	-	466	153
Proceeds from disposal of investment property	-	70,778	-	70,778
Net cash outflow on acquisition of subsidiary	(10,377)	-	(10,377)	-
Proceeds from disposal of a quoted investment security	-	-	-	7,776
Proceeds from disposal of intangible assets	-	-	-	179
Dividend income	750	-	1,350	-
Repayment from/(advances to) associates	555	(4,360)	1,406	(3,568)
Distribution from liquidation of an associate	849	-	849	-
Additions to intangible assets	(690)	-	(885)	(20)
Additions to investment properties	291	(297)	(13,160)	(987)
Net cash (used in)/generated from investing activities	**(23,433)**	**65,259**	**(69,586)**	**(23,642)**
Cash flows from financing activities:				
Repayment of loans and borrowings	(60,732)	(42,234)	(157,168)	(296,106)
Proceeds from loans and borrowings	-	-	501,202	185,069
Proceeds from issuance of term notes	-	-	-	125,000
Dividends paid	-	-	(24,841)	(24,841)
Proceeds from exercise of employee share options	2,771	-	2,771	-
Proceeds from issue of new shares by subsidiary to non-controlling interests	-	-	1,620	-
Net cash (used in)/generated from financing activities	**(57,961)**	**(42,234)**	**323,584**	**(10,878)**
Net increase/(decrease) in cash and cash equivalents	63,129	(89,588)	126,318	26,680
Effect of exchange rate changes on cash and cash equivalents	(1,078)	(20)	(1,372)	50
Cash and cash equivalents at beginning of the period	320,741	597,920	257,846	481,582
Cash and cash equivalents at end of the period	**382,792**	**508,312**	**382,792**	**508,312**
Cash and cash equivalents comprise:				
Short term fixed deposits			160,252	330,616
Cash and bank balances			222,540	177,696
			382,792	**508,312**

Net cash generated from/(used in) operating activities

Net cash inflows from operating activities in 3Q2018 was mainly due to disposal of a development property (Tower Melbourne) and progressive payments from sale of development properties, as compared to net cash outflows in 3Q2017.

Net cash outflows from operating activities in 9M2018 was due to development expenditure incurred in 9M2018 as compared to cash inflows from payments received from sales of development properties in 9M2017.

Net cash (used in)/generated from investing activities

Net cash outflows from investing activities in 3Q2018 was mainly due to acquisition of White Lodge Education Group and acquisition of property at 51 Pirie Street, Adelaide, Australia, as compared to net cash inflows from investing activities in 3Q2017.

Higher net cash used in investing activities in 9M2018 as compared to 9M2017 was due to acquisition of the Mercure & Ibis Styles Grosvenor Hotel, the adjoining properties at Hindley Street, property at 51 Pirie Street, in Adelaide, Australia and White Lodge Education Group in 9M2018.

Net cash (used in)/generated from financing activities

Higher cash used in financing activities in 3Q2018 was due to more repayment during the period.

Net cash inflows from financing activities in 9M2018 was due to more financing obtained and lesser repayment during the period, as compared to 9M2017.

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										
	Issued capital $'000	Treasury shares $'000	Treasury shares reserve $'000	Share-based compensation reserve $'000	Capital reserve $'000	Asset revaluation reserve $'000	Currency translation reserve $'000	Retained earnings $'000	Total $'000	Non-controlling interests $'000	Total equity $'000
At 1 January 2018											
As previously reported	79,691	(33,653)	(533)	3,779	674	2,655	(22,749)	744,361	774,225	34,357	808,582
Effect of adopting SFRS(I) 1	-	-	-	-	-	-	23,257	(23,257)	-	-	-
Effect of adopting SFRS(I) 15	-	-	-	-	-	-	-	11,603	11,603	624	12,227
At 1 January 2018, as restated	79,691	(33,653)	(533)	3,779	674	2,655	508	732,707	785,828	34,981	820,809
Total comprehensive income for the period	-	-	-	-	-	-	(5,325)	17,154	11,829	10,340	22,169
Dividends paid	-	-	-	-	-	-	-	(24,841)	(24,841)	-	(24,841)
Share-based compensation expenses	-	-	-	995	-	-	-	-	995	-	995
Capital contribution to non-controlling interests	-	-	-	-	-	-	-	-	-	1,620	1,620
At 30 June 2018	79,691	(33,653)	(533)	4,774	674	2,655	(4,817)	725,020	773,811	46,941	820,752
Total comprehensive income for the quarter	-	-	-	-	-	-	(3,862)	14,280	10,418	2,394	12,812
Treasury shares reissued pursuant to employee share option scheme	-	3,619	(335)	(513)	-	-	-	-	2,771	-	2,771
Acquisition of subsidiary	-	-	-	-	-	-	-	-	-	420	420
At 30 September 2018	79,691	(30,034)	(868)	4,261	674	2,655	(8,679)	739,300	787,000	49,755	836,755

Group	Attributable to owners of the Company											
	Issued capital $'000	Treasury shares $'000	Treasury shares reserve $'000	Share-based compensation reserve $'000	Capital reserve $'000	Fair value adjustment reserve $'000	Asset revaluation reserve $'000	Currency translation reserve $'000	Retained earnings $'000	Total $'000	Non-controlling interests $'000	Total equity $'000
At 1 January 2017												
As previously reported	79,691	(33,653)	(533)	1,392	674	5,155	2,709	(23,257)	733,696	765,874	10,739	776,613
Effect of adopting SFRS(I) 1	-	-	-	-	-	-	-	23,257	(23,257)	-	-	-
Effect of adopting SFRS(I) 15	-	-	-	-	-	-	-	-	15,598	15,598	(3,840)	11,758
At 1 January 2017, as restated	79,691	(33,653)	(533)	1,392	674	5,155	2,709	-	726,037	781,472	6,899	788,371
Total comprehensive income for the period	-	-	-	-	-	(5,155)	167	2,625	6,086	3,723	9,758	13,481
Dividends paid	-	-	-	-	-	-	-	-	(24,841)	(24,841)	-	(24,841)
Share-based compensation expenses	-	-	-	1,193	-	-	-	-	-	1,193	-	1,193
At 30 June 2017	79,691	(33,653)	(533)	2,585	674	-	2,876	2,625	707,282	761,547	16,657	778,204
Total comprehensive income for the quarter	-	-	-	-	-	-	-	722	13,168	13,890	4,965	18,855
Share-based compensation expenses	-	-	-	597	-	-	-	-	-	597	-	597
At 30 September 2017	79,691	(33,653)	(533)	3,182	674	-	2,876	3,347	720,450	776,034	21,622	797,656

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

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)	(921)	(6,076)
Dividends paid	-	-	-	-	-	(24,841)	(24,841)
Share-based compensation expenses	-	-	-	1,193	-	-	1,193
At 30 June 2017	79,691	(33,653)	(533)	2,585	-	66,028	114,118
Total comprehensive income for the quarter	-	-	-	-	-	501	501
Share-based compensation expenses	-	-	-	597	-	-	597
At 30 September 2017	79,691	(33,653)	(533)	3,182	-	66,529	115,216

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 2018, the Company held 41,501,100 (30 September 2017 : 46,501,100) ordinary shares as treasury shares. The total number of issued shares excluding treasury shares as at 30 September 2018 was 626,014,061 (30 September 2017 : 621,014,061).

As at 30 September 2018, the number of outstanding share options under the Company's Employee Share Option Scheme was 35,000,000 (30 September 2017 : 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 41,501,100 (31 December 2017 : 46,501,100) shares as at 30 September 2018 was 626,014,061 (31 December 2017 : 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

	Number of Treasury shares '000
Balance as at 1 January 2018	46,501
Treasury shares re-issued under the Chip Eng Seng Employee Share Option Scheme	(5,000)
Balance as at 30 September 2018	41,501

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

Not applicable.

2 Whether the figures have been audited or reviewed, and in accordance with which auditing standard or practice

The figures have not been audited or reviewed by the Company's auditors.

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

Not applicable.

4 Whether the same accounting policies and methods of computation as in the issuer's most recently audited annual financial statements have been applied

Except as disclosed in paragraph 5 below, the Group has applied the same accounting policies and methods of computation in the preparation of the financial statements for the current reporting period compared with the audited financial statements for the year ended 31 December 2017.

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

The Group has adopted Singapore Financial Reporting Standards (International) (SFRS(I)) on 1 January 2018. In adopting SFRS(I), the Group is required to apply all of the specific transition requirements in SFRS(I) 1 *First-time Adoption of Singapore Financial Reporting Standards (International)* . The Group will also concurrently apply new major SFRS(I) 15 *Revenue from Contracts with Customers* .

The Group has also concurrently applied the following SFRS(I)s, interpretations of SFRS(I) and requirements of SFRS(I)s (collectively “new accounting standards”) which are mandatorily effective from 1 January 2018.

(a) Application of SFRS(I) 1 *First-time Adoption of Singapore Financial Reporting Standards (International)*

The Group has elected the optional exemption in SFRS(I) to deem cumulative translation differences for foreign operations to be zero on 1 January 2017 and reclassified $23,257,000 of foreign currency translation reserve to the opening retained earnings as at 1 January 2017.

(b) Adoption of SFRS(I) 15 *Revenue from Contracts with Customers*

In accordance with the requirements of SFRS(I) 1, the Group has adopted the SFRS(I) 15 retrospectively.

<u>Construction contracts</u>

Before 1 January 2018, the Group recognised construction contract revenue by reference to the stage of completion of the contract activity at the end of each reporting period (the percentage of completion method), when the outcome of a construction contract can be estimated reliably. The stage of completion is measured by reference to the surveys of work performed. With the adoption of SFRS(I) 15, the Group continues to recognise construction contract revenue over time by measuring the progress towards complete satisfaction of performance obligations. Under the new standard, the methods of measuring progress include output methods or input methods. The Group has determined that the cost-based input method reflects the over-time transfer of control to customers.

<u>Development properties</u>

Before 1 January 2018, the Group recognised revenue from the sale of development properties under construction using the percentage of completion method for contracts where the legal terms were such that the construction represented the continuous transfer of work in progress to the purchaser, otherwise, the completed contract method was used. Under SFRS(I) 15, for most of its residential and mixed use developments, performance obligations for the sale of development properties are satisfied over time where the Group is restricted contractually from directing the properties for another use as they are being developed and has an enforceable right to payment for performance completed to date.

Before 1 January 2018, the Group recognised finance costs incurred on development properties on a percentage of completion method multiplied by the individual project’s percentage of sales. Under SFRS(I) 15, these costs will be recognised using the percentage of sales method, resulting in a distortion in the recognition of such costs.

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 (Cont'd)

Sales commissions paid to sales or marketing agents on the sale of real estate units

Before 1 January 2018, the Group paid commissions to property agents on the sale of property and recognised such commissions as expense when incurred. Under FRS 115, the Group capitalised such commissions as incremental costs to obtain a contract with a customer if these costs are recoverable. These costs are amortised to profit or loss as the Group recognises the related revenue.

The following reconciliations summarise the impacts on initial application of SFRS(I) 1 and SFRS(I) 15 on the Group's financial statements.

	9 months ended 30 September 2017		
Consolidated Income Statement	**As previously reported $'000**	**Effects $'000**	**Restated $'000**
Revenue			
- Property developments	377,726	-	377,726
- Construction	192,689	(10,049)	182,640
- Hospitality	24,895	-	24,895
- Property investments & others	8,275	-	8,275
	603,585	(10,049)	593,536
Cost of sales	(503,205)	(222)	(503,427)
Gross profit	100,380	(10,271)	90,109
Other income	24,252	-	24,252
Marketing and distribution	(12,804)	7,618	(5,186)
Administrative expenses	(48,581)	1,211	(47,370)
Finance cost	(19,481)	-	(19,481)
Share of results of associates	192	-	192
Profit before tax	43,958	(1,442)	42,516
Income tax expense	(9,885)	1,346	(8,539)
Profit after tax	34,073	(96)	33,977
Profit attributable to:			
Owners of the Company	20,975	(1,721)	19,254
Non-controlling interests	13,098	1,625	14,723
	34,073	(96)	33,977
Earnings per ordinary share (cents)			
- basic	3.38	(0.28)	3.10
- diluted	3.33	(0.27)	3.06

Balance Sheet as at 1 January 2017 and 31 December 2017

	As at 1 January 2017			As at 31 December 2017		
	As previously reported $'000	**Effects $'000**	**Restated $'000**	**As previously reported $'000**	**Effects $'000**	**Restated $'000**
Assets						
Property, plant and equipment	219,604	151	219,755	324,054	557	324,611
Deferred tax assets	2,995	-	2,995	5,289	1,231	6,520
Gross amount due from customers for contract work-in-progress	9,677	(9,677)	-	13,467	(13,467)	-
Development properties	1,127,718	2,532	1,130,250	1,688,660	5,712	1,694,372
Inventories	48	1,633	1,681	761	935	1,696
Trade and other receivables	81,329	13,192	94,521	172,259	9,852	182,111
Others	790,868	-	790,868	523,368	-	523,368
Total assets	2,232,239		2,240,070	2,727,858		2,732,678
Liabilities						
Gross amount due to customers for contract work-in-progress	11,100	(11,100)	-	33,910	(33,910)	-
Trade and other payables	193,086	7,057	200,143	271,183	21,090	292,273
Other liabilities	42,190	1,606	43,796	48,599	4,765	53,364
Income tax payable	28,358	472	28,830	12,811	424	13,235
Deferred tax liabilities	9,974	(1,962)	8,012	19,963	224	20,187
Others	1,170,918	-	1,170,918	1,532,810	-	1,532,810
Total liabilities	1,455,626		1,451,699	1,919,276		1,911,869
Equity						
Retained earnings	733,696	(7,659)	726,037	744,361	(11,654)	732,707
Currency translation reserve	(23,257)	23,257	-	(22,749)	23,257	508
Others	55,435	-	55,435	52,613	-	52,613
Non-controlling interest	10,739	(3,840)	6,899	34,357	624	34,981
	776,613		788,371	808,582		820,809

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 2018	3Q 2017 (Restated)	9M 2018	9M 2017 (Restated)
Earnings per ordinary share for the period :-				
(i) Based on weighted average number of ordinary shares in issue (in cents)	2.29	2.12	5.05	3.10
(ii) On a fully diluted basis (in cents)	2.26	2.09	4.95	3.06

Notes:

(i) The computation of basic earnings per share was based on the weighted average of 622,109,951 ordinary shares (30 September 2017 : 621,014,061 ordinary shares).

(ii) The computation of fully diluted basic earnings per share was based on the adjusted weighted average of 635,738,201 ordinary shares (30 September 2017 : 629,372,611 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 2018	31 Dec 2017 (Restated)	30 Sep 2018	31 Dec 2017
Net asset value per ordinary share (in cents) based on issued share capital as at the end of the period reported on	125.72	126.54	15.97	18.83

The computation of net asset value per ordinary share was based on 626,014,061 ordinary shares (excluding treasury shares of 41,501,100) (31 December 2017 : 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 : 3Q2018 vs 3Q2017

Overall

Group revenue increased 50.1% from $213.3 million to $320.1 million, mainly driven by robust contribution from the Property Developments and Hospitality divisions although revenue from Construction Division was lower. Gross profit rose 40.3% to $46.7 million, partially offset by an impairment loss of $7.5 million with respect to a construction project. Profit before tax came lower by 33.3% due to absence of gain from divestment of 420 St Kilda Road in Melbourne, Australia in 3Q2017.

Property Developments

Revenue climbed 76.5% from $145.8 million in 3Q2017 to $257.3 million in 3Q2018 due to the progressive recognition of High Park Residences, Grandeur Park Residences and Park Colonial, as well as sale of property at 150 Queen Street, Melbourne, Australia.

Construction

Revenue decreased by 22.6% from $54.6 million in 3Q2017 to $42.2 million in 3Q2018. This was largely attributable to lower revenue recognised from Tampines N6C1A/1B and Woodlands N1C26 & N1C27, as they were reaching completion. The decrease was partially offset by revenue recognised from the two Bidadari projects which were in their active stage of construction.

Hospitality

Revenue from the Hospitality division increased 74.4% from $10.4 million in 3Q2017 to $18.2 million in 3Q2018, due to contribution from the Group's island resort in Maldives, Grand Park Kodhipparu Resort. Overall topline was also boosted by contribution from two newly acquired hotels in Australia, The Sebel Mandurah and Mercure & Ibis Styles Grosvenor Hotel.

Property Investments & Others

Revenue from the division fell 23.7% from $2.5 million to $1.9 million over 3Q2017 to 3Q2018. This was mainly attributed to the absence of rental contribution from 420 St Kilda Road in Melbourne, Australia which was divested in August 2017.

Nine-months results : 9M2018 vs 9M2017

Overall

The Group posted a 30.1% increase in revenue to $772.2 million. This was mainly due to improved performance from the Property Developments and Hospitality divisions. Gross profit increased by 58.7% to $143.0 million due to better margins from Property Developments division. As a result, profit before tax increased by 37.5% to $58.4 million.

Tax-wise, the Group recorded a higher effective tax rate compared to that of previous year. This was due to the higher tax rate arising from profits recognised from handover of Williamsons Estate in Doncaster, Melbourne.

Property Developments

Contributions rose 54.4% from $377.7 million to $583.1 million over 9M2017 to 9M2018. This was mainly attributed to progressive revenue recognition from High Park Residences, Grandeur Park Residences and Park Colonial, along with progressive handover of townhouses of Williamsons Estate in Doncaster, Melbourne and sales of property at 150 Queen Street, Melbourne, Australia.

Construction

Revenue decreased by 28.1% to $131.4 million from $182.6 million. This was due to lower contributions from Woodlands N1C26 & N1C27 and Tampines N6C1A/1B. The decrease was partially offset by revenue contribution from Bidadari C6 & C7 and Bidadari C8 & C9.

Hospitality

Contributions from the Hospitality division soared 107.5% to $51.7 million from $24.9 million a year ago, boosted by higher occupancy rates at Park Hotel Alexandra and contributions from the Group's latest hospitality assets, The Sebel Mandurah in Western Australia, Mercure & Ibis Styles Grosvenor Hotel in Adelaide, South Australia and Grand Park Kodhipparu Resort in Maldives.

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 the Property Investment Division fell by 32.3% from $8.3 million to $5.6 million, due to the divestment of 420 St Kilda Road in Melbourne, Australia, in August 2017.

Group Statement of Financial Position Review

The Group's net current assets grew by $0.2 billion to $2.1 billion during the period in review. This was due largely to the development expenditures on Park Colonial and acquisition of Changi Garden. Non-current liabilities increased from $1.8 billion to $2.0 billion as a result of additional borrowings obtained for development projects.

Total equity increased from $820.8 million to $836.8 million, after taking into account a net profit of $44.6 million recorded in 9M2018 and dividend payments of $24.8 million. As a result of increased borrowings, the Group's net-debt-to-equity ratio increased to 1.79 as at 30 September 2018 from 1.55 as at 31 December 2017.

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

No prospect statements for 3Q2018 were previously provided.

10 A commentary at the date of the announcement of the significant trends and competitive conditions of the industry in which the group operates and any known factors or events that may affect the group in the next reporting period and the next 12 months

Property Developments

Singapore

Private residential prices in Singapore steadied in 3Q2018 in the wake of the recent property cooling measures which kicked in from July 2018. These property cooling measures and the recently announced URA guideline affecting the supply of small units are expected to weigh on the property market.

More units at Park Colonial have been sold since the Group's 2Q2018 results announcement, and the total sale-to-date has climbed to 65.1%. As for our other projects, Grandeur Park Residences is 96.7% sold whilst preparation for the sale launch of the Changi Garden project is on track for its debut in 1H2019.

Australia

With the tightened credit conditions, the Melbourne real estate market is experiencing a soft landing. The Group sold 4.1% of the first phase of Fifteen85 (a South Melbourne project) which was launched in June 2018. Apart from Fifteen85, the Group has 20 apartments available for sale from the Williamson Estate project.

Construction

The Group did not secure any significant construction project in 3Q2018. As a result, with more works done and billed, the Group's total construction order book declined further from $479.9 million a quarter ago to $440.7 million at the end of 3Q2018.

Hospitality

The Group expects revenue from hospitality to improve further from the previous quarter due to the holiday seasons.

Property Investments

The occupancy rates of our investment properties in Singapore, Australia and New Zealand are expected to remain stable.

Education

The Group will open its first Repton Schoolhouse in January 2019.

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 2018.

13 If the Group has obtained a general mandate from shareholders for IPTs, the aggregate value of such transactions as required under Rule 920(1)(a)(ii). If no IPT mandate has been obtained, a statement to that effect.

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

14 Confirmation

We, Chia Lee Meng Raymond and Tan Tee How, being two Directors of CHIP ENG SENG CORPORATION LTD (the "Company"), do hereby confirm on behalf of the Directors of the Company that, to the best of our knowledge, nothing has come to the attention of the Board of Directors of the Company which may render the unaudited interim financial statements of the Company and of the Group for the third quarter ended 30 September 2018 to be false or misleading in any material aspect.

On behalf of the Board of Directors,

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

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

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

BY ORDER OF THE BOARD

Chia Lee Meng Raymond
Executive Director and Group Chief Executive Officer
2 November 2018