ANNUAL REPORT 2015

Growing Our Presence

展望未来，开拓版图

集永成机构有限公司

CHIP ENG SENG CORPORATION LTD

Contents

Corporate Profile

Chip Eng Seng Corporation Ltd ("Chip Eng Seng" or the "Group") is one of the leading property developments and construction groups in Singapore. Listed on the Mainboard of the Singapore Exchange Securities Trading Limited ("SGXST") since 1999, the Group's core businesses are primarily in the areas of property developments, property investments, construction and hospitality. The Group also has a presence in Australia and Malaysia.

Founded by Executive Chairman, Mr Lim Tiam Seng, Chip Eng Seng started as a subcontractor firm for conventional landed properties back in the 1960s. However, the Group soon made its mark by making a successful foray into the public housing market in 1982 after being appointed as the main contractor in its first Housing and Development Board ("HDB") project. Refusing to rest on its laurels, the Group continued to dedicate efforts to build up its brand and reputation, resulting in the industry recognition it has today. It is also with this strong track record that Chip Eng Seng was awarded Singapore's most coveted and iconic public housing project – the Pinnacle@Duxton.

With more capital and talent at hand post-listing, the Group soon ventured into the development of private residential projects, which included landed homes, condominiums as well as executive condominiums. Since the mid 2000s, the Group started engaging in mass market property developments following the acquisition of several land parcels.

In 2015, the Group relocated its head office to the newly re-furbished CES Centre at Chin Swee Road and opened its maiden hotel at Alexandra Road – Park Hotel Alexandra.

Strategising Greater Diversity

Park Hotel Alexandra - Crystal Club Room

Net Asset Value Per Share
(cents)

120.50

Harnessing our position as a leading industry player, we plan to build on the strength of Chip Eng Seng's property portfolio by strategically growing our presence in new key markets when the right opportunity arises. We are actively developing new ways of creating synergies amongst our business segments, whilst exploring strategic partnerships to boost the Group's competitiveness in the region and bolster all aspects of our operations.

Innovating
New Solutions

Jurong West N6C31 - Roofdeck

Earnings Per Share

(cents)

10.11

Jurong West N6C31

Keeping pace with industry changes, we take pride in building on our capabilities by developing novel solutions in our operations that boost our cost and operating efficiencies, to remain at the forefront of competition.

Capturing
New Markets

Willow Apartments

Revenue
($' million)

$676.5

Tapping into new territories enables us to create new avenues of vibrant, long-term growth across all business segments alike. These new markets allow us to generate additional sources of revenue, growing the presence of our related businesses in the region, while bolstering the position of Chip Eng Seng in existing markets.

Enhancing
Our Resilence

Junction Nine & Nine Residences

Profit After Tax

($' million)

$57.2

As we lay foundations for the future, we take stock of our performance each year and look to build on our strengths and learn from our experiences to strengthen our operations and employee knowledge.

We have in place stringent frameworks and processes to ensure smooth and uninterrupted operations throughout our various business divisions. Periodic reviews are carried out to ensure that all practices maintain the highest levels of safety, security and efficiency, and that all guidelines and regulations are adhered to, fostering business fundamentals that can weather through both good and challenging times.

Chairman's Message

We remain firmly committed to our goals and will continue to invest in quality assets at opportune times that will deliver healthy and sustainable returns for our shareholders and stakeholders. In addition, we will continue to grow our presence to make Chip Eng Seng a brand that is associated with quality homes, steady buildings and astute investments.

Dear Shareholders,

2015 was a significant year for Chip Eng Seng with the opening of its maiden hotel and launch of the year's largest private residential development.

Standing tall in the Alexandra precinct, Park Hotel Alexandra opened its doors to business in May 2015, reinforcing our presence in Singapore. Subsequently, in July 2015, we rolled out 2015's largest residential project, High Park Residences, which boasts a total of 1,399 units. With its attractive pricing, easy accessibility, proximity to amenities and extensive facilities, High Park Residences also stood out as one of the best-selling new homes in 2015.

As a result, Chip Eng Seng continued to deliver a resilient and healthy set of financial results despite a year that was marked by market headwinds. The Group achieved $676.5 million of total revenue and a net profit of $57.2 million for the year ended 31 December 2015, and remains well-positioned to take on new opportunities and challenges amid an increasingly dynamic landscape.

Adapting to the challenges facing Singapore's property and construction landscape, the Group also intends to continue its differentiation efforts to stay ahead of competition, while better poising itself in the event of an industry revival.

In the year to come, we will continue to prudently explore attractive windows of opportunity to grow our land bank and property portfolio, as well as recurring income streams, to foster greater value and more resilient returns for our shareholders as they journey with us.

Dividends

On the back of a steady set of financials, I am pleased to announce that the Board has proposed a first and final dividend of 4 cents per share (tax exempt one-tier) for FY2015 – the sixth consecutive year we have delivered a dividend of at least 4 cents.

Stable Earnings From Core Businesses

Property Developments

The Property Developments Division registered a decrease in revenue to $347.5 million in FY2015 from $765.6 million in the preceding year. The decline was mainly due to the absence of completed projects during the year in review. In particular, FY2015 mainly saw progressive revenue recognition from development projects, Nine Residences & Junction Nine in Yishun. Back in FY2014, the Group enjoyed higher revenue recognition following the completion of projects such as 100 Pasir Panjang, Belvia, and Alexandra Central.

In terms of units sold, the Group transacted a total of 1,444 residential units and 8 industrial units in 2015. The majority of which stemmed mainly from the launch of Singapore-based condominium project, High Park Residences, which has seen more than 95% of its units sold-to-date.

Construction

On the construction front, the division continued to engage in a healthy pipeline of projects during the year. However, with fewer projects in their active stage of construction, coupled with a smaller number of projects completed in FY2015 as compared to the preceding period, revenue fell 8.5% year-on-year to $305.8 million, as compared to $334.2 million in FY2014.

The Group also remained active in HDB project tenders, and was awarded a $258 million contract for construction works at Tampines Neighbourhood 6 Contract 1A/1B in March 2015, bringing the Group's outstanding net order book to $570.1 million at the close of FY2015.

Property Investments

Under Property Investments, the Group currently has a portfolio of six investment properties, comprising Chip Eng Seng's headquarters, CES Centre at Chin Swee Road, three sets of shop houses located along Tanjong Pagar Road and Geylang Road, a six-storey light industrial building at Ubi Crescent, as well as a 12-storey office building at St Kilda Road in Melbourne, Australia. These properties form the backbone of the Group's recurring revenue streams.

Hospitality

The newly-formed division comprising the Group's maiden hospitality project, Park Hotel Alexandra, recorded revenue of $14.1 million since its official opening in May to 31 December 2015, with the majority of sales derived from room sales. We expect the hotel's profitability to improve as the hotel strives to get its occupancy closer to that of industry level.

The Year Ahead

Property Developments

The overall property landscape in Singapore is likely to remain soft in 2016 following the recent rise of interest rates, economic slowdown, and a lack of indication from the Government with regards to the easing of cooling measures.

With the recent receipts of Temporary Occupation Permit ("TOP") for Fulcrum and Junction Nine & Nine Residences, the Group currently has two on-going development projects under construction – High Park Residences in Singapore and Williamson Estate in Melbourne. The Group also successfully won a tender pertaining to a residential site at New Upper Changi Road/Bedok South Avenue 3 in February 2016. This new project is expected to contribute to the Group's revenue from 2017. In addition, the recent acquisition of two development sites in Melbourne, Australia will serve to broaden Chip Eng Seng's revenue streams from overseas property developments in the years to come.

As at 31 December 2015, High Park Residences has seen a strong take-up rate, whereas for Fulcrum, we plan to relaunch the project in the coming months.

Construction

While there has been indication from the Government that more HDB flats would be offered in 2016, the number

Chairmans Message

of housing projects up for tender is expected to decline due to increasing scale of projects. As such, we expect to face more intense competition in the coming year. Nevertheless, we expect to remain active in the tendering for new HDB projects going forward.

Property Investments

The Group will continue to keep an active look out for suitable commercial assets with attractive yields to grow its investments portfolio with, while staying aligned with the primary goal to generate stronger recurring income flows to increase the resilience and sustainability of Chip Eng Seng's earnings base.

Hospitality

Operated by one of Asia's most established hospitality brands, Park Hotel Group, Park Hotel Alexandra marks the Group's first foray into the hospitality industry.

In the medium term, the Group plans to focus its efforts on building up the fundamentals of its maiden hospitality asset and remains encouraged by the steady growth in overall occupancy rates so far. The Group expects the hotel to improve its performance in 2016.

Succession

In the forthcoming Annual General Meeting ("AGM"), I will not seek re-election as a director of the Company and therefore relinquish my executive chairmanship. However, I am happy to accept the Board's invitation for me to stay on as Honorary Chairman and Adviser and I hope I can continue to contribute to the success of Chip Eng Seng in a different way.

Since founding the Company some 40 years ago, I have devoted my entire work life towards building Chip Eng Seng into the strong and sustainable organisation it has become. Today, I am very relieved and proud that Chip Eng Seng has overcome numerous obstacles in its journey to emerge as one of the leading property and construction companies in Singapore. While my commitment and passion for Chip Eng Seng remain, the time has come for me to initiate and pave the way for the Group's succession planning process and Board renewal.

I am pleased to announce that Mr Raymond Chia, who has a sterling track record during his stint with Chip Eng Seng, has agreed to take over the helm from me. Mr Chia spearheaded the transformation of Chip Eng Seng since listing into a larger player in the property development arena. With his foresight and business acumen, I believe Mr Chia is the right leader to mobilise Chip Eng Seng to take on the challenges in today's rapidly changing business environment and take the Group to greater heights.

Acknowledgements

Mr Goh Chee Wee, who has served with distinction since listing, will not seek re-election as a director of the Company in the upcoming AGM. The Board and management thank him for his guidance and contributions and wish him well in all his endeavours.

Committed To Deliver Sustainable Value

We remain firmly committed to our goals and will continue to invest in quality assets at opportune times that will deliver healthy and sustainable returns for our shareholders and stakeholders. In addition, we will continue to grow our presence to make Chip Eng Seng a brand that is associated with quality homes, steady buildings and astute investments.

On that note, we wish to express our deep appreciation to all our shareholders, business partners, customers, and employees for their continued faith and support in us. Under the new leadership, we are confident that Chip Eng Seng will continue to grow in strength and deliver good results in the years to come.

Thank you.

Mr Lim Tiam Seng BBM
Executive Chairman
18 March 2016

我们仍然坚定地致力于朝着目标努力，将继续在合适的时机投资高质量的资产，为我们的股东和利益相关方提供良好和可持续的回报。此外，我们将继续扩展业务，把集永成打造成能代表优质住家、稳固建筑和精明投资的品牌。

Fulcrum - Roofdeck

主席献词

各位股东，

2015年对于集永成来说意义重大：集团的第一间酒店开业和该年最大规模的私宅项目推出市场。

坐落在亚历山大路的Park Hotel Alexandra于2015年5月开业，加强了我们在新加坡的业务。同年7月，我们推出了2015年最大规模的私宅项目一峰景苑（High Park Residences），这个项目共有1399个单位。峰景苑以优惠的价格，交通的便利，以及小区内的各种设施及配套，脱颖而出成为2015年销售最出色的新项目之一。

去年尽管面对市场的不利因素，集永成依然交出了稳健和良好的业绩。截至2015年12月31日的财政年，集团取得了6亿7650万元的总收入和5720万元的净利，并能够把握新的商机，在日益变换的市场环境中面对新的挑战。

为了应对新加坡房地产和建筑领域的挑战，集团也计划继续努力加强自身的特点，保持竞争优势，同时为行业的复苏做好准备。

在新的一年里，我们将继续谨慎寻求机会，扩大我们的土地储备和房地产组合、以及经常性收入来源，为股东争取更高的价值和收益的回报。

股息

在稳定的业绩基础上，我很高兴地宣布，董事会建议2015财政年派发每股4分的首次及终期股息（一次性免税），这是我们连续第六年支付至少每股4分的股息。

稳定核心业务盈利

房地产开发

2015财年房地产开发收入比前一财年的7亿零6560万元，减少至3亿4750万元。收入下滑主要是因为这一年较少竣工的项目。2015财年营收主要来自开发项目的渐进入账，包括义顺的Nine Residences和Junction Nine。2014财年，集团因为完成100 Pasir Panjang、Belvia和Alexandra Central项目，确认了更高的营收。

主席献词

多年来，集永成从一家建筑公司成长为一家房地产开发及房地产投资的公司。为了应对行业竞争日益激烈的挑战，集团将继续寻求机会，探索未来、并为公司和股东带来更好的回报。

2015年，集团共卖出了1444个住宅单位和8个轻工业厂房单位。其中大部分来自新推出的项目峰景苑，该项目到目前为止已售出了超过95%的单位。

建筑

这一年集团的建筑业务项目发展保持良好。然而，处于活跃建筑阶段的项目较少，营收同比减少8.5%至3亿零580万元，2014财年的营收为3亿3420万元。

过去一年里，集团仍然积极参与政府组屋项目投标，于2015年3月获得了一项2亿5800万元的合约，为淡滨尼组屋第6区合约1A/1B提供建筑承包工作，这使得集团截至2015财年底的净订单额达到5亿7010万元。

房地产投资

集团的房地产投资业务目前拥有6个资产，包括位于振瑞路的公司总部集永成中心、坐落在丹戎巴葛路和芽笼路的三套店屋、位于乌美湾（Ubi Crescent）的六层楼高轻工业建筑、以及澳大利亚墨尔本位于St Kilda Road 420号的办公楼大厦。这些房地产是集团经常性收入来源的基础。

酒店

这个新的业务单位包括了集团的首个酒店项目 — Park Hotel Alexandra，自2015年5月开业至12月31日，已取得了1410万元的营收，多数营收来自客房销售。我们预计，随着酒店的入住率稳定增长，酒店的盈利将取得正面回报。

未来一年

房地产开发

由于最近利率上升，经济放缓，加上政府针对是否放宽降温措施并无清晰的指示，2016年新加坡的整体房地产市场环境预计保持疲软。

集团最近获得了Fulcrum、Junction Nine和Nine Residences的临时入伙证，目前有两个正在建造中的开发项目 — 新加坡的峰景苑和墨尔本的Williamson Estate。在2016年2月，集团成功标得坐落于新樟宜路上段和勿洛南第三巷交叉的一块住宅地。这个新项目将从2017起为集团提供收益。

截至2015年12月31日，峰景苑的申购率出色。至于 Fulcrum，我们计划在接下来几个月重新推出这个项目。

建筑业

虽然政府表示将在2016年推出更多新组屋单位，但是招标项目的规模阔大，减少招标次数，加剧了竞争。虽然如此，我们预计会继续参与竞标政府新组屋项目。

Park Hotel Alexandra - Infinity Pool

Bukit Panjang N4C15 - Fitness Corner & Playground

房地产投资

我们将继续积极寻求收益率吸引人的合适商业资产，扩展我们的投资组合，同时也争取更高的经常性收入，以增强集团盈利的弹性和可持续性。

酒店

Park Hotel Alexandra由亚洲知名酒店品牌Park Hotel集团经营，标志着集团首次进军酒店行业。

在中期范围内，集团计划集中精力加强首个酒店资产的基本面，到目前为止整体入住率的稳定增长让人感到鼓舞。集团预计酒店2016年的表现会取得进步。

继任接班

在本届的股东大会上，我不会寻求连任公司董事和执行主席。不过我非常高兴地接受董事会邀请我担任荣誉主席和顾问，我希望能以不同的方式，继续为集永成的成功做出贡献。

公司自40年前创立以来，我致力于把集永成打造成如今强劲和可持续的机构。现在，我感到非常欣慰和自豪，我们克服了旅程上的重重困难，成为新加坡领先的房地产和建筑公司之一。虽然我对集永成的承诺和热忱不变，我亦意识到是时候为集团进行继承和董事更新规划。

我非常高兴地宣布，在集永成具有杰出表现的总裁谢礼铭先生已同意接替我担任执行主席，继续领导公司。自公司上市后，谢先生率领集团成功转型，成为房地产开发领域更大规模的业者。凭着他的远见和敏锐，我有信心谢先生能带领集永成应对当今瞬息万变的商业环境的挑战，使公司能更上一层楼。

致谢

吴志伟先生将不会在这次的股东大会上寻求连任公司独立董事，他自公司上市以来兢兢业业地尽责。董事会和管理层感谢他给予的指导和贡献，并祝愿他一切顺利。

致力于提供可持续价值

我们仍然坚定地致力于朝着目标努力，将继续在合适的时机投资高质量的资产，为我们的股东和利益相关方提供良好和可持续的回报。此外，我们将继续扩展业务，把集永成打造成能代表优质住家、稳固建筑和精明投资的品牌。

最后，我代表集团衷心的感谢全体股东、商业伙伴、客户和员工们过去对公司的信心和支持。在新领导层的带领下，集永成的业务会继续发展强大为集团争取更好的业绩。

谢谢。

林镇成 BBM
执行主席
2016年3月18日

Our Business

Construction

- Fabrication of Precast Components
- Main Contracting

Property Developments

- Residential
- Commercial and Industrial

We intend to continue pursuing opportunities that are complementary to our core businesses, offering greater shareholders' value while fostering a stronger company backed by quality and sustainable earnings.

Chip Eng Seng's construction activities are carried out by its wholly-owned subsidiaries, Chip Eng Seng Contractors (1988) Pte Ltd ("CESC") and CES Engineering & Construction Pte Ltd ("CESE"). CESC mainly engages in public housing projects whereas CESE undertakes construction activities pertaining to condominiums, executive condominiums as well as industrial and commercial projects.

To meet the growing demand for precast components in Singapore, Chip Eng Seng also expanded its offerings by setting up a precast concrete contracting arm, CES-Precast Pte Ltd ("CESP"), in 2006.

In light of their strong track records, both CESC and CESE garnered A1 classifications as a general building and civil engineering contractor, and general building works respectively. This is the highest classification tier awarded by the Building and Construction Authority ("BCA") that permits a contractor to tender for public sector projects with an unlimited contract value. Similarly, CESP currently holds a L6 classification from the BCA, permitting it to bid for public sector prefabrication contracts of an uncapped value. Separately, CESE was awarded a B2 grading as a civil engineering contractor allowing it to tender for public sector projects valued at up to $14 million.

Since 2000, CEL Development Pte Ltd ("CEL"), the Group's property development and investment arm, has been actively acquiring sites for property development and investment. Spanning across the residential, commercial and industrial segments, CEL's mix of offerings cater to both the mid to high end markets.

As part of a broader strategy, CEL also formed joint ventures with several reputable international funds to develop private condominiums in the mid-2000s. CEL has also since partnered with Singapore developers such as NTUC Choice Homes Cooperative Ltd and Keppel Land Limited on projects which had seen highly successful launches.

Beyond Singapore, CEL has made a series of successful strides in its development projects and investment interests in Australia. Apart from Australia, CEL is also on the lookout for suitable opportunities in the surrounding regions.

In 2014, CEL in partnership with Unique Residence Pte Ltd (jointly-owned by Heeton Holdings Ltd & KSH Holdings Ltd), was awarded two land parcels along Fernvale Road to develop High Park Residences, the Group's largest private condominium project to-date, boosting its domestic property development portfolio. Separately, the Group also acquired a 99-year leasehold residential site at New Upper Changi Road/Bedok South Avenue 3 in February this year. Expected to be developed into a private condominium with 720 residential units, the residential project is expected to be launched in 2017.

Property Investment

Commercial and Industrial

Singapore and Australia are key markets that CEL plans to continue growing its investment property portfolio in. The portfolio currently includes shophouses, commercial as well as industrial properties in prime areas of these countries. Some of CEL's investment properties include a freehold office building located at St Kilda Road, Melbourne, a leasehold light industrial building at Ubi Crescent, as well as a leasehold office building located along Chin Swee Road, Singapore, where its current office is located.

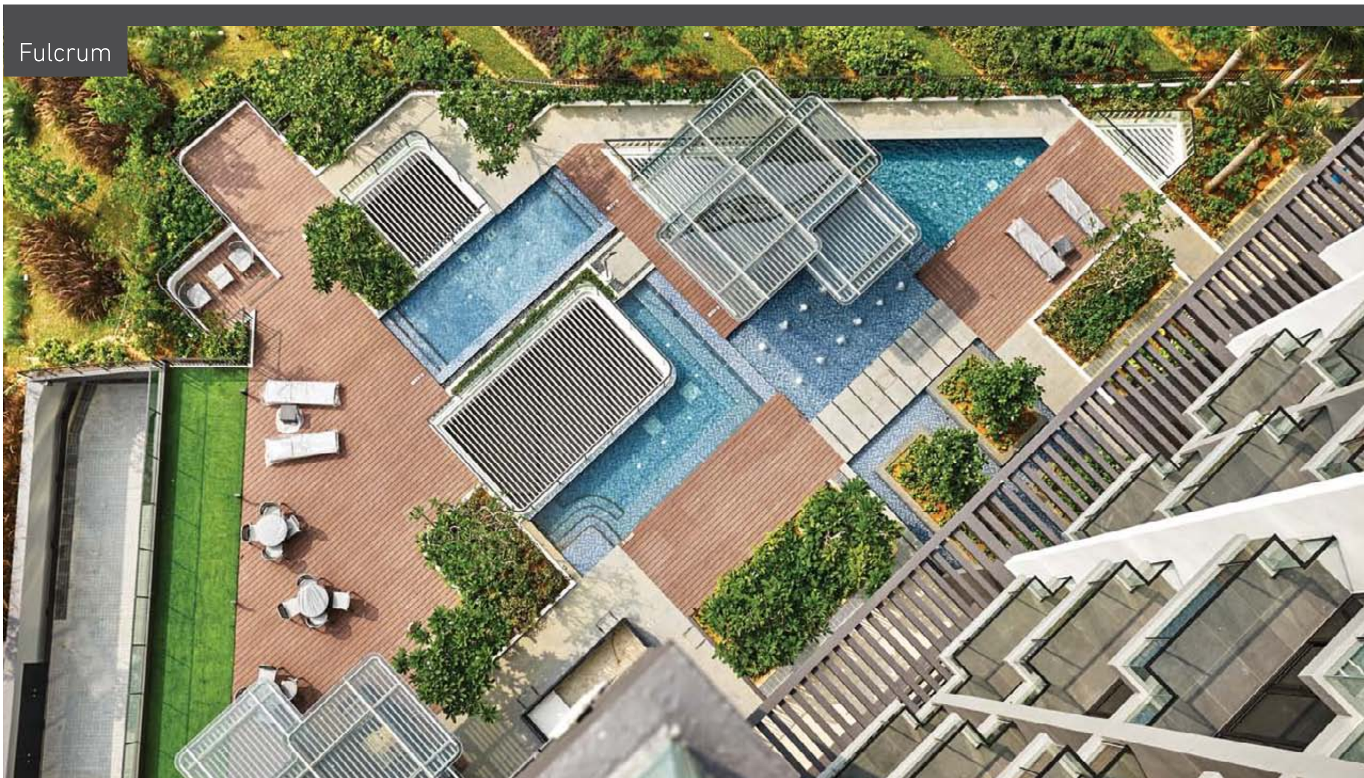
Hospitality

Hotel

2015 marked an eventful year for the Group with the inaugural opening of its maiden hospitality offering, Park Hotel Alexandra, in May 2015. Operated in partnership with established hospitality group, Park Hotel Group, the 4-star hotel featuring 442 rooms fully fitted with an array of modern amenities has since started to contribute to the Group through room and food & beverage sales.

Going forward, the Group intends to further grow its hospitality portfolio by sourcing for attractively valued assets in Singapore and the surrounding region to foster a stronger presence in the hospitality industry.

Fulcrum



Geographical Reach

MALAYSIA

- Fabrication of Precast Components

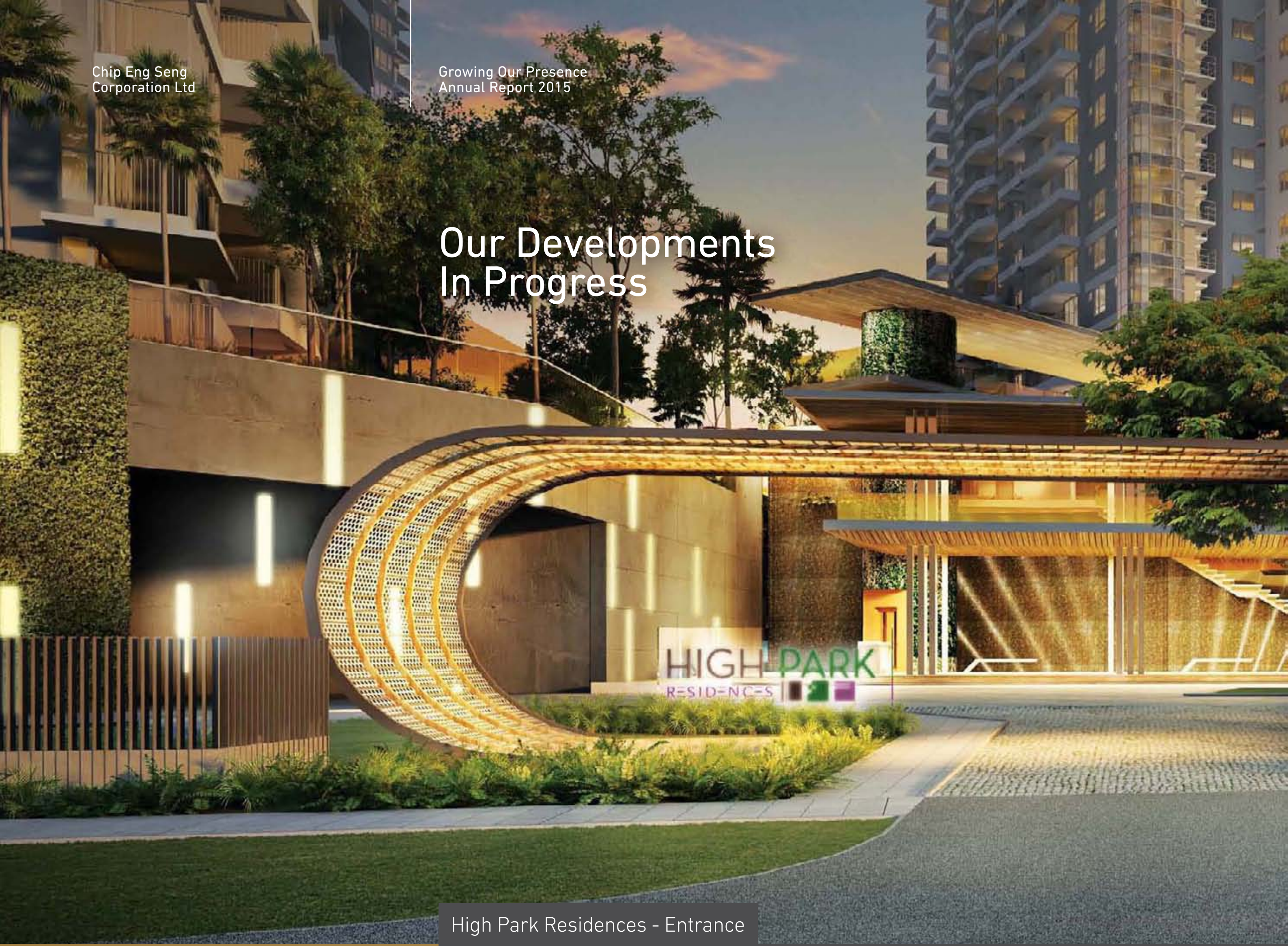
SINGAPORE

- Main Contracting
- Fabrication of Precast Components
- Property Development
- Property Investment
- Hospitality

AUSTRALIA

- Property Development
- Property Investment

Our Developments In Progress



High Park Residences - Entrance

High Park Residence

High Park Residences is a hilltop development set in the Fernvale and Jalan Kayu precincts with picturesque views of the surrounding greenery and the Straits of Johor. The development is also the largest private residential project undertaken by the Group to date, comprising a total of 1,399 units spread across six towers.

Offering a myriad of facilities including an aqua gym, 50 metre lap pool, cycling trail, dining pavilions and boxing ring amongst others, the project also offers a wide choice of unit types. These comprise 1-bedders, 2-bedders, 3-bedders, 4-bedders, 5-bedders, and several units of luxurious strata bungalows and semi-detached houses to cater to a broad range of lifestyle needs.

The development is also strategically located close to major transportation networks, with the Thanggam LRT station at its doorstep, and the integrated Sengkang MRT, LRT and bus interchange just a few stops away. In addition, High Park Residences is also well connected to major expressways such as the CTE and TPE, increasing its accessibility to other parts of Singapore.

For avid shoppers, the development is situated close to Seletar Mall and Compass Point Mall, offering residents easy access to everyday amenities. In addition, the nearby Seletar Aerospace Park and Ang Mo Kio Industrial Park also add to the development's investment potential.

High Park Residences - Amphitheater

Williamsons Estate - Facade

Williamsons Estate

Williamsons Estate is a residential development comprising a mix of apartments and townhouses, nestled in a lush environment amidst the prestigious and established suburb of Doncaster, Melbourne.

With the property lying within the southern reaches of the Yarra River corridor, residents can enjoy a wide range of leisure land and lake activities in the vicinity. The estate is also a short stroll to the Ruffey Lake Park, which features 68 hectares of rolling parkland along with a central lake and waterway.

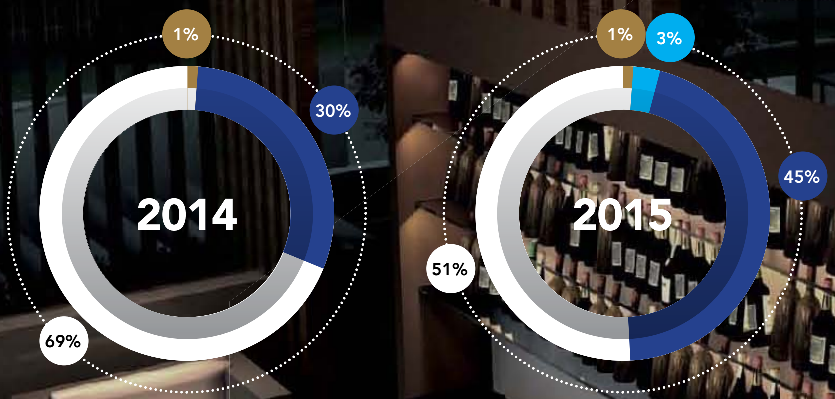
Situated in a mature estate, Williamsons Estate also enjoys established transportation networks, allowing residents quick access to Melbourne's CBD via the Eastern Freeway, along with convenient bus services with dedicated lanes, as well as a park-and-ride facility.

From early learning through to tertiary level, the property is also conveniently located close various schools, colleges and universities, with the local public primary and high schools being listed as some of the state's finest.

For urbanites, Westfield Doncaster, which is just down the road from Williamsons Estate, is home to one of Melbourne's largest shopping malls, featuring top international designer names such as Bally, Max Mara and Carla Zampatti. The property is also located close to Manningham City Square which offers a hive of activity with art galleries, cafés and weekend markets galore.

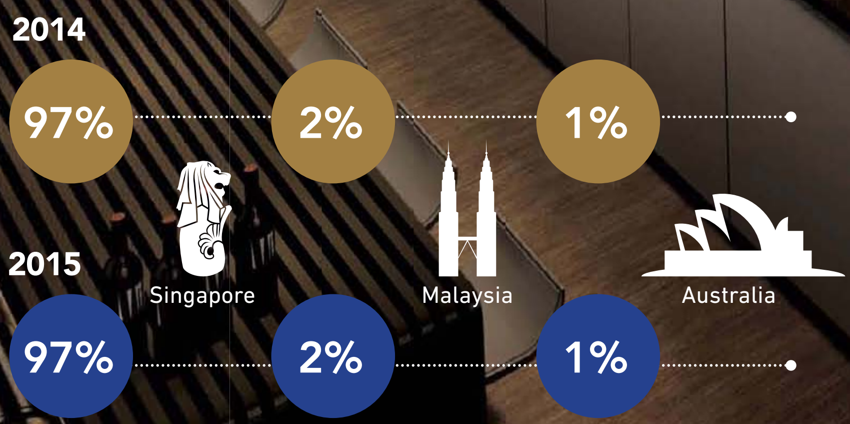
Financial Highlights

Revenue By Business Segment

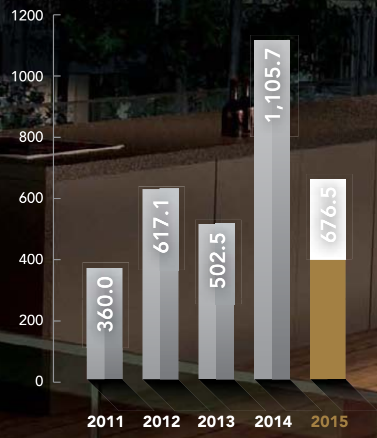


- Property Developments
- Construction
- Hospitality
- Property investments & others

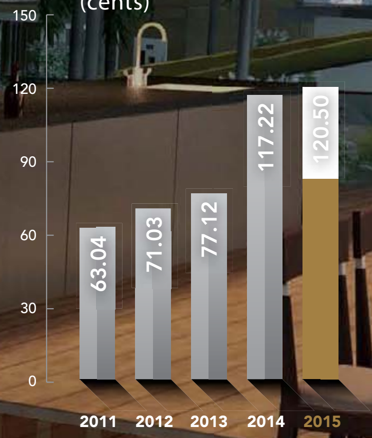
Revenue By Geographical Segment



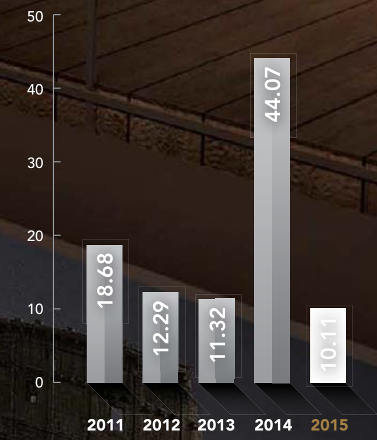
Turnover
($' million)



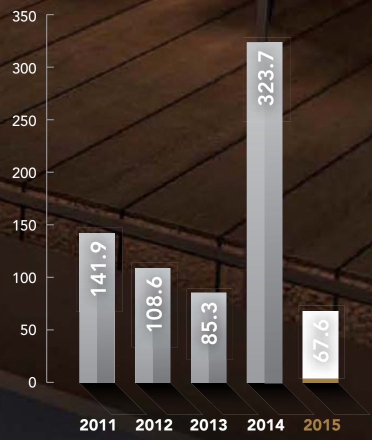
Net Asset Value Per Share
(cents)



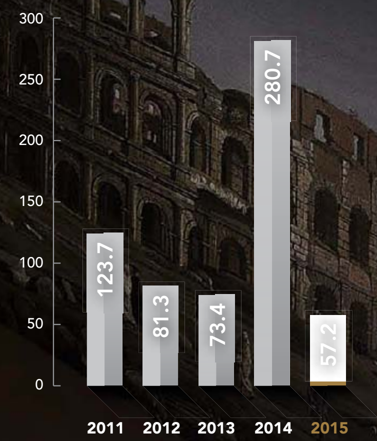
Earnings Per Share
(cents)



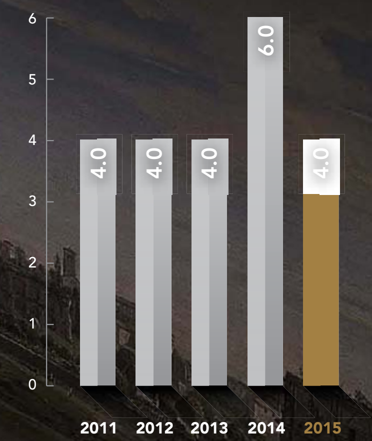
Profit Before Tax
($' million)



Profit After Tax
($' million)



Dividend Per Share
(cents)



Financial Review

Revenue and Profitability

In FY2015, the Group registered a total revenue of $676.5 million, 38.8% lower year-on-year due to decreased contributions from the Property Developments Division as fewer projects were completed as compared to FY2014.

In line with a lower topline, gross profit decreased 51.4% to $161.5 million in FY2015 as compared to $332.5 million in FY2014. Along with higher marketing expenses incurred for new property launches and higher finance costs and operating expenses pertaining to the new Hospitality Division, pre-tax profit declined to $67.6 million during the year, 79.1% lower than the preceding year. As a result, a lower net profit of $57.2 million was recorded in FY2015, as compared to $280.7 million in FY2014.

Segment-wise, revenue from the Property Developments Division declined to $347.5 million from $765.6 million in the preceding year, with the majority of contributions derived from the progressive recognition of Nine Residences & Junction Nine (which obtained TOP in December 2015). Back in FY2014, revenue was mainly contributed by Alexandra Central, 100 Pasir Panjang and Belvia, and was recognised on a completion basis.

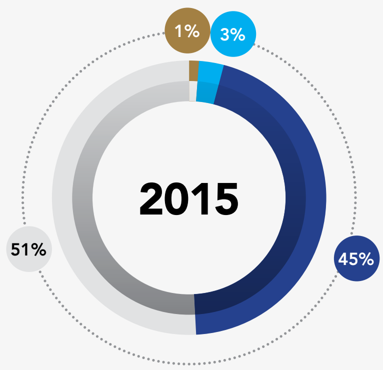
In the Construction Division, revenue came in 8.5% lower at $305.8 million as compared to $334.2 million the year before. The decline was primarily due to fewer key projects completed and a lower number of active projects in FY2015.

The year in review also marked the opening of the Group's maiden hotel, Park Hotel Alexandra, which officially opened its doors to business in May 2015. This brought forth a total revenue of $14.1 million from the newly-formed Hospitality Division.

The Group also commenced the leasing of vacant space at CES Centre in 1Q2015, leading to revenue from the Property Investment Division growing by 54.6% to $9.1 million in FY2015, as compared to $5.9 million in FY2014.

Revenue
($' million)

$676.5



- Property Developments
- Construction
- Hospitality
- Property investments & others

Jurong West N6C31 - Carpark Roofdeck

Operating Expenses

Operating expenses rose 52.2% from $67.0 million to $102.0 million during the year mainly due to an increase in marketing and distribution expense, which was chiefly attributed to new project launches and an increase in finance costs arising from the $150 million Fixed Term Notes issued in October 2015 and loans drawn down for working capital purposes.

Balance Sheet Review

Property, plant and equipment

The increase in property, plant and equipment from $213.5 million to $225.2 million was mainly attributed to the cost of construction of Park Hotel Alexandra, and the purchase of equipment pertaining to the hotel property.

Investment properties

Investment properties declined from $289.0 million to $283.6 million

following the recognition of a fair value loss on the Group's portfolio of properties held for rental income.

Development properties

The decrease in development properties, from $923.6 million in FY2014 to $625.4 million in FY2015, was mainly due to the completion of projects including Nine Residences & Junction Nine and the receipt of progress billings from buyers of High Park Residences. However, the overall decline was partially offset by the development costs incurred for ongoing development projects such as Fulcrum and High Park Residences in Singapore, and Williamsons Estate in Melbourne, Australia.

Trade and other receivables

The increase in trade and other receivables for the Group was mainly due to the progress billings receivables for completed development projects, Nine Residences & Junction Nine, following their receipts of TOP last year.

Cash and cash equivalents

The Group's overall cash position strengthened from $285.0 million to $442.5 million as at 31 December 2015 on the back of payments received from buyers of High Park Residences following its launch last year.

Borrowings

Total borrowings decreased $82.1 million to $858.7 million in FY2015 due to the repayment of bank loans. However, this was partially offset by loans drawn down for property development and working capital purposes.

Income tax payable

As a result of lower current year profit, income tax payable declined 39.5% to $33.0 million.

Other liabilities

Other liabilities related principally to year-end accruals which reduced 32.6% to $38.2 million.

Trade and other payables (non-current)

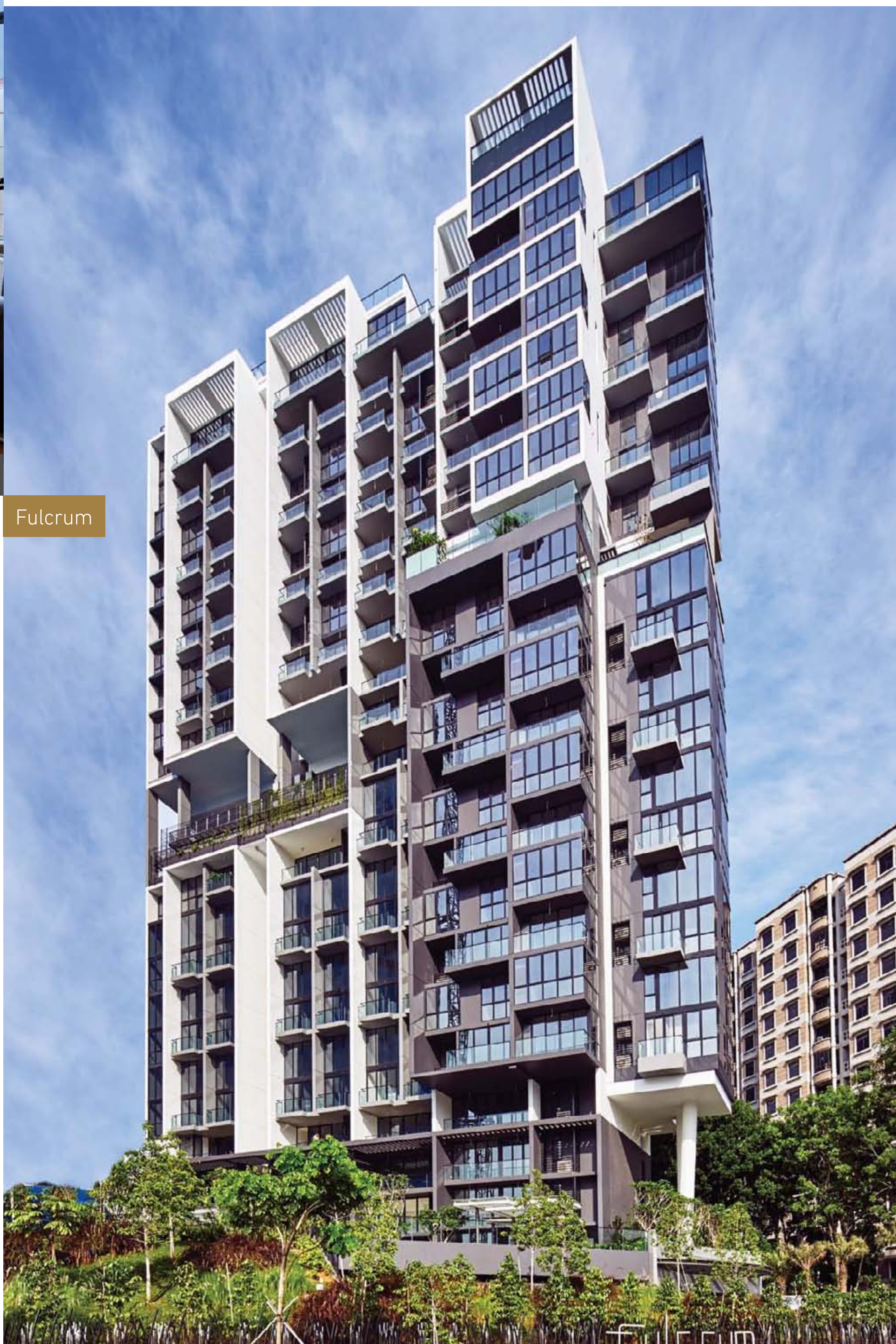
Non-current trade and other payables increased 17.2% to $93.2 million on the back of loans extended to the Group's joint venture project at Fernvale (High Park Residences) by minority shareholders.

Shareholders' equity

Shareholders' equity climbed $6.6 million from $736.4 million to $743.0 million over FY2014 to FY2015. The increase was mainly attributed to profit after tax contribution of $57.2 million. However, this was offset by a dividend payment of $37.4 million, translation loss of $6.5 million, as well as share buybacks amounting to $6.3 million. As a result, net asset value per share rose 2.8% to 120.50 cents from 117.22 cents a year ago.

Operations Review


Park Hotel Alexandra - Gym


Fulcrum

Construction

In 2015, the Group's Construction Division garnered one new HDB contract valued at $258 million, bringing our order book above the half a billion mark once again to $570.1 million at the close of 2015. During the year, the Group's Construction Division completed two HDB projects; namely Yishun N5C2 and Bukit Panjang N4C15 and one private mixed residential and retail project – Junction Nine & Nine Residences. In 1Q2016, two more projects were completed – the HDB project, Jurong West N6C31, and private residential project, Fulcrum. The Group currently has four HDB projects which will see it through to 2018.

Presently, besides public housing projects, the Group's Construction Division also provides construction services to private projects developed and owned by the Group's Property Developments Division. As activity in the Singapore private residential scene is expected to remain muted, the number of private projects undertaken by the Group's Property Developments Division will decline. Nevertheless, the Group's Construction Division intends to continue to focus more on public housing projects in 2016. With a strong order book and a stellar industry track record, the Group is confident that it will continue to deliver good quality housing and build its construction competency amidst these challenging times.

Property Developments

Fewer projects were completed during FY2015 (Junction Nine & Nine Residences) as compared to FY2014 (My Manhattan, 100 Pasir Panjang, Belvia, Alexandra Central and 40% owned Belysa) resulting in lower contributions from the Group's Property Developments Division.

The Group also launched its largest private residential project to date in 2015 (High Park Residences) and has sold more than 95% of the total 1,399 units despite a lacklustre market. With regards to the recently completed residential project, Fulcrum, the Group plans to relaunch the project in 2Q2016 to capitalise on the development's proximity to the upcoming Katong Park MRT station. Apart from these two projects, the Group also recently acquired a residential site at New Upper Changi Road/Bedok South Avenue 3 in February 2016. Preparation works are currently underway to launch this new project in 2017.

In terms of overseas projects, the Group sold 98% of the townhouses launched in the Williamsons Estate, a suburban project located in Doncaster, Melbourne. On the back of strong demand for the townhouses, the apartment units of the same project, known as Willow Apartments, was recently launched in 1Q2016. To further grow its presence in Australia, the Group also added two new sites (Northcote and South Melbourne) to its land bank in Victoria during October 2015 and March 2016 respectively.

Property Investments

The Group owns an office building, CES Centre and holds one industrial building (CES Building) as well as a number of shop houses in Singapore. Although the Group's rental revenue increased to $9.1 million in FY 2015 as compared to $5.9 million in previous year after CES Centre commenced leasing activities in 1Q2015, the Group expects the ongoing supply glut to continue to shadow the domestic commercial rental scene. Thus, the Group plans to adopt a more conservative approach in the expansion of its commercial building portfolio in the interim.

In Australia, the Group owns an office building at 420 St Kilda Road in Melbourne, Australia, and plans to continue growing its footprint there via the acquisition of assets with attractive yields, further bolstering the Group's recurrent income streams.

Hospitality

In 2015, the Group made its first foray into the hospitality industry via the opening of Park Hotel Alexandra. Since its inauguration, the property has raked in promising returns in both room and food & beverage sales, and is expected to improve further in 2016.

At a more macro level, the Group has its eyes set on expanding its hospitality portfolio by sourcing for attractively valued assets in Singapore and the surrounding region, with the aim of fostering a stronger presence in the hospitality scene. The move would also serve to diversify the Group's earnings base, making it less susceptible to cyclical downturns.

Board Of Directors

Helmed by a highly experienced panel of directors with a broad range of commercial and legal experience, we have the ability and finesse to develop and innovate new strategic solutions to remain at the forefront of the industry.

Mr Lim Tiam Seng BBM

Executive Chairman

Mr Lim Tiam Seng is the founder and the Group's Executive Chairman. Over the years, he had played an instrumental role in the Group's journey from a sole proprietorship into one of the leading main contractors and property developers in Singapore today.

He has helmed the Company as the Executive Chairman since its incorporation in October 1998 and possesses more than 40 years of experience in the building and construction industries. He is also responsible for setting up corporate objectives and strategies, in addition to making investment decisions for the Group. Aside from that, Mr Lim is a patron of the Yio Chu Kang Citizens' Consultative Committee and has won several awards for his public service rendered to the nation, comprising The Public Services Stars PBM in 2007 and BBM in 2013.

Mr Lim Tiang Chuan

Executive Deputy Chairman

Mr Lim Tiang Chuan undertook the role of Executive Deputy Chairman in June 2007 and oversees the Group's overall operations and business expansion. Mr Lim has also been a Director of the Company since October 1998. Having joined the Group's Construction Division back in 1982, Mr Lim has a wealth of experiences spanning more than three decades in the building and construction industry and is an integral part of the management team. Mr Lim is a patron of Bukit Gombak Community Centre Management Committee. He is also a board member and the assistant honorary treasurer of Singapore Thong Chai Medical Institution.

Mr Chia Lee Meng, Raymond PBM

Executive Director and Group Chief Executive Officer

Mr Chia Lee Meng Raymond was appointed as the Group Chief Executive Officer in February 2016. Prior to re-joining the Company, he had been actively involved in establishing his own property development business. Mr Chia had an outstanding career with the Company before venturing into his own business. Starting off his career back in 1994 as a project manager, Mr Chia was appointed as a Director of the Company in the year when the Company went public. In July 2006, he became the Managing Director of the property development division and thereafter made the Group Chief Executive Officer in June 2007 and Executive Deputy Chairman in January 2013.

Mr Chia holds a Bachelor's Degree in Economics and Finance from Curtin University and a Master's Degree in Finance from RMIT. He is responsible for the overall Group's operations, strategic planning and investment decisions.

Outside the Group, Mr Chia is the Chairman of Seacare Properties Pte Ltd, a wholly-owned subsidiary of Seacare Co-operative Ltd and a director of Seacare Holdings Private Limited. He is also a patron of Nee Soon South Citizens' Consultative Committee. Mr Chia was also previously awarded The Public Service Stars PBM in 2013 for his public service rendered to the nation.

Mr Hoon Tai Meng

Executive Director

Mr Hoon Tai Meng was appointed as Executive Director and a member of the Nominating Committee in July 2011. He was an Independent Director of the Company from November 1999 to June 2011. Mr Hoon was also previously a Partner with KhattarWong. He holds a Bachelor of Commerce degree in Accountancy from Nanyang University and a LLB (Honours) degree from the University of London. He is a Fellow of Chartered Institute of Management Accountants

Junction Nine & Nine Residences

(UK), a Fellow of the Association of Chartered Certified Accountants (UK), a Chartered Accountant of Singapore, and a Barrister-At-Law (Middle Temple). He also sits on the boards of several other public and private companies. Mr Hoon is responsible for assisting the board in the business operations and corporate matters of the Group. At the Group level, he is responsible for the overall strategic operations and investment decisions.

Ms Dawn Lim Sock Kiang
Executive Director

Ms Dawn Lim Sock Kiang joined the Company's property development arm as a Project Director in October 2009. She was appointed as the Executive Director of the Company in December 2009. Ms Lim holds a Bachelor's Degree in Architecture (Honours) from Deakin University, Melbourne, Australia. Prior to joining the Company, she worked as a Senior Architect in Melbourne, Australia. Currently, Ms Lim is responsible for assisting the Board in the business operations of the Company and the Company's property developments in Australia.

Mr Ang Mong Seng BBM
Lead Independent Director

Mr Ang Mong Seng was appointed as the Group's Lead Independent Director in November 2015 and has been on the Board since March 2003. He chairs the Audit Committee and is a member of the Remuneration and Nominating Committees, with more than 30 years of experience in estate management. A former Member of Parliament for Hong Kah GRC (Bukit Gombak), Mr Ang also serves as an Independent & Non-Executive Director in various other public-listed companies.

Mr Goh Chee Wee
Independent Director

Mr Goh Chee Wee has been the Group's Independent Director since November 1999. He is a member of the Audit Committee. Mr Goh also holds directorships at a number of public listed companies. Mr Goh was formerly a Member of Parliament and the Minister of State for Trade and Industry, Labour and Communications. He holds a first-class honours degree from the University of Singapore and a Master of Science degree from the University of Wisconsin, USA.

Mr Cheng Heng Tan
Independent Director

Mr Cheng Heng Tan has been appointed as an Independent Director in July 2011. He chairs the Nominating Committee and is a member of the Audit and Remuneration Committees. Mr Cheng is a member of the Institute of Singapore Chartered Accountants ("ISCA") and was formerly a senior audit partner in Ernst & Young LLP. In addition, Mr Cheng is the Honorary Treasurer of Singapore Athletics Association and also holds the role of Ethics Director, Asia for Vishay Intertechnology, Inc.

Mr Ung Gim Sei
Independent Director

Mr Ung Gim Sei joined the Board in April 2015 as an Independent Director. He chairs the Remuneration Committee and is a member of the Audit and Nominating Committees. Mr Ung is currently a director of a U.S.-Singapore joint venture law firm, Duane Morris & Selvam LLP, specialising in the practice of Intellectual Property. Mr Ung holds directorships at a number of public listed companies and is also the Vice President of the Singapore-China Friendship Association, the Aw Boon Haw Foundation (PRC), and Tan Kah Kee Foundation where he is also the Legal Advisor. Mr Ung holds a Bachelor of Arts in Economics degree from the National University of Singapore, a Common Professional Examination in Law from the UK, a graduate Diploma in Singapore Law from the National University of Singapore and a Master of Law from the City University of Hong Kong.

Executive Officers

Our executive officers form the core of our business and operations and we recognise how essential they are to the organisation. With a keen feel of the property and construction industries, in addition to the regulations pertaining to them, our officers remain committed towards a common goal – to deliver greater value to our business and our Shareholders in the years ahead.

Mr Law Cheong Yan
Chief Financial Officer

Mr Law joined the Group as Chief Financial Officer in August 2013. In his current role, he leads the Group in a multitude of functions comprising financial and management accounting, taxation, treasury as well as investor relations. Prior to joining Chip Eng Seng, Mr Law spent more than 9 years in China and the US managing the businesses of several Singapore companies' overseas subsidiaries. Mr Law was also the Group's Financial Controller for the period from June 1999 to February 2004 and an auditor with an international accounting firm from September 1995 to June 1999. Mr Law holds a Bachelor of Accountancy (Hons) Degree from Nanyang Technological University. He is also a member of ISCA and CPA Australia.


Bukit Panjang N4C15 - Overview

Mr Chng Chee Beow
Executive Director of
CEL Development Pte Ltd

Mr Chng is the Executive Director of the Group's property developments division and has more than 30 years of experience in the real estate industry. Prior to joining the Group in June 2012, he was the Property Director of Wing Tai Holdings Limited. A registered Architect by profession, Mr Chng has been an Executive Committee member of REDAS for the past 16 years. He was also the Alternate Chairman of the Construction Industry Joint Committee ("CIJC"). Mr Chng is currently a member of the BCA Building and Construction Committee ("BCSC") and Professional Engineer Board Investigation Panel. He is also a member of BCA BIM Steering Committee and appointed as one of International Panel of Experts for BIM. Mr Chng holds a Bachelor of Architecture Degree and a Postgraduate Diploma in Building Science from the National University of Singapore.

Ms Lim Sock Joo
Executive Director of
CEL Development Pte Ltd

Ms Lim is the Executive Director of the Group's property development and hospitality divisions. Her responsibilities include the day-to-day management of the divisions' operations as well as their sales and marketing needs. In 1993, Ms Lim first joined the construction division as an administrative and finance executive responsible for accounting, administration and human resource matters. In June 2006, her role was enlarged to include the sales and marketing of the property development division following her appointment as Director of the division until June 2012. Ms Lim holds a Bachelor Degree in Business (Accounting) from the Curtin University of Technology, Australia.

Mr James Yuen Chew Loong
Executive Director of
CES-Precast Pte Ltd

Mr Yuen joined the Group in July 2012. He is currently the Executive Director of the precast division, responsible for its overall management, marketing and business development. Mr Yuen has over 27 years of experience in design and construction.

Prior to joining Chip Eng Seng, Mr Yuen was a Director and General Manager of a local specialist foundation company. He had also previously worked for the Housing and Development Board and several consultancy and construction companies. Mr Yuen holds degrees in Bachelor of Engineering (Hons) (Civil), Master of Science (Civil Engineering) and Master of Business Administration from the National University of Singapore. He is a registered Professional Engineer with the Professional Engineers Board and an Accredited Adjudicator with the Singapore Mediation Centre ("SMC").

Mr Timothy Pearce
General Manager of
CEL Australia Pty Ltd

Mr Pearce joined the Group in April 2010 as Project Director, before being appointed to the role of General Manager in 2014. His responsibilities include managing property developments and investments in Australia as well as overseeing the CEL Australia office in Melbourne. A registered Architect by profession, he has more than 20 years of experience in both Australia's and Singapore's building and construction industries. He holds a first class honours Degree in Architecture and a degree in Architectural Studies from the University of Adelaide.

Mr Low Gam Weng
General Manager of
Chip Eng Seng Contractors (1988) Pte Ltd

Mr Low joined the Group in April 2011 and is the General Manager of the construction division. His responsibilities include operation matters pertaining to the Group's construction projects. To date, Mr Low has more than two decades of experience in the construction industry. He was the Project Director of the Group's construction division from September 2011 to July 2014. Prior to joining the Group in 2011, Mr Low held a senior managerial position in a contracting firm in Dubai. Mr Low holds a degree in Bachelor of Engineering (Hons) (Civil).

Mr Lim Kok Howe Ivan
General Manager (Operations) of
CEL Development Pte Ltd

Mr Lim joined the Group in June 2006 and is the General Manager of the property developments division. His responsibilities include operations of the Group's property development projects. Mr Lim has more than 20 years of experience in the property development industry. He was the Project Director from April 2010 to July 2011. Prior to joining the Group in 2006, Mr Lim had worked for several government bodies as well as property developers and management companies. Mr Lim holds a Bachelor degree in Civil and Structural Engineering alongside a Project Manager Professional ("PMP") certification by the Project Management Institute ("PMI").


Fulcrum - Poolside

Other Officers

Construction & Precast

Mr Siow Boon Kuan
Technical Director (Construction)

Mr Lim Tian Back
Project Director (Construction)

Mr Lim Tian Moh
Project Director (Precast)

Mr Teow Choon Meng
Project Director (Construction)

Property Developments & Investments

Mr Lim Ling Kwee
Project Director (Property)

Mr Chan Kin Khay
Project Director (Property)

Portfolio

Woodlands N1C26/C27

Construction

Projects Completed in 2015/1Q2016

PROJECT	DESCRIPTION	OWNER
Building works at Yishun Neighbourhood 5 Contract 2	Building works of eight blocks of residential building	HDB
Building works at Bukit Panjang Neigbourhood 4 Contract 15	Building works of seven blocks of residential building	HDB
Junction Nine & Nine Residences at Yishun	Building works of 146 retail shops and 186 residential condominium units with full condominium facilities	CEL-Yishun (Commercial) Pte Ltd CEL-Yishun (Residential) Pte Ltd
Fulcrum at Fort Road	Building works of 128 residential condominium units with full condominium facilities	CEL-Fort Pte Ltd
Building works at Jurong West Neighbourhood 6 Contract 31	Building works of six blocks of residential building	HDB

Major On-Going Projects

PROJECT	DESCRIPTION	OWNER
Building works at Bukit Batok Neighbourhood 1 Contract 13 & Neighbourhood 2 Contract 23	Building works of five blocks of residential building	HDB
Building works at Sembawang Neighbourhood 1 Contract 10	Building works of eight blocks of residential building	HDB
Building works at Woodlands Neighbourhood 1 Contract 26 and Contract 27	Building works of nine blocks of residential building	HDB
Building works at Tampines Neighbourhood 6 Contract 1A/1B	Building works of 15 blocks of residential building	HDB

Property Development

Projects Completed in 2015/1Q2016

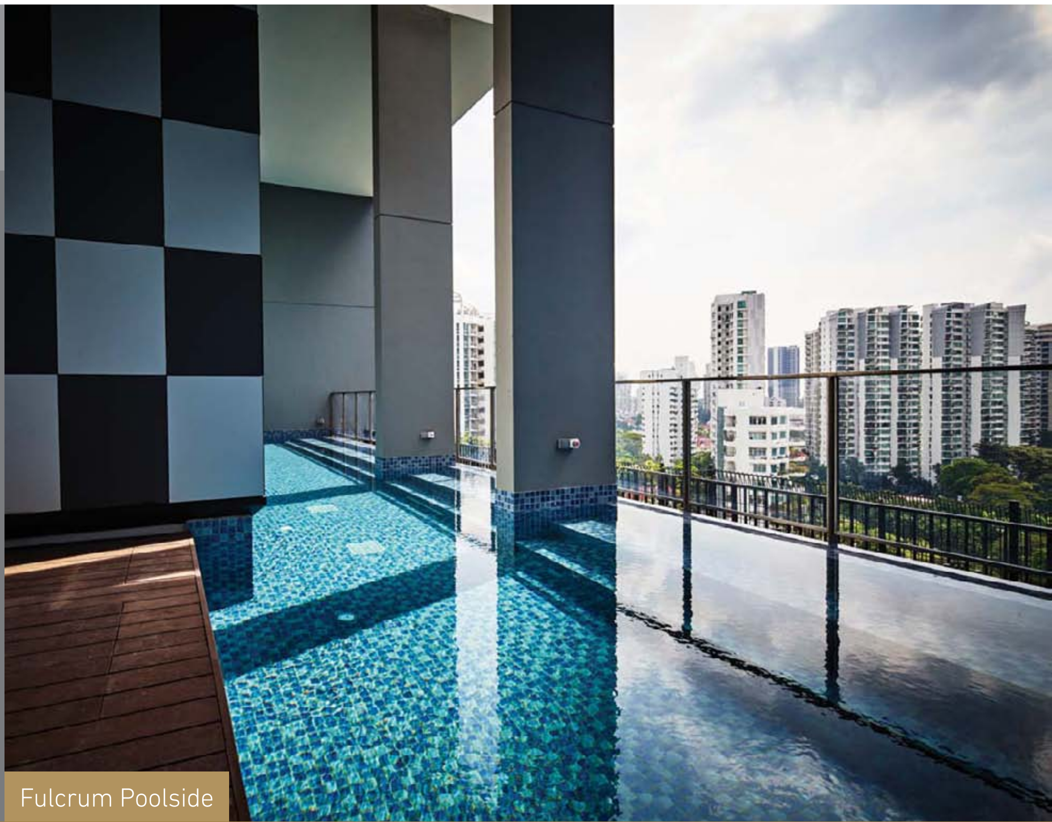
	LOCATION	DESCRIPTION	NO. OF UNITS	TENURE
Junction Nine & Nine Residences	12,14,16,18 Yishun Avenue 9, Singapore	Shopping mall and condominium	332	99 years
Fulcrum	33 Fort Road, Singapore	Condominium	128	Freehold

On-going Development Projects

	LOCATION	DESCRIPTION	NO. OF UNITS	TENURE	EXPECTED TOP
Williamsons Estate	154 - 166 Williamson Road and 5 - 17 Henry Street, Doncaster, Victoria, Australia	Townhouses and apartments	104 townhouses and 72 apartments	Freehold	2017
High Park Residences (60% Owned)	Fernvale Road	Condominium	1,399	99 years	2019
Tower Melbourne	150 Queen Street, Melbourne, Australia	Residential apartment and retail outlets	588	Freehold	2020
Northcote	217 and 221 - 223 Separation Street, Northcote, Victoria, Australia	Residential apartment	*	Freehold	*
South Melbourne	15-85 Gladstone Street, South Melbourne, Victoria, Australia	Residential apartment	*	Freehold	*

* In planning stage

Portfolio


Fulcrum Poolside

Investment Properties

DESCRIPTION	LOCATION	TENURE	EXISTING USE
Two adjoining units of 3-storey shophouses	86, 86A, 86B Tanjong Pagar Road, Singapore	99 years from 27 September 1988	Shops and offices
A part 2, part 4-storey shophouses	161 Geylang Road, Singapore	99 years from 4 May 1993	Shops and offices
6-storey light industrial building with a basement carpark	69 Ubi Crescent, Singapore	60 years from 5 July 1997	Light industrial building
Three Adjoining units of 2-1/2 storey shophouses with 4-storey rear extension	115 Geylang Road, Singapore	Freehold	Boarding hotel
12-storey office building	171 Chin Swee Road, Singapore	99 years from 2 June 1969	Offices
11-storey office building	420 St Kilda Road, Melbourne, Australia	Freehold	Offices

Property, Plant and Equipment

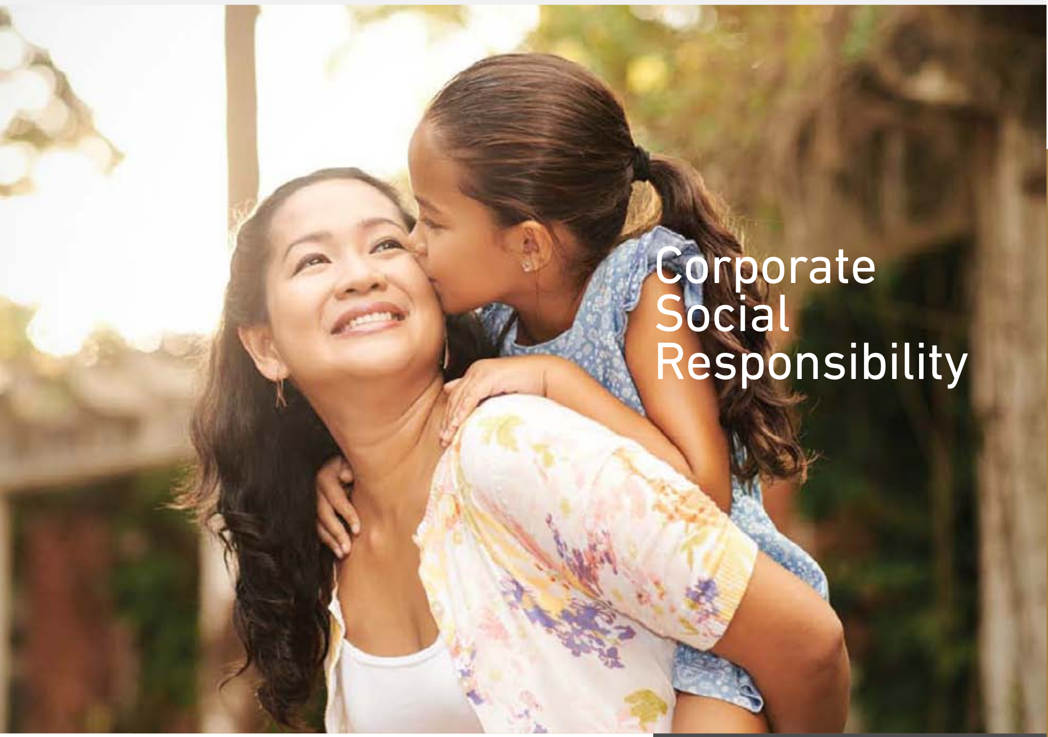
DESCRIPTION	LOCATION	TENURE	EXISTING USE
A 442-room 13-storey hotel (Park Hotel Alexandra)	323 Alexandra Road, Singapore	99 years from March 2012	Hotel
A single-user single-storey warehouse with a 4-storey ancillary office and temporary ancillary workers dormitory	2 Tuas South Street 8, Singapore	23 years from 26 December 2012	Construction workshop and dormitory
A freehold parcel of industrial land with a single-storey detached office building	No. PTO 102945, Jalan Idaman, Senai Industrial Park, Senai, Johor, Malaysia	Freehold	Precast plant

High Park Residences

Awards & Certifications

Chip Eng Seng's exemplary commitment towards achieving excellence in workplace safety and health, as well as the overall management of its projects in areas of technical capability and innovations helped the Group bag a total of six honorary awards in 2015.

WSH SHARP Award Winner for Yishun Mixed Development (Junction Nine & Nine Residences)
WSH SHARP Award (Certificate of Commendation) for Tampines N4C27
WSH SHARP Award (Certificate of Commendation) for Bukit Batok N2C23 (Skyline II)
WSH SHARP Award (Certificate of Commendation) for Yishun N5C2 (Acacia Breeze)
WSH SHARP Award (Certificate of Commendation) for Jurong West N6C31
Construction Excellence Award (Certificate of Merit Award) for Yishun N5C2 (Acacia Breeze)



Corporate Social Responsibility

At Chip Eng Seng, we strive towards evolving beyond being just a property company, into a developer of lives and communities.

Chip Eng Seng has a strong commitment to responsible and sustainable operations towards our stakeholders, with the greater aim of providing betterment to the lives and communities around us.

Placing the wellbeing of our workers at the forefront, we remain committed to providing a safe workplace and environment for all.

Due to the nature of our business, many of our employees work in potentially hazardous situations on a daily basis. However, our dedication towards maintaining stellar Quality, Environment, Health and Safety ("QEHS") standards has resulted in us achieving several awards in 2015.

Not resting on our laurels, we continue to educate our employees on the latest QEHS standards on a regular basis through courses. These courses encompass safety regulations pertaining to general workings at construction sites, as well as the maintenance and operation of electrical and structural installations.

Bolstering our commitment towards this cause, we also choose to work only with sub-contractors that share a similar view towards employee safety, implementing and maintaining strict QEHS initiatives across all their operational units.

We also continually strive to tighten policies and improve procedures in order to minimise our impact on the surroundings, and believe that the sound co-existence of our business and the environment is vital. Notably, through strict key performance indicators instituted at all our business units, we remain committed towards minimising occupational, health and safety risks and adverse environmental impacts associated with our building construction activities.

As such, Chip Eng Seng benefits from a clear company-wide commitment towards its QEHS efforts, which cascades down to each employee and the wider community in a positive way.

Beyond our business, our commitment towards corporate social responsibility also embodies a traditional emphasis on philanthropy across a variety of causes, including education.

We have always been a big advocate of education and have given back to the community via the establishment of the Lim Tiam Seng – Chip Eng Seng Bursary Fund at the Nanyang Technological University ("NTU") previously. In 2015, we furthered our commitment towards this cause and donated $1 million to the ITE Education Fund, which was first set up 2010 by Prime Minister Lee Hsien Loong to help needy students benefit from a holistic education at the institution.

In addition, the Group also actively contributes monetarily towards a wide array of charitable organisations and causes, including The Straits Times School Pocket Money Fund, People's Association Community Development Fund, Singapore Clan Foundation, Nee Soon South CCC Community Development and Welfare Fund, Singapore Chinese Orchestra Company Limited and Yong-en Care Centre amongst others.

Corporate Information

Executive Directors

Lim Tiam Seng BBM
Executive Chairman

Lim Tiang Chuan
Executive Deputy Chairman

Chia Lee Meng Raymond PBM
Executive Director and Group Chief Executive Officer

Hoon Tai Meng
Executive Director

Dawn Lim Sock Kiang
Executive Director

Independent Directors

Ang Mong Seng BBM
Goh Chee Wee
Cheng Heng Tan
Ung Gim Sei

Audit Committee

Ang Mong Seng (Chairman)
Goh Chee Wee
Cheng Heng Tan
Ung Gim Sei

Renumeration Committee

Ung Gim Sei (Chairman)
Ang Mong Seng
Cheng Heng Tan

Nominating Committee

Cheng Heng Tan (Chairman)
Ang Mong Seng
Ung Gim Sei
Hoon Tai Meng

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North Tower Level 18
Singapore 048583

Audit-Partner-in-Charge

Nelson Chen
Since financial year ended 31 December 2015

Company Secretaries

Abdul Jabbar Bin Karam Din, LLB (Hons)
Loh Lee Eng, ACIS

Principal Bankers

DBS Bank Ltd
United Overseas Bank Limited
Oversea-Chinese Banking Corporation Limited
Hong Leong Finance Limited
Standard Chartered Bank
Malayan Banking Berhad
The Bank of East Asia Limited (Singapore Branch)
National Australian Bank
CIMB Bank Berhad
RHB Bank Berhad

Corporate Governance Report

Chip Eng Seng Corporation Ltd (the "Company", and together with its subsidiaries, the "Group") is committed in its continuing efforts to achieve high standards of corporate governance in complying with the Code of Corporate Governance 2012 (the "Code") which forms part of the continuing obligations of the Singapore Exchange Securities Trading Limited ("SGX-ST") Listing Manual. The Company believes that good corporate governance provides the framework for an ethical and accountable corporate environment, which is essential to the long term sustainability of the Company's businesses and performance, as well as protection of shareholders' interests.

This report sets out the Group's corporate governance practices that were in place throughout the financial year ended 31 December 2015 ("FY2015") with reference to the Code. Where there is any material deviation from any principles and guidelines of the Code, an explanation has been provided within this report.

BOARD MATTERS

Principle 1: The Board's conduct of its affairs

The primary function of the Board of Directors (the "Board") is to provide effective leadership and direction to enhance the long-term value of the Group to its shareholders and other stakeholders. The Board oversees the business affairs of the Group. The Board has the overall responsibility for reviewing the strategic plans and performance objectives, financial plans and annual budget, key operational initiatives, major funding and investment proposals, financial performance reviews, and corporate governance practices.

In addition, the principal duties of the Board include the following:

- Provide entrepreneurial leadership, set strategic aims, and ensure that the necessary financial and human resources are in place for the Company to meet its objectives;
- Establish a framework of prudent and effective controls which enables risk to be assessed and managed, including safeguarding of shareholders' interest and the Company's assets;
- Review management performance;
- Identify the key stakeholder groups and recognise that their perceptions affect the Company's reputation;
- Set the Company's values and standards (including ethical standards), and ensure that obligations to shareholders and others stakeholders are understood and met; and
- Consider sustainability issues, e.g., environmental and social factors, as part of the strategic formulation.

<u>Independent judgement</u>

All Directors exercise due diligence and independent judgement, and make decisions objectively in the best interests of the Group. This is one of the performance criteria for the peer and self-assessment on the effectiveness of the individual Directors.

The current members of the Board and their membership on the board committees of the Company are as follows:

		Board Committee Membership		
Name of Directors	Position	Audit	Remuneration	Nominating
Lim Tiam Seng	Executive Chairman	–	–	–
Lim Tiang Chuan	Executive Deputy Chairman	–	–	–
*Chia Lee Meng Raymond	Executive Director and Group Chief Executive Officer	–	–	–
Hoon Tai Meng	Executive Director	–	–	Member
Dawn Lim Sock Kiang	Executive Director	–	–	–
Ang Mong Seng	Lead Independent Director	Chairman	Member	Member
Goh Chee Wee	Independent Director	Member	–	–
Cheng Heng Tan	Independent Director	Member	Member	Chairman
Ung Gim Sei	Independent Director	Member	Chairman	Member

* Chia Lee Meng Raymond was appointed as Executive Director and Group Chief Executive Officer on 1 February 2016.

Corporate Governance Report

Delegation by the Board

The Board has delegated certain functions to various board committees, namely the Audit Committee ("AC"), the Nominating Committee ("NC") and the Remuneration Committee ("RC"). Each of the various board committees has its own written terms of reference and whose actions are reported to and monitored by the Board. In view of its size and lean composition, the Board has decided not to set up a Risk Management Committee. Nonetheless, it has delegated risk management to the AC. The Board accepts that while these various board committees have the authority to examine particular issues and will report back to the Board with their decisions and/or recommendations, the ultimate responsibility on all matters lies with the Board.

Key features of board processes

The Board meets on a quarterly basis to review the key activities and business strategies of the Group and as and when warranted by particular circumstances. Telephonic attendance and video conferencing at Board and board committee meetings are allowed under the Company's Constitution.

The details of the number of Board meetings and board committees held in the year as well as the attendance of each board member at those meetings are disclosed below:

	Board of Directors	Audit Committee	Remuneration Committee	Nominating Committee
No. of meetings held	**5**	**4**	**2**	**1**
		No. of meetings attended		
Directors				
Lim Tiam Seng	5	–	–	–
Lim Tiang Chuan	5	–	–	–
*Chia Lee Meng Raymond	–	–	–	–
Hoon Tai Meng	5	–	–	1
Dawn Lim Sock Kiang	5	–	–	–
Goh Chee Wee	5	4	1	–
Ang Mong Seng	5	4	2	1
Cheng Heng Tan	5	4	2	1
Ung Gim Sei	5	4	1	1

* Chia Lee Meng Raymond was appointed as Executive Director and Group Chief Executive Officer on 1 February 2016.

Board approval

The Company has adopted internal guidelines setting forth matters that require the Board's approval. During the year, the Board has met to review and approve amongst other matters, the approval of the quarterly and full year results announcements prior to their release to the SGX-ST, the Group's corporate strategies, major investments, review of the Group's financial performance, interested parties transactions, recommendation of dividends, the approval of Directors' Statement, etc.

Induction and training of Directors

Newly-appointed Directors would receive formal letters, setting out their duties and obligations. The Group also conducts an orientation programme for new Directors to familiarise them with the business activities of the Group, its strategic direction and corporate governance practices.

To keep pace with new laws, regulations, changing commercial risks and accounting standards, all Directors engages in constant dialogues with the management and professionals from time to time. In addition, Directors are also encouraged to attend, at the Group's expense, relevant and useful seminars for their continuing education and skills improvement courses that are conducted by external organisations. Annually, the Company will arrange a Directors' training to be conducted to update Directors of changes in rules and regulations and accounting standards. In addition, the company secretary and Chief Financial Officer will bring to Directors' attention, information on seminars that may be of relevance or use to them.

Principle 2: Board composition and guidance

Board size and board composition

The Board comprises 9 Directors, 4 of whom are Independent Directors. Each year, the NC reviews the size and composition of the Board and board committees and the skills and core competencies of its members to ensure an appropriate balance of skills, experience and gender. These competencies include banking, accounting and finance, business acumen, management experience, industry knowledge, strategic planning experience, customer-based knowledge, familiarity with regulatory requirements and knowledge of risk management. The Board considers that its Directors possess the necessary competencies and knowledge to lead and govern the Group effectively.

Taking into account the nature and scope of the Group's operations and the number of board committees, the Board considers the board size and composition as appropriate. The Board believes that the current size and composition provides sufficient diversity without interfering with efficient decision-making. The Directors' credentials including working experience, academic and professional qualifications are presented at the Board of Directors section of the annual report.

Directors' independence review

A Director who has no relationship with the Group, its related corporations, officers or its shareholders with shareholdings of 10% or more in the voting shares of the Company that could interfere, or be reasonably perceived to interfere, with the exercise of the Director's independent business judgement in the best interests of the Group, is considered to be independent.

The NC determines the independence of each Director annually. For the purpose of determining Directors' independence, every Director has provided declaration of his independence which is deliberated upon by the NC and the Board.

After taking into account the views of the NC, the Board considers all the independent Directors of the Company, are independent in character, judgement and that there are no relationships which are likely to affect or could appear to affect the Directors' judgement.

The Board also recognises that independent Directors may over time develop significant insights in the Group's business and operations, and continue to provide significant and valuable contributions objectively to the Board as a whole. When there are such Directors, the Board will do a rigorous review of their continuing contribution and independence and may exercise its discretion to extend the tenures of these Directors. Presently, Mr Goh Chee Wee and Mr Ang Mong Seng have served as independent Directors of the Company for more than nine years since their initial appointments in 1999 and 2003 respectively. The Board has subjected their independence to a particularly rigorous review.

Corporate Governance Report

Taking into account the views of the NC, the Board concurs that Mr Goh Chee Wee and Mr Ang Mong Seng continue to demonstrate strong independence in character and judgement in the discharge of their responsibilities as Directors of the Company. They have continued to express their individual viewpoints, debated issues and objectively scrutinised and challenged the management. They have sought clarification and amplification as they deemed required, including through direct access to the Group's employees.

Further, having gained in-depth understanding of business and operating environment of the Group, they provide the Company with much needed experience and knowledge of the industry. Based on the declaration of independence received from Mr Goh Chee Wee and Mr Ang Mong Seng, they have no association with the management that could compromise their independence. After taking into account all these factors, the Board has determined that Mr Goh Chee Wee and Mr Ang Mong Seng continue to be considered as independent Directors, notwithstanding they have served on the Board for more than nine years from the dates of their first appointment.

Role of the non-executive Directors

The non-executive Directors ("NEDs") participate actively in the Board meetings. With their professional expertise, experience and knowledge, they provide constructive advice and guidance for effective discharge by the Board of its principal functions over the Group's strategies, businesses and other affairs. The NEDs also constructively challenge and aid the development of directions on strategy as well as review the performance of the management in achieving agreed goals and objectives. In addition, they also monitor the reporting of the Group's performance.

The NEDs meet and discuss on the Group's affairs without the presence of the management where necessary.

Principle 3: Chairman and Chief Executive Officer ("CEO")

The roles and responsibilities between the Chairman and the Group CEO of the Company are held by separate individuals to ensure that there is appropriate balance of power, increased accountability and greater capacity of the Board for independent decision making. Mr Lim Tiam Seng, Executive Chairman, is the father-in-law of Mr Chia Lee Meng Raymond, the Group CEO.

The Executive Chairman leads the Board to ensure its effectiveness on all aspects of its role and takes a leading role in the Group's drive to achieve and maintain a high standard of corporate governance with the full support of the Directors, company secretary and management. He approves the agendas for the Board meeting, ensures sufficient allocation of time for thorough discussion of agenda items and promotes a culture of openness and debate at the Board. He also ensures that Board matters are effectively organised to enable Directors to receive complete, adequate and timely information in order to make sound decisions, promote constructive relations within the Board and between the Board and management, and ensure effective communication with the shareholders. He also facilitates the effective contributions from NEDs.

The primary role of Group CEO is to effectively manage and supervise the day-to-day business operations of the Group in accordance with the strategies, policies, budgets and business plans approved by the Board. He is assisted by the executive Directors, Chief Financial Officer ("CFO") and general managers to oversee the daily running of the Group's operations and execution of strategies and policies.

The Board is of the view that there is sufficient safeguard and checks to ensure that there is a good balance of power, accountability and capacity of the Board for independent decision making. The Board appointed Mr. Ang Mong Seng to act as the lead independent Director. Shareholders with concerns may contact him directly, when contact through the normal channels via the Chairman, Group CEO or CFO has failed to provide satisfactory resolution, or when such contact is inappropriate.

All the independent Directors, including Lead Independent Director, meet at least annually without the presence of other executive and non-independent Directors to discuss matters of significance which are then reported to the Chairman accordingly.

Corporate Governance Report

Principle 4: Board membership

<u>NC composition</u>

The NC comprises the following four members, three of whom are independent non-executive Directors and one executive Director:

1. Mr Cheng Heng Tan (Chairman);
2. Mr Ang Mong Seng;
3. Mr Ung Gim Sei; and
4. Mr Hoon Tai Meng.

The NC holds at least 1 NC meeting within each financial year and also as warranted by particular circumstances, as deemed appropriate by the NC.

The NC, which has written terms of reference, is responsible for making recommendations to the Board on all board appointments and re-appointments. The key terms of reference of the NC include the following:

- Review and recommend to the Board on the appointment and re-appointment of Directors;
- Review the skills required by the Board, and the size of the Board;
- Ensure that the Company adheres to the board composition rules, including having independent Directors make up at least one-third of the Board;
- Evaluate whether or not a Director is able to and has been adequately carrying out his/her duties as Director of the Company, when he/she has multiple board representations;
- Develop a process for evaluating the performance of the Board and each individual Director;
- Formal assessment of the effectiveness of the Board as a whole and each individual Director;
- Review the training and professional development programmes for the Board; and
- Review the Board succession plans for Directors, in particular, the Chairman and the Group CEO.

Corporate Governance Report

Key information on the Directors is set out below:

Name of Directors	Position	Date of first appointment as a Director	Date of last re-appointment as a Director	Present Directorships or chairmanships in other listed companies	Directorships or chairmanships held over the preceding three years in other listed companies	Other principal commitments	Due for re-appointment at the AGM
Lim Tiam Seng	Executive Chairman	23 October 1998	23 April 2015	None	None	None	Retirement by rotation (Article 115)
Lim Tiang Chuan	Executive Deputy Chairman	23 October 1998	25 April 2013	None	None	None	Retirement by rotation (Article 115)
Chia Lee Meng Raymond	Executive Director and Group Chief Executive Officer	1 February 2016	N.A.	None	None	None	Retirement (Article 119)
Hoon Tai Meng	Executive Director	2 November 1999	25 April 2014	• Sin Ghee Huat Corporation Ltd • Pavillon Holdings Ltd	• China Video Surveillance Ltd	None	N.A.
Dawn Lim Sock Kiang	Executive Director	1 December 2009	23 April 2015	None	None	None	N.A.
Goh Chee Wee	Independent Director	2 November 1999	25 April 2014	• Beng Kuang Marine Ltd • King Wan Corporation Ltd • Sin Ghee Huat Corporation Ltd • Sinotel Technologies Ltd • Stamford Tyres Corporation Ltd • Chailease Holding Company Ltd	• Sino-Environment Technology Group Ltd	• Director of Foodfare Catering Pte Ltd	Retirement by rotation (Article 115)
Ang Mong Seng	Independent Director	19 March 2003	25 April 2014	• Hoe Leong Corporation Ltd • Annaik Ltd • Gaylin Holdings Ltd	• VicPlas International Ltd • Ecowise Holdings Ltd • Golden Energy and Resources Limited (formerly known as United Fiber System Ltd)	• Director of Pei Hwa Foundation Ltd and The Chinese Opera Institute • Sole-proprietor of Ang Mong Seng Consultants	N.A.
Cheng Heng Tan	Independent Director	20 July 2011	23 April 2015	None	None	• Director and substantial shareholder of Omakase Burger Group	N.A.
Ung Gim Sei	Independent Director	23 April 2015	N.A.	• Informatics Education Ltd • EMS Energy Ltd	None	• Director of Duane Morris & Selvam LLP • Legal advisor and Committee member of Singapore China Business Association • Audit Committee member of Kong Meng San Phor Kark See Monastery • Vice president of the Singapore China Friendship Association • Committee member of the China Aw Boon Haw Foundation • Legal advisor of Tan Kah Kee Foundation	N.A.

Note:
The details of Directors' credentials including working experience, academic and professional qualifications, shareholding in the Company and its related corporations and Directorships can be found in the Board of Directors and Directors' Statement sections of the annual report.

Directors' time commitments and multiple Directorships

The NC determines annually whether a Director with multiple board representations and/or other principal commitments is able to and has been adequately carrying out his/her duties as a Director of the Company. Each Director is also required to confirm annually to the NC as to whether he has any issue with competing time commitments which may impact his ability to provide sufficient time and attention to his duties as a Director of the Company.

The NC takes into account the results of the assessment of the effectiveness of the individual Director, the Director's annual confirmation and the Directors' actual conduct on the Board, in making this determination.

In respect of FY2015, the NC was of the view that each Director's Directorship was in line with the Company's guideline of a maximum of 8 listed company board representations and that each Director has discharged his/her duties adequately.

Process for selection and appointment of new Directors

The NC has put in place a formal process for the selection of new Directors to increase transparency of the nomination process in identifying and evaluating nominees for Directors. The NC leads the process as follows:

- NC evaluates the balance, skills, knowledge and experience of the existing Board and the requirements of the Group. In light of such evaluation, the NC determines the role and the key attributes that an incoming Director should have.
- After endorsement by the Board of the key attributes, the NC taps on the resources of Directors' personal contacts and recommendations of the potential candidates and goes through a short-listing process. If candidates identified from this process are not suitable, executive recruitment agencies are appointed in the search process.
- NC meets with the shortlisted candidate(s) to assess suitability and to ensure that the candidate(s) is/are aware of the expectations and the level of commitment required.
- NC recommends the most suitable candidate to the Board for appointment as Director.

Process for re-appointment of Directors

The NC is responsible for re-appointment of Directors. In its deliberations on the re-appointment of existing Directors, the NC takes into consideration the Director's contribution and performance.

The assessment parameters include attendance record, preparedness, intensity of participation and candour at meetings of the Board and board committees as well as the quality of intervention and special contribution.

All Directors submit themselves for re-nomination and re-appointment at regular intervals of at least once every three years. Article 115 of the Company's Constitution provides that one-third of the Directors (or, if their number is not a multiple of three, the number nearest to but not less than one-third) shall retire from office by rotation and be subject to re-appointment at the Company's AGM.

In addition, Article 119 of the Company's Constitution provides that a newly appointed Director during the financial year must retire and submit himself/herself for re-appointment at the next AGM following his/her appointment. Thereafter, he or she is subject to be re-appointed at least once every three years.

Pursuant to the one-third rotation rule, Mr Lim Tiam Seng, Mr Lim Tiang Chuan and Mr Goh Chee Wee will retire at the forthcoming AGM. Mr Lim Tiam Seng and Mr Goh Chee Wee have indicated their intention not to seek re-election at the forthcoming AGM. Mr Lim Tiang Chuan has submitted himself for re-appointment at the forthcoming AGM. Mr Chia Lee Meng Raymond will retire pursuant to the Article 119 of the Constitution and has submitted himself for re-appointment. The NC is satisfied that Mr Lim Tiang Chuan and Mr Chia Lee Meng Raymond retiring in accordance with the Company's Constitution at the forthcoming AGM are properly qualified for re-appointment by virtue of their skills, experience and their contribution of guidance and time to the Board's deliberations. Each member of the NC abstains from making any recommendations and/or participating in any deliberation of the NC and from voting on any resolution, in respect of the assessment of his own performance or re-nomination as a Director.

Corporate Governance Report

Principle 5: Board performance

The Board has implemented a process carried out by the NC, for assessing the effectiveness of the Board as a whole and individual Director on an annual basis.

At the end of each year, each board member is required to complete a board appraisal form and Director's assessment form and send the forms to the NC Chairman before the NC meeting. Based on the returns, the NC Chairman will prepare a consolidated report and present the report to the Board at the board meeting to be held before the annual general meeting.

The NC decides on how the Board's performance is to be evaluated and proposes objective performance criteria, subject to the Board's approval, which allow for comparison to industry peers and which address how the Directors have enhanced long-term shareholders' value. It also considers the Company's share price performance on a quarterly basis.

The Chairman would act on the results of the performance evaluation, and where appropriate, propose new members to be appointed to the Board or seek the resignation of Directors, in consultation with the NC.

Principle 6: Access to information

<u>Complete, adequate and timely information</u>

The management recognises the importance of ensuring the flow of complete, adequate and timely information to the Directors on an ongoing basis to enable them to make informed decisions to discharge their duties and responsibilities. The Board has separate and independent access to the management and is entitled to request additional information from the management.

To allow Directors sufficient time to prepare for the meetings, except for ad hoc and urgent meeting, all Board and board committee papers are distributed to Directors at least 3 working days in advance of the meeting. Any additional material or information requested by the Directors is promptly furnished. Key management who can provide additional insight into the matters to be discussed will be present at the relevant time during the Board and board committee meetings.

On a quarterly basis, the Head of internal audit also provides the Board with internal audit report. This report includes:

- Status of the audits in the annual internal audit plan;
- Key findings arising from completed audits; and
- Implementation status of outstanding management action plans (if any).

<u>Company secretary</u>

Directors have separate and independent access to the company secretary. The company secretary is responsible for, among other things, ensuring that Board procedures are observed and that Company's Constitution, relevant rules and regulations, including requirements of the Companies Act, Chapter 50 and SGX-ST's Listing Manual, are complied with. He/She also assists the Chairman and the Board in implementing and strengthening corporate governance practices and processes, with a view to enhancing long-term shareholder value.

The company secretary assists the Chairman in ensuring good information flows within the Board and its board committees and between the management and NEDs. The company secretary also facilitates the orientation and assists with professional development as required.

The company secretary attends and prepares minutes for all Board meetings and also assists in ensuring coordination and liaison between the Board, the board committees and management. In addition, the company secretary also assists the Chairman of the Board, the Chairman of board committees and the management in the development of the agendas for the various Board and board committee meetings.

The appointment and the removal of the company secretary are subject to the Board's approval.

Independent professional advice

The Board has a process for Directors, either individually or as a group, in the furtherance of their duties, to take independent professional advice, if necessary, at the Group's expense.

REMUNERATION MATTERS

Principle 7: Procedures for developing remuneration policies

RC

The RC comprises the following three members, all of whom are independent non-executive Directors:

1. Mr Ung Gim Sei (Chairman);
2. Mr Ang Mong Seng; and
3. Mr Cheng Heng Tan.

The RC is responsible for ensuring a formal and transparent procedure for developing policies on executive remuneration, and for fixing the remuneration packages of individual Directors and key management personnel.

During the year, the RC has met twice and carried out its duties in accordance with its terms of reference, which include reviews and recommendations on all matters concerning the remuneration packages of executive Directors, staff related to Directors as well as certain key management personnel; and also review the Group's obligations arising in the event of termination of the executive Directors' and key management personnel's contracts of service, to ensure that such contracts of service contain fair and reasonable termination clauses which are not overly generous; and implement and administer the Chip Eng Seng Employee Share Option Scheme 2013 ("ESOS") and the Chip Eng Seng Performance Share Plan ("Performance Share Plan").

The RC's recommendations were made in consultation with the Chairman of the Board and none of the members of the RC or any Director is involved in deliberations in respect of any remuneration, compensation, share-based incentives or any form of benefits to be granted to him/her. The RC from time to time and where necessary seeks advice from external remuneration consultant in framing the remuneration policy and determining the level and mix of remuneration for Directors and key management personnel.

The RC did not require the services of an external remuneration consultant during the year. Nevertheless, the RC will seek advice from external consultant should such need arise.

Principle 8: Level and mix of remuneration
Principle 9: Disclosure of remuneration

Remuneration of executive Directors and key management personnel

The Company has a framework of remuneration for the Board members, staff related to Directors and key management personnel. Under this framework, the total remuneration comprises fixed and variable components. The fixed component comprises basic salary, contractual bonus, statutory employer's contributions to the Central Provident Fund and fixed allowances. In setting remuneration packages, the Group takes into account pay and employment conditions within the same industry and in comparable companies, as well as the Group's relative performance and the performance of individual Directors and key management personnel. Variable component comprises non-contractual bonus and profit sharing that is linked to corporate and individual performance. The Company also has an ESOS and a Performance Share Plan, which aim to provide long-term incentive for Directors and key management personnel to encourage loyalty and align the interest of the Directors and key management personnel with those of the shareholders. For details of ESOS and Performance Share Plan, please refer to the Directors' Statement of the annual report.

Use of contractual provisions for executive Directors and key management personnel

During the year, service contracts with executive Directors were revised and contain a reclamation of incentive component clause to safeguard the Group's interest in exceptional circumstances of misstatement of financial results, or misconduct resulting in financial loss or fraud by executive Directors or key management personnel.

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For the existing service contracts with key management personnel, the RC will incorporate such clause in the next revision of service contracts.

Remuneration of NEDs

The RC reviews the scheme put in place by the Company for rewarding the NEDs to ensure that the compensation commensurates with the effort, time spent and responsibilities of the NEDs.

With regards to the scope and extent of a Director's responsibilities and obligations, the prevailing market conditions, and referencing Directors' fees against comparable benchmarks, the Board has agreed with the RC's recommendation that the current fee structure for NEDs to remain unchanged from the financial year ended 31 December 2015, except for the fee to the AC Chairman to be adjusted from $25,000 to $20,000.

The fees for NEDs comprise a basic retainer fee, additional fees for appointment to board committees and a one-off incentive depending on the Group's performance. The Chairman of each board committee is also paid a higher fee compared with the members of the respective committees in view of the greater responsibility carried. Each member of the RC abstains from voting in respect of their own respective Director's fees.

The framework for determining NEDs' fees is as follows:

Basic retainer fee	
Non-executive Directors	$ 50,000 per annum
Audit Committee	
Committee Chairman	$ 20,000 per annum
Committee member	$ 15,000 per annum
Nominating Committee or Remuneration Committee	
Committee Chairman	$ 10,000 per annum
Committee member	$ 5,000 per annum

The Directors' fees payable to NEDs are subject to shareholders' approval at the Company's upcoming AGM. A share-based compensation scheme has also been implemented to better align the interests of NEDs and shareholders.

Remuneration of Directors and the Group CEO

A summary of the remuneration of each Director and the Group CEO which is paid or payable by the Company for FY2015 is set out below:

Remuneration bands and name of Directors	Base salary[1]	Variable payment[2]	Other benefits[3]	Fees[4]	Total
Above $1,000,000					
Lim Tiam Seng	25%	74%	1%	–	100%
Lim Tiang Chuan	40%	58%	2%	–	100%
Hoon Tai Meng	45%	54%	1%	–	100%
$600,000 to $799,999					
Dawn Lim Sock Kiang	43%	55%	2%	–	100%
Below $200,000					
Ang Mong Seng	–	–	–	100%	100%
Goh Chee Wee	–	–	–	100%	100%
Cheng Heng Tan	–	–	–	100%	100%
Ung Gim Sei	–	–	–	100%	100%

1. Base salary includes contractual bonus and employer's Central Provident Fund contributions.
2. Variable payment includes performance bonus, profit sharing and employer's Central Provident Fund contribution with respect to that payment.
3. Other benefits refer to benefits-in-kind such as car benefits made available as appropriate.
4. Approved by shareholders as a lump sum at the AGM held on 23 April 2015.

The remuneration of each individual Executive Director is not disclosed in dollar terms as the Company considers information pertaining to the remuneration of its executive Directors commercially sensitive. The Company operates in a highly competitive environment where poaching of employees by competitors is fairly common.

The remuneration of Independent Directors comprises only Directors' fees. The framework for determining the Directors' fees is disclosed in the earlier paragraph (Remuneration of NEDs).

Remuneration of top five key management personnel

In the interest of maintaining good morale and a strong spirit of teamwork within the Group, the Company has weighed the advantages and disadvantages of the disclosure relating to the individual and aggregate remuneration of the Group's top 5 key management personnel (who are not Directors) for the financial year ended 31 December 2015 and believe that such disclosure may be prejudicial to its business interest given the highly competitive environment it is operating in. Their profiles are found on page 30 of the annual report.

Remuneration of employees who are immediate family members of a Director

	Relationship with Director	Base salary[1]	Variable payment[2]	Allowances and other benefits[3]
$600,000 to $649,999				
Lim Sock Joo	Spouse of Chia Lee Meng Raymond; Daughter of Lim Tiam Seng; Niece of Lim Tiang Chuan; and Sister of Dawn Lim Sock Kiang.	43%	55%	2%
$300,000 to $349,999				
Lim Tian Back	Brother of Lim Tiam Seng and Lim Tiang Chuan; Uncle of Dawn Lim Sock Kiang; and Uncle-in-law of Chia Lee Meng Raymond.	65%	23%	12%
Lim Tian Moh	Brother of Lim Tiam Seng and Lim Tiang Chuan; Uncle of Dawn Lim Sock Kiang; and Uncle-in-law of Chia Lee Meng Raymond.	66%	22%	12%
$200,000 to $249,999				
Lim Ling Kwee	Son of Lim Tiam Seng; Nephew of Lim Tiang Chuan; Brother of Dawn Lim Sock Kiang; and Brother-in-law of Chia Lee Meng Raymond.	69%	18%	13%
$150,000 to $199,999				
Ha Vu Hoang	Son-in-law of Lim Tiam Seng; Nephew-in-law of Lim Tiang Chuan; Spouse of Dawn Lim Sock Kiang; and Brother-in-law of Chia Lee Meng Raymond.	64%	33%	3%

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1. Base salary includes contractual bonus and employer's Central Provident Fund contributions.
2. Variable payment includes performance bonus, profit sharing and employer's Central Provident Fund contribution with respect to that payment.
3. Other benefits refer to benefits-in-kind such as car benefits made available as appropriate.

ACCOUNTABILITY AND AUDIT

Principle 10: Accountability

The management provides the Board with a continual flow of relevant information on a timely basis and meets the Board regularly for discussions on operational and financial matters.

The Board reviews and approves the results as well as any announcements before its release. The Board provides shareholders with quarterly and annual financial reports. Results for the first three quarters are released to shareholders within 45 days from the end of the quarter. Annual results are released within 60 days from the financial year-end. In presenting the annual and quarterly financial statements to shareholders, the Board aims to provide shareholders with a balanced and clear assessment of the Group's position and prospects. The Board also ensures timely and full disclosure of material corporate developments to shareholders.

The Board also reviews legislation and regulatory compliance reports from the management to ensure that the Group complies with the relevant regulatory requirements.

For the financial year under review, an Executive Director and CFO have provided assurance to the Board on the integrity of the financial statements for the Company and its subsidiaries.

Principle 11: Risk management and internal controls

The Board, with the assistance from the AC, is responsible for the governance of risk by ensuring that the management maintains a sound system of risk management and internal controls to safeguard shareholders' interest and the Group's assets, and determines the nature and extent of the significant risks which the Board is willing to take in achieving strategic objectives.

The AC is responsible for making the necessary recommendations to the Board such that an opinion regarding the adequacy and effectiveness of the risk management and internal control systems of the Group can be made by the Board in the annual report of the Company according to requirements in the SGX-ST's Listing Manual and the Code.

The Company, with the assistance from an external consultant, has established the Enterprise Risk Management Framework on policies, processes and systems pertaining to each of the key risk areas of the Group.

On an annual basis, the Group's internal audit function prepares an audit plan taking into consideration risks identified and assessed from the risk management system. This risk-based audit plan is approved by the AC and audits are conducted to assess the adequacy and effectiveness of the Group's system of internal controls in addressing financial, operational, compliance and information technology risks. In addition, material control weaknesses over financial reporting, if any, are highlighted by the external auditors in the course of the statutory audit.

All audit findings and recommendations made by the internal and external auditors are reported to the AC and significant findings are discussed at the AC meetings. The Group's internal audit function follows up on all recommendations to ensure timely remediation of audit issues and reports the status to the AC every quarter.

<u>Assurance from an Executive Director and CFO</u>

The Board has received written assurance from an Executive Director and the CFO that:

a. the financial records of the Group have been properly maintained and the financial statements for FY2015 give a true and fair view of the Group's operations and finances; and
b. the risk management and internal controls systems in place within the Group are adequate and effective in addressing the material risks in the Group in its current business environment including material financial, operational, compliance and information technology risks.

Based on the reviews conducted by the management and the internal auditor throughout the financial year, the statutory audit conducted by the external auditor, as well as the assurance from an Executive Director and the CFO, the Board with the concurrence of the AC, is of opinion that the Group's internal controls addressing financial, operational and compliance risks as well as the Group's information technology control and risk management systems which the Group considers relevant and material to its operations were adequate and effective as at 31 December 2015.

The Board notes that the system of internal controls and risk management provides reasonable, but not absolute, assurance that the Group will not be adversely affected by any event that can be reasonably foreseen. Furthermore, the Board also acknowledges that no system of internal controls and risk management can provide absolute assurance in this regard, or absolute assurance against the occurrence of material errors, poor judgement in decision-making, human errors, losses, fraud or other irregularities.

Principle 12: Audit committee

The AC comprises the following four members, all of whom are independent non-executive Directors:

1. Mr Ang Mong Seng (Chairman);
2. Mr Goh Chee Wee;
3. Mr Cheng Heng Tan; and
4. Mr Ung Gim Sei.

The Board is of the view that the members of the AC have recent and relevant accounting or related financial management expertise or experience to discharge the AC's functions.

The members of the AC carried out their duties in accordance with the terms of reference which include the following:

- Review the significant financial reporting issues and judgments so as to ensure the integrity of the financial statements of the Group and any formal announcements relating to the Group's financial performance before their submission to the Board.
- Review and report to the Board at least annually on the adequacy and effectiveness of the Group's internal controls, including financial, operational compliance and information technology controls and risk management systems.
- Review the adequacy and effectiveness of the Group's internal audit function at least annually, including the adequacy of internal audit resources and its appropriate standing within the Group, as well as the scope and the results of the internal audit procedures.
- Review the scope and results of the external audit work, the cost effectiveness of the audit, and the independence and objectivity of the external auditors.
- Recommend to the Board on the proposals to the shareholders on the appointment, re-appointment and removal of the external auditors and approve the remuneration and terms of engagement of the external auditors.
- Review interested person transactions ("IPTs") in accordance with the requirements of the SGX-ST's Listing Manual.

The AC has explicit authority to investigate any matter within its terms of reference and is authorised to obtain independent professional advice. It has full access to and co-operation of the management and reasonable resources to enable it to discharge its duties properly. It also has full discretion to invite any Director or executive officer or any other person to attend its meetings.

<u>Summary of the AC's activities</u>

The AC met four times during the year under review. The CFO, company secretary, internal auditors and external auditors are invited to these meetings. Other members of senior management are also invited to attend as appropriate to present reports.

During FY2015, the AC met with external auditors and internal auditors separately, without the presence of management. These meetings enable the external auditors and internal auditors to raise issues encountered in the course of their work directly to the AC.

Corporate Governance Report

The principal activities of the AC during FY2015 are summarised below:

a. Reviewed the quarterly and full year announcements, material announcements and all related disclosures to the shareholders before submission to the Board for approval;
b. Reviewed the audit plan and audit report of the Company's internal and external auditors and ensures the adequacy of the Company's system of accounting controls and the co-operation given by the Company's management to the external and internal auditors;
c. Reviewed the annual financial statements and also discussed with the management, the CFO and the external auditors the significant accounting policies, judgment and estimate applied by the management in preparing the annual financial statements. Following the review and discussions, the AC then recommended to the Board for approval of the audited annual financial statements;
d. Recommended to the Board for re-appointment of Ernst & Young LLP as auditors of the Company for the ensuing year;
e. Undertook a review of the independence and objectivity of the external auditors through discussions with the external auditors as well as reviewing the non-audit fees awarded to them. The AC received a yearly report setting out the non-audit services provided by Ernst & Young LLP and the fees charged. An analysis of fees paid in respect of audit and non-audit services provided is disclosed in Note 8 to the financial statements;
f. Reviewed the nature and extent of non-audit services provided by the external auditors – the AC was satisfied that the nature and extend of such services would not affect the independence of the external auditors;
g. Reviewed the reports and findings from the internal auditors in respect of the adequacy of the Company's internal controls in management, business and service systems and practices; and
h. Reviewed the Group's IPTs to ensure that the transactions were carried out on normal commercial terms and are not prejudicial to the interests of the Company or its non-controlling shareholders. The AC is satisfied that the internal controls over the identification, evaluation, review, approval and reporting of IPTs was effective.

In appointing auditors for the Company's subsidiaries and significant associated companies, the Group has complied with Rules 712 and Rule 715 (read with Rule 716) of the SGX-ST's Listing Manual.

<u>Interested person transactions</u>

The Company has adopted an internal policy in respect of transactions with interested persons and requires all such transactions to be at arm's length and be reviewed by the AC. The aggregate value of transactions entered into by the Group with interested persons as defined in the SGX-ST's Listing Manual are as follows:

Name of interested person	**Aggregate value of all interested person transactions during the financial year under review (excluding transactions less than $100,000 and transactions conducted under shareholders' mandate pursuant to Rule 920)**
Sales of residential units in High Park Residences	
Lim Sock Joo and Dawn Lim Sock Kiang	$ 414,190
Lim Kang Wei	$ 633,410

<u>Whistle blowing</u>

The AC also reviewed the adequacy of the whistle blower arrangements instituted by the Group through which staff and external parties may, in confidence, raise concerns about possible improprieties in matters of financial reporting or other matters.

The Group is committed to a high standard of ethical conduct and adopts a zero tolerance approach to fraud. The Group will treat all information received confidentially and protect the identity and the interest of all whistleblowers. Anonymous disclosures will be accepted and anonymity honoured. Reports of suspected fraud, corruption, dishonest practices or other similar matters can be lodged by calling or emailing to the Group CEO.

All cases reported are objectively investigated and appropriate remedial measures are taken where warranted. All whistle blowing matters are reviewed monthly by the AC Chairman and quarterly by the members of AC. Matters requiring immediate or urgent attention are reported immediately to the AC Chairman.

The policy is communicated via the Staff Handbook. On an ongoing basis, the whistle-blower policy is covered during staff training and periodic communication to all staff as part of the Group's efforts to promote awareness of fraud control.

Principle 13: Internal audit

The Group has established an in-house internal audit function. The internal audit is an independent function within the Group. The Head of Internal Audit reports directly to the AC functionally and to the Group CEO administratively.

The AC approves the hiring, removal, evaluation and compensation of the Head of Internal Audit. The scope of authority and responsibility of the internal audit function is defined in the Group Internal Audit Charter, which is approved by the AC. The standards of the Internal Audit Charter are consistent with the International Standards for the Professional Practice of Internal Auditing issued by the Institute of Internal Auditors.

The primary role of internal audit function is to assist the Board and senior management to meet the strategic and operational objectives of the Group, by providing an independent and objective evaluation of the adequacy and effectiveness of risk management, controls and governance processes. The annual internal audit plan is established in consultation with, but independent of, management. The internal audit plan is reviewed and approved by the AC. All internal audit findings, recommendations and status of remediation, are circulated to the AC, the executive Director, the external auditors and relevant senior management every quarter.

The professional competence of the internal auditors is maintained or upgraded through training programmes, conferences and seminars that provide updates on auditing techniques, regulations, financial products and services. The internal audit function is staffed with suitably qualified experienced professionals with diverse operational and financial experience. The AC is satisfied that the internal audit function has adequate resources to perform its functions effectively.

The Head of Internal Audit presents the internal audit findings to the Board at each quarter. The AC meets with the Head of Internal Audit at least once annually, without the presence of management. The internal auditors have unfettered access to all the Group's documents, records, properties and personnel, including the AC.

SHAREHOLDER RIGHTS AND RESPONSIBILITIES

Principle 14: Shareholder rights

The Group recognises the importance of maintaining transparency and accountability to its shareholders. The Board ensures that all the Company's shareholders are treated equitably and the rights of all investors, including non-controlling shareholders are protected.

The Group is committed to providing shareholders with adequate, timely and sufficient information pertaining to changes in the Group's business which could have a material impact on the Company's share price.

The Company ensures that shareholders have the opportunity to participate effectively and vote at general meetings of shareholders and informs shareholders of the rules, including voting procedures, governing such meetings.

Registered corporate shareholders or nominee companies, who are unable to attend the AGM are provided the option to appoint more than two proxies to attend and vote at the AGM. This allows shareholders who hold shares through such corporation to attend and participate in the AGM as proxies.

Principle 15: Communication with shareholders

<u>Disclosure of information on a timely basis</u>

The Company is committed to providing its investors with a high level of transparency by engaging in regular, effective and fair communication with shareholders. In line with continuous disclosure obligations of the Company pursuant to the SGX-ST's Listing Manual, the Board's policy is to provide timely information to all shareholders of all major developments that impact the Group via SGXNET, press releases and corporate website at www.chipengseng.com.sg. In the event that unpublished material information is inadvertently disclosed to any selected group in the course of the Group's

Corporate Governance Report

interactions with the investing community, a media release or announcement will be released to the public via SGXNET.

Interaction with shareholders

The Group values dialogue sessions with its shareholders. The Group believes in regular, effective and fair communication with shareholders and is committed to hearing shareholders' views and addressing their concerns.

Dividend policy

The Board aims to declare and pay an annual dividend. In considering the level of dividend payments, the Board takes into account various factors including:

- The profitability of the Company;
- The level of our available cash;
- The return on equity and retained earnings; and
- Our projected levels of capital expenditure and other investment plans.

Principle 16: Conduct of shareholder meetings

The Group supports and encourages active shareholder participation at general meetings. The Board believes that general meetings serve as an opportune forum for shareholders to meet the Board and key management personnel, and to interact with them. Information on general meetings is disseminated through notices in the annual reports or circulars sent to all shareholders. The notices are also released via SGXNET and published in local newspapers, as well as posted on the company website.

The Chairman of the Board and the respective Chairmen of the AC, the NC and the RC are usually present and available at the AGM to address shareholders' queries. Appropriate senior management personnel are also present at the meeting to respond, if necessary, to operational questions from shareholders. The external auditors are also present to address shareholders' queries about the conduct of audit and the preparation and content of the auditors' report.

Every matter requiring shareholders' approval is proposed as a separate resolution. Detailed information on each item in the AGM agenda is accompanied by explanatory notes in the notice of AGM. All resolutions put to the vote at a general meeting of the Company shall be voted by way of poll. The Company also maintains minutes of the AGM, which includes the key comments and queries raised by shareholders and the responses from the Board and the management.

Material contracts

Except as disclosed in Note 29 (Related Party Transactions) of the notes to the financial statements, there were no other material contracts of the Company and its subsidiaries involving the interests of each Director or controlling shareholder, either still subsisting as at the end of the financial year or if not then subsisting, entered into since the end of the previous financial year.

Dealing in Company's securities

The Company has adopted an internal code on securities trading which sets out the implications of insider trading and provides guidance and internal regulation with regard to dealings in the Company's securities by the Company, its Directors and officers of the Group. These guidelines prohibit dealing in the Company's securities on short-term considerations and while in possession of unpublished material price-sensitive information in relation to such securities, and during the "close period" which is defined as 2 weeks before the date of announcement of results for each of the first three quarters of the Company's financial year and one month before the date of announcement of the full year financial results, and ending on the date of the announcement of the relevant results.

The Directors and key officers of the Group are notified in advance of the commencement of the "close periods" relating to the dealings in the Company's securities.

In view of the processes in place, in the opinion of the Directors, the Company has complied with Listing Rule 1207(19) on Dealings in Securities.

Financial Contents

Directors' Statement

The directors are pleased to present their statement to the members together with the audited consolidated financial statements of Chip Eng Seng Corporation Ltd (the "Company") and its subsidiaries (collectively, the "Group") and the balance sheet and statement of changes in equity of the Company for the financial year ended 31 December 2015.

1. Opinion of the directors

In the opinion of the directors,

(i) the consolidated financial statements of the Group and the balance sheets, and statement of changes in equity of the Company are drawn up so as to give a true and fair view of the financial position of the Group and of the Company as at 31 December 2015 and the financial performance, changes in equity and cash flows of the Group and the changes in equity of the Company for the year ended on that date; and

(ii) at the date of this statement, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they fall due.

2. Directors

The directors of the Company in office at the date of this statement are:

Lim Tiam Seng	(Executive Chairman)
Lim Tiang Chuan	(Executive Deputy Chairman)
Chia Lee Meng Raymond	(Group Chief Executive Officer, appointed on 1 February 2016)
Hoon Tai Meng	
Dawn Lim Sock Kiang	
Ang Mong Seng	
Goh Chee Wee	
Cheng Heng Tan	
Ung Gim Sei	(Appointed on 23 April 2015)

In accordance with Article 115 of the Company's Constitution, Lim Tiam Seng and Goh Chee Wee would retire and do not intend to offer themselves for re-election; Lim Tiang Chuan and Chia Lee Meng Raymond would retire and, being eligible, offer themselves for re-election.

3. Arrangements to enable directors to acquire shares and debentures

Except as disclosed in this statement, neither at the end of nor at any time during the financial year was the Company a party to any arrangement whose objects are, or one of whose objects is, to enable the directors of the Company to acquire benefits by means of the acquisition of shares or debentures of the Company or any other body corporate.

4. Directors' interests in shares and debentures

The following directors, who held office at the end of the financial year, had, according to the register of directors' shareholdings required to be kept under Section 164 of the Singapore Companies Act, Chapter 50, an interest in shares of the Company, as stated below:

	Direct interest			Deemed interest		
Name of Director	At 1.1.2015 or date of appointment	At 31.12.2015	At 21.01.2016	At 1.1.2015 or date of appointment	At 31.12.2015	At 21.01.2016
Ordinary shares						
Lim Tiam Seng	60,499,000	60,499,000	60,499,000	17,198,000	17,198,000	17,198,000
Lim Tiang Chuan	44,177,000	44,177,000	44,177,000	–	–	–
Chia Lee Meng Raymond	6,125,000	6,125,000	6,125,000	19,702,000	19,702,000	19,702,000
Hoon Tai Meng	1,625,500	1,625,500	1,625,500	–	–	–
Dawn Lim Sock Kiang	15,377,000	15,377,000	15,377,000	30,000	30,000	30,000
Ang Mong Seng	146,000	146,000	146,000	–	–	–
Goh Chee Wee	1,135,500	1,135,500	1,135,500	–	–	–
Ung Gim Sei	–	–	–	153,000	153,000	153,000

Except as disclosed in this report, no director who held office at the end of the financial year had interests in shares, share options, warrants or debentures of the Company, or of related corporations, either at the beginning of the financial year, or date of appointment if later, at the end of the financial year, or on 21 January 2016.

5. Share Plans

The Company has a Chip Eng Seng Employee Share Option Scheme 2013 ("ESOS") and Chip Eng Seng Performance Share Plan ("CES Share Plan") which are administered by the Remuneration Committee comprising three directors namely Ung Gim Sei (Chairman), Ang Mong Seng (Member) and Cheng Heng Tan (Member). Details of the ESOS and CES Share Plan are as follows:

(a) ESOS

The ESOS was approved at an Extraordinary General Meeting held on 25 April 2013. The following persons are eligible to participate in the ESOS at the discretion of the Remuneration Committee:

(i) Confirmed employees who have attained the age of 21 years and hold such rank as may be designated by the Scheme Committee from time to time and who, in the opinion of the Scheme Committee, have contributed or will contribute to the success of the Group and/or Associated companies;

(ii) Executive directors;

(iii) Non-executive directors and;

(iv) Persons who are Controlling Shareholders or their Associates are permitted to participate in the ESOS (subject to them meeting the eligibility criteria set out above).

Directors' Statement

5. Share Plans (cont'd)

(b) CES Share Plan

Objectives

The CES Share Plan was approved at an Extraordinary General Meeting held on 27 April 2007. The CES Share Plan is to motivate participants to maintain a high level of performance and contribution and to attract and maintain a group of key executives and directors whose contributions are important to the long-term growth and profitability of the Group. In addition, it is to give recognition to the contribution made or to be made by the non-executive directors to the success of the Group.

Eligibility

The following persons shall be eligible to participate in the CES Share Plan subject to the absolute discretion of the Remuneration Committee:

(i) All full-time employees of the Group, including a director of the Company and/or its subsidiaries who perform an executive function and have attained the age of 21 years;

(ii) Non-executive directors of the Company;

(iii) Any employee who have attained the age of 21 years of an associated company (a company which at least 20% but not more than 50% of its shares are held by the Company and/or its subsidiaries and over whose management the Company has control); and

(iv) Controlling Shareholders of the Company and their Associates within the above categories are eligible to participate in the CES Share Plan. Specific approval of Independent Shareholders is required for the participation of Controlling Shareholders of the Company and their associates as well as the actual number of shares to be awarded under the CES Share Plan.

Awards

Awards represent the right of a participant to receive fully paid shares, their equivalent cash value or combinations thereof, free of charge, upon the participant achieving prescribe performance targets and/or service conditions or otherwise having performed well and/or had a significant contribution to the Group.

Size of CES Share Plan

The total number of shares available to eligible Controlling Shareholders and their Associates under the CES Share Plan shall not exceed twenty-five per cent (25%) of the shares in respect of which the Company may grant under the CES Share Plan. In addition, the total number of shares available to each Controlling Shareholder or his Associate shall not exceed ten per cent (10%) of the number of shares in respect of which the Company may grant under the CES Share Plan.

The total number of shares to be awarded pursuant to the CES Share Plan when added to the number of shares issued and issuable under such other share-based incentive schemes of the Company, shall not exceed fifteen per cent (15%) of the total number of shares of the Company on the day preceding the relevant Award Date.

Grant of Share Plan

The grant of Awards under the CES Share Plan may be made from time to time during the year when the CES Share Plan is in force.

No performance shares were granted conditionally under the CES Share Plan during the year.

6. Audit Committee

The Audit Committee (the "AC") carried out its functions in accordance with Section 201B(5) of the Singapore Companies Act, Chapter 50, including the following:

- Reviewed the audit plans of the internal and external auditors of the Group and the Company, and reviewed the internal auditors' evaluation of the adequacy of the Company's system of internal accounting controls and the assistance given by the Group and Company's management to the external and internal auditors
- Reviewed the quarterly and annual financial statements and the auditors' report on the annual financial statements of the Group and the Company before their submission to the board of directors
- Reviewed effectiveness of the Group and the Company's material internal controls, including financial, operational and compliance controls and risk management via reviews carried out by the internal auditor
- Met with the external auditor, other committees and management in separate executive sessions to discuss any matters that these groups believe should be discussed privately with the AC
- Reviewed legal and regulatory matters that may have a material impact on the financial statements, related compliance policies and programmes and any reports received from regulators
- Reviewed the cost effectiveness and the independence and objectivity of the external auditor
- Reviewed the nature and extent of non-audit services provided by the external auditor
- Recommended to the board of directors the external auditors to be nominated, approved the compensation of the external auditor, and reviewed the scope and results of the audit
- Reported actions and minutes of the AC to the board of directors with such recommendations as the AC considered appropriate
- Reviewed interested person transactions in accordance with the requirements of the Singapore Exchange Securities Trading Limited's Listing Manual

The AC, having reviewed all non-audit services provided by the external auditor to the Group, is satisfied that the nature and extent of such services would not affect the independence of the external auditor. The AC has also conducted a review of interested person transactions.

The AC convened four meetings during the year with full attendance from all members. The AC has also met with internal and external auditors, without the presence of the Company's management, at least once a year.

Further details regarding the AC are disclosed in the Report on Corporate Governance.

7. Auditor

Ernst & Young LLP have expressed their willingness to accept reappointment as auditor.

On behalf of the board of directors:

Lim Tiam Seng Executive Chairman	Lim Tiang Chuan Executive Deputy Chairman

Singapore
11 March 2016

Independent Auditor's Report

To the Members of Chip Eng Seng Corporation Ltd

Report on the Financial Statements

We have audited the accompanying financial statements of Chip Eng Seng Corporation Ltd (the "Company") and its subsidiaries (collectively, the "Group") set out on pages 62 to 135, which comprise the balance sheets of the Group and the Company as at 31 December 2015, the statements of changes in equity of the Group and the Company and the consolidated income statement, consolidated statement of comprehensive income and consolidated cash flow statement of the Group for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the provisions of the Singapore Companies Act, Chapter 50 (the "Act") and Singapore Financial Reporting Standards, and for devising and maintaining a system of internal accounting controls sufficient to provide a reasonable assurance that assets are safeguarded against loss from unauthorised use or disposition; and transactions are properly authorised and that they are recorded as necessary to permit the preparation of true and fair financial statements and to maintain accountability of assets.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Singapore Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements of the Group and the balance sheet and statement of changes in equity of the Company are properly drawn up in accordance with the provisions of the Act and Singapore Financial Reporting Standards so as to give a true and fair view of the financial position of the Group and of the Company as at 31 December 2015 and of the financial performance, changes in equity and cash flows of the Group and the changes in equity of the Company for the year ended on that date.

Independent Auditor's Report

To the Members of Chip Eng Seng Corporation Ltd

Report on Other Legal and Regulatory Requirements

In our opinion, the accounting and other records required by the Act to be kept by the Company and by those subsidiaries incorporated in Singapore of which we are the auditors have been properly kept in accordance with the provisions of the Act.

Ernst & Young LLP
Public Accountants and
Chartered Accountants
Singapore

11 March 2016

Consolidated Income Statement

For the financial year ended 31 December 2015

	Note	2015 $'000	2014 $'000
Revenue	4	676,452	1,105,740
Cost of sales		(515,000)	(773,253)
Gross profit		161,452	332,487
Other items of income			
Interest income	5	2,477	784
Other income	6	4,578	40,276
Other items of expense			
Marketing and distribution		(28,139)	(5,770)
Administrative expenses		(57,459)	(56,755)
Finance costs	7	(16,358)	(4,453)
Share of results of associates		1,021	17,107
Profit before tax	8	67,572	323,676
Income tax expense	9	(10,326)	(42,946)
Profit for the year		57,246	280,730
Attributable to:			
Owners of the Company		62,990	280,733
Non-controlling interests		(5,744)	(3)
		57,246	280,730
Earnings per share attributable to owners of the Company (cents per share)			
Basic	10	10.11	44.07
Diluted	10	10.11	44.07

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

Consolidated Statement of Comprehensive Income

For the financial year ended 31 December 2015

	2015 $'000	2014 $'000
Profit for the year	57,246	280,730
Other comprehensive income:		
Items that will not be reclassified to profit or loss		
Net deficit on revaluation of freehold land and buildings	(1,634)	(163)
Foreign currency translation loss on revaluation of freehold land and building	(262)	–
Share of gain on property revaluation of associates	191	1,190
Income tax relating to components of other comprehensive income	77	333
	(1,628)	1,360
Items that may be reclassified subsequently to profit or loss		
Net gain on fair value changes of available-for-sale financial assets	1,066	175
Foreign currency translation	(6,466)	(4,012)
	(5,400)	(3,837)
Other comprehensive loss for the year, net of tax	(7,028)	(2,477)
Total comprehensive income for the year	50,218	278,253
Attributable to:		
Owners of the Company	55,962	278,256
Non-controlling interests	(5,744)	(3)
Total comprehensive income for the year	50,218	278,253

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

Balance Sheets

As at 31 December 2015

	Note	Group		Company	
		2015	2014	2015	2014
		$'000	$'000	$'000	$'000
Non-current assets					
Property, plant and equipment	11	225,206	213,525	1,322	1,704
Investment properties	12	283,637	288,983	–	–
Intangible assets	13	98	294	85	269
Investments in subsidiaries	14	–	–	48,302	48,302
Investments in associates	15	12,121	13,338	650	650
Deferred tax assets	25	3,606	–	–	–
Other receivables	16	7,272	10,315	180,219	224,458
Investment securities	17	3,864	2,359	3,864	2,331
Current assets					
Gross amount due from customers for contract work-in-progress	18	10,826	9,137	–	–
Development properties	19	625,362	923,559	–	–
Assets held for sale	20	39,463	40,249	–	–
Prepayments		3,854	5,075	1,399	2,293
Trade and other receivables	16	249,272	216,441	27,524	31,642
Cash and short-term deposits	21	442,456	285,049	49,904	22,970
		1,371,233	1,479,510	78,827	56,905
Current liabilities					
Loans and borrowings	22	120,415	2,400	–	–
Gross amount due to customers for contract work-in-progress	18	8,374	20,104	–	–
Trade and other payables	23	116,632	110,543	227	1,527
Other liabilities	24	38,242	56,757	5,764	22,032
Income tax payable		33,001	54,542	–	–
		316,664	244,346	5,991	23,559
Net current assets		1,054,569	1,235,164	72,836	33,346
Non-current liabilities					
Loans and borrowings	22	738,287	938,416	150,000	150,000
Trade and other payables	23	93,188	79,481	–	–
Other liabilities	24	–	1,916	–	–
Deferred tax liabilities	25	15,931	7,753	16	5
		847,406	1,027,566	150,016	150,005
Net assets		742,967	736,412	157,262	161,055

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

Balance Sheets

As at 31 December 2015

	Note	Group		Company	
		2015	2014	2015	2014
		$'000	$'000	$'000	$'000
Equity attributable to owners of the Company					
Share capital	26(a)	79,691	79,691	79,691	79,691
Treasury shares	26(b)	(33,653)	(27,374)	(33,653)	(27,374)
Retained earnings		722,851	697,245	110,246	108,826
Other reserves	27	(20,575)	(13,547)	978	(88)
		748,314	736,015	157,262	161,055
Non-controlling interests		(5,347)	397	–	–
Total equity		742,967	736,412	157,262	161,055

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

Statements of Changes in Equity

For the financial year ended 31 December 2015

2015 Group	Equity, total $'000	Equity attributable to owners of the Company, total $'000	Share capital (Note 26a) $'000	Treasury shares (Note 26b) $'000	Retained earnings $'000	Other reserves, total (Note 27) $'000	Non-controlling interests $'000
		Attributable to owners of the Company					
Opening balance at 1 January 2015	736,412	736,015	79,691	(27,374)	697,245	(13,547)	397
Profit for the year	57,246	62,990	–	–	62,990	–	(5,744)
Other comprehensive income							
Net gain on fair value changes of available-for-sale financial assets	1,066	1,066	–	–	–	1,066	–
Net deficit on revaluation of freehold land and buildings	(1,634)	(1,634)	–	–	–	(1,634)	–
Income tax relating to components of other comprehensive income	77	77	–	–	–	77	–
Foreign currency translation	(6,728)	(6,728)	–	–	–	(6,728)	–
Share of other comprehensive income of associates	191	191	–	–	–	191	–
Other comprehensive loss for the year, net of tax	(7,028)	(7,028)	–	–	–	(7,028)	–
Total comprehensive income for the year	50,218	55,962	–	–	62,990	(7,028)	(5,744)
Contributions by and distributions to owners							
Purchase of treasury shares	(6,279)	(6,279)	–	(6,279)	–	–	–
Dividends paid (Note 36)	(37,384)	(37,384)	–	–	(37,384)	–	–
Total contributions by and distributions to owners	(43,663)	(43,663)	–	(6,279)	(37,384)	–	–
Closing balance at 31 December 2015	742,967	748,314	79,691	(33,653)	722,851	(20,575)	(5,347)

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

Statements of Changes in Equity

For the financial year ended 31 December 2015

2014 Group	Equity, total $'000	Attributable to owners of the Company: Equity attributable to owners of the Company, total $'000	Share capital (Note 26a) $'000	Treasury shares (Note 26b) $'000	Retained earnings $'000	Other reserves, total (Note 27) $'000	Non-controlling interests $'000
Opening balance at 1 January 2014	498,808	498,808	79,691	(12,006)	442,193	(11,070)	–
Profit for the year	280,730	280,733	–	–	280,733	–	(3)
Other comprehensive income							
Net gain on fair value changes of available-for-sale financial assets	175	175	–	–	–	175	–
Net deficit on revaluation of freehold land and buildings	(163)	(163)	–	–	–	(163)	–
Income tax relating to components of other comprehensive income	333	333	–	–	–	333	–
Foreign currency translation	(4,012)	(4,012)	–	–	–	(4,012)	–
Share of other comprehensive income of associates	1,190	1,190	–	–	–	1,190	–
Other comprehensive loss for the year, net of tax	(2,477)	(2,477)	–	–	–	(2,477)	–
Total comprehensive income for the year	278,253	278,256	–	–	280,733	(2,477)	(3)
Contributions by and distributions to owners							
Purchase of treasury shares	(15,368)	(15,368)	–	(15,368)	–	–	–
Dividends paid (Note 36)	(25,681)	(25,681)	–	–	(25,681)	–	–
Total contributions by and distributions to owners	(41,049)	(41,049)	–	(15,368)	(25,681)	–	–
Changes in ownership interests in subsidiaries							
Incorporation of a subsidiary with non-controlling interest	400	–	–	–	–	–	400
Total changes in ownership interest in subsidiaries	400	–	–	–	–	–	400
Total transactions with owners in their capacity as owners	(40,649)	(41,049)	–	(15,368)	(25,681)	–	400
Closing balance at 31 December 2014	736,412	736,015	79,691	(27,374)	697,245	(13,547)	397

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

Statements of Changes in Equity

For the financial year ended 31 December 2015

2015 Company	Total $'000	Share capital (Note 26a) $'000	Treasury shares (Note 26b) $'000	Retained earnings $'000	Other reserves (Note 27) $'000
Opening balance at 1 January 2015	161,055	79,691	(27,374)	108,826	(88)
Profit for the year	38,804	–	–	38,804	–
Other comprehensive income					
Net gain on fair value changes of available-for-sale financial assets	1,066	–	–	–	1,066
Other comprehensive income for the year, net of tax	1,066	–	–	–	1,066
Total comprehensive income for the year	39,870	–	–	38,804	1,066
Contributions by and distributions to owners					
Purchase of treasury shares	(6,279)	–	(6,279)	–	–
Dividends paid (Note 36)	(37,384)	–	–	(37,384)	–
Total contributions by and distributions to owners	(43,663)	–	(6,279)	(37,384)	–
Closing balance at 31 December 2015	157,262	79,691	(33,653)	110,246	978

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

Statements of Changes in Equity

For the financial year ended 31 December 2015

2014 Company	Total $'000	Share capital (Note 26a) $'000	Treasury shares (Note 26b) $'000	Retained earnings $'000	Other reserves (Note 27) $'000
Opening balance at 1 January 2014	183,319	79,691	(12,006)	115,897	(263)
Profit for the year	18,610	–	–	18,610	–
Other comprehensive income					
Net gain on fair value changes of available-for-sale financial assets	175	–	–	–	175
Other comprehensive income for the year, net of tax	175	–	–	–	175
Total comprehensive income for the year	18,785	–	–	18,610	175
Contributions by and distributions to owners					
Purchase of treasury shares	(15,368)	–	(15,368)	–	–
Dividends paid (Note 36)	(25,681)	–	–	(25,681)	–
Total contributions by and distributions to owners	(41,049)	–	(15,368)	(25,681)	–
Closing balance at 31 December 2014	161,055	79,691	(27,374)	108,826	(88)

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

Consolidated Cash Flow Statement

For the financial year ended 31 December 2015

	Note	2015 $'000	2014 $'000
Operating activities			
Profit before tax		67,572	323,676
Adjustments for:			
Amortisation of intangible assets	13	27	41
Depreciation of property, plant and equipment	11	6,065	3,856
Interest income	5	(2,477)	(784)
Dividend income from investment securities	6	(700)	(205)
Finance costs	7	16,358	4,453
Net gain on disposal of property, plant and equipment	6	(359)	(268)
Unrealised exchange loss/(gain)		479	(163)
Net fair value gain on investment securities		–	(29)
Share of results of associates		(1,021)	(17,107)
Net fair value loss/(gain) on investment properties	12	4,225	(37,902)
Net loss on disposal of investment securities		–	2
Net loss on disposal of intangible assets		169	50
Impairment loss on receivables	16	–	385
Impairment loss on investment securities	17	28	–
Impairment loss on development properties	19	10,400	–
Property, plant and equipment written off	8	3	86
Operating cash flows before changes in working capital		100,769	276,091
Changes in working capital:			
Decrease/(increase) in development properties		284,318	(2,145)
Increase in assets held for sale		(984)	(42,010)
Decrease in prepayments		1,161	3,792
Increase in trade and other receivables		(27,817)	(128,903)
Decrease in gross amount due to customers for contract work-in-progress		(13,434)	(5,992)
Increase/(decrease) in trade and other payables		17,469	(191,676)
(Decrease)/increase in other liabilities		(20,317)	24,298
Cash flows generated from/(used in) operations		341,165	(66,545)
Interest paid		(16,414)	(2,836)
Interest received		2,477	3,320
Income taxes paid		(27,180)	(7,724)
Net cash flows generated from/(used in) operating activities		300,048	(73,785)

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

Consolidated Cash Flow Statement

For the financial year ended 31 December 2015

	Note	2015 $'000	2014 $'000
Investing activities			
Purchase of property, plant and equipment		(20,667)	(55,984)
Proceeds from disposal of property, plant and equipment		661	403
Proceeds from disposal of investment securities		–	11
Dividend income from associates and investment securities		4,523	33,428
(Advances to)/repayment from advances to associates		(462)	38,909
Investment in an associate		(929)	–
Additions to intangible assets	13	–	(88)
Additions to investment properties	12	(1,070)	(75,224)
Net cash flows used in investing activities		(17,944)	(58,545)
Financing activities			
Repayment of loans and borrowings		(213,027)	(460,498)
Proceeds from loans and borrowings		132,195	484,395
Proceeds from issuance of term notes		–	150,000
Dividends paid on ordinary shares	36	(37,384)	(25,681)
Proceeds from issue of new shares by subsidiary to non-controlling interest		–	400
Purchase of treasury shares	26(b)	(6,279)	(15,368)
Net cash flows (used in)/generated from financing activities		(124,495)	133,248
Net increase in cash and cash equivalents		157,609	918
Effect of exchange rate changes on cash and cash equivalents		(202)	(91)
Cash and cash equivalents at beginning of the year		285,049	284,222
Cash and cash equivalents at end of the year	21	442,456	285,049

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

Notes To The Financial Statements

For the financial year ended 31 December 2015

1. Corporate information

Chip Eng Seng Corporation Ltd is a limited liability company incorporated and domiciled in Singapore and is listed on the Singapore Exchange.

The registered office and principal place of business of the Company is located at 171 Chin Swee Road, #12-01 CES Centre, Singapore 169877.

The principal activity of the Company is investment holding. The principal activities of the subsidiaries are disclosed as below.

Details of the subsidiaries and associates as at 31 December 2015 are:

	Name of Company	**Country of incorporation**	**Principal activities**	**Proportion (%) of ownership interest**	
				2015	**2014**
	<u>Subsidiary companies</u>				
	Held by the Company				
^	Chip Eng Seng Contractors (1988) Pte Ltd	Singapore	General building contractor	100	100
^	CEL Development Pte. Ltd.	Singapore	General building contractor, property developer and property investor	100	100
^	Evervit Development Pte Ltd	Singapore	Property investor	100	100
^	CES Engineering & Construction Pte. Ltd.	Singapore	General building contractor	100	100
^	CES-Precast Pte. Ltd.	Singapore	Manufacturing and trading of precast products	100	100
^	Chip Eng Seng Holdings Pte. Ltd.	Singapore	Investment holding	100	–
	Held by subsidiaries				
#	CES-China Holding Pte. Ltd.	Singapore	Dormant	100	100
#	CEL Residential Development Pte Ltd	Singapore	Property developer	100	100
#	CEL Property (M) Pte Ltd	Singapore	Investment holding	100	100
	CES-Balmoral Pte. Ltd.	Singapore	Liquidated during the year	–	100
^	CES-Vietnam Holdings Pte. Ltd.	Singapore	Investment holding	100	100
^	CES Land Pte. Ltd.	Singapore	Property developer	100	100

Notes To The Financial Statements

For the financial year ended 31 December 2015

1. Corporate information (cont'd)

	Name of Company	Country of incorporation	Principal activities	Proportion (%) of ownership interest 2015	2014
	<u>Subsidiary companies (cont'd)</u>				
	Held by subsidiaries (cont'd)				
^	CES-NB Pte. Ltd.	Singapore	Investment holding	100	100
^	CES-VH Holdings Pte. Ltd.	Singapore	Investment holding	100	100
^	CEL-Bedok Pte. Ltd.	Singapore	Property developer	100	100
^	CES Building and Construction Pte. Ltd.	Singapore	General building engineering services	100	100
^	CEL Property Investment (Australia) Pte. Ltd.	Singapore	Investment holding	100	100
^	CEL-Simei Pte. Ltd.	Singapore	Property developer	100	100
^	CEL-Fort Pte. Ltd.	Singapore	Property developer	100	100
^	CEL Pasir Panjang Pte. Ltd.	Singapore	Property developer and investor	100	100
^	CEL-Alexandra Pte. Ltd.	Singapore	Hotel owner, property investor and property developer	100	100
	Grange Properties Pte. Ltd.	Singapore	In the process of liquidation	100	100
^	CES-West Coast Pte. Ltd.	Singapore	Property developer	100	100
^	CEL Property Pte. Ltd.	Singapore	Property developer and investment holding	100	100
^	PH Properties Pte. Ltd.	Singapore	Property developer	100	100
^	CEL Property Investment Pte Ltd	Singapore	Property investor	100	100
^	CEL-Yishun (Residential) Pte Ltd	Singapore	Property developer	100	100
^	CEL-Yishun (Commercial) Pte Ltd	Singapore	Property developer	100	100
^	Fernvale Development Pte Ltd	Singapore	Property developer	60	60

Notes To The Financial Statements

For the financial year ended 31 December 2015

1. Corporate information (cont'd)

	Name of Company	Country of incorporation	Principal activities	Proportion (%) of ownership interest 2015	2014
	<u>Subsidiary companies (cont'd)</u>				
	Held by subsidiaries (cont'd)				
^^	CES Glenelg Pty Ltd	Australia	Property developer	100	100
^^	CEL Australia Pty Ltd	Australia	Investment holding	100	100
^^	242 West Coast Highway Scarborough Pty Ltd	Australia	Property developer	100	100
	CES-McKenzie (VIC) Pty Ltd	Australia	In the process of liquidation	100	100
^^	CES-Queen (VIC) Pty Ltd	Australia	Property developer	100	100
^^	CES Properties (AUS) Pty Ltd	Australia	Property investor	100	100
^^	CES-Victoria (VIC) Pty Ltd	Australia	Property developer	100	100
^^	CES-Northcote (VIC) Pty Ltd	Australia	Property developer	100	–
^^	CES-Precast Sdn. Bhd.	Malaysia	Manufacturing and trading of precast products	100	100
*	CEL Malacca Sdn. Bhd.	Malaysia	Property developer and investment holding	100	100
	<u>Associated companies</u>				
	Held by the Company				
**	Ardille Pte Ltd	Singapore	Investment holding	38	38
	Held by associated companies				
**	ACP Metal Finishing Pte Ltd	Singapore	Provision of custom electro-plating and surface treatment services	38	38
##	ACP Poland Spolka Z Ograniczona Odpowiedzialnoscia	Poland	Provision of custom electro-plating and surface treatment services	38	–

1. Corporate information (cont'd)

	Name of Company	Country of incorporation	Principal activities	Proportion (%) of ownership interest 2015	2014
	Associated companies (cont'd)				
	Held by subsidiaries				
	Devonshire Development Pte. Ltd.	Singapore	In the process of liquidation	40	40
+	Punggol Field EC Pte. Ltd.	Singapore	Property developer	40	40
+	Pasir Ris EC Pte. Ltd.	Singapore	Property developer	40	40
+	LGB-NB Pte. Ltd.	Singapore	Investment holding	20	–
^^	Viet Investment Link Joint Stock Company	Vietnam	Provision of management services	49	49

\# Not required to be audited as these companies are considered dormant and exempted from audit under the Companies Act.
\## Not required to be audited under the laws of Poland.
^ Audited by Ernst & Young LLP, Singapore.
^^ Audited by member firms of Ernst & Young Global in the respective countries.
* Audited by KTP & Company PLT, Malaysia.
** Audited by RSM Chio Lim LLP, Singapore.
\+ Audited by KPMG LLP, Singapore.

2. Summary of significant accounting policies

2.1 Basis of preparation

The consolidated financial statements of the Group and the balance sheet and statement of changes in equity of the Company have been prepared in accordance with Singapore Financial Reporting Standards (FRS).

The financial statements have been prepared on a historical cost basis except as disclosed in the accounting policies below.

The financial statements are presented in Singapore dollars (SGD or $) and all values in the tables are rounded to the nearest thousand ($'000), except when otherwise indicated.

2.2 Change in accounting policies

The accounting policies adopted are consistent with those of the previous financial year except in the current financial year, the Group has adopted all the new and revised standards that are effective for annual financial periods beginning on or after 1 January 2015. The adoption of these standards did not have any effect on the financial performance or position of the Group and the Company.

Notes To The Financial Statements

For the financial year ended 31 December 2015

2. Summary of significant accounting policies (cont'd)

2.2 Change in accounting policies (cont'd)

With effect from this financial year, the Group changed its accounting policy with respect to the measurement of freehold land and buildings, classified under property, plant and equipment to that of leasehold land and buildings. The measurement for freehold land and buildings has been changed from revaluation model to cost model. Previously under the revaluation model, freehold land and buildings are initially recognised at cost and subsequent to recognition, measured at fair value less accumulated depreciation on buildings and impairment losses recognised after the date of revaluation. Under the cost model, the Group will measure its freehold land and buildings at cost less accumulated depreciation on buildings and any accumulated impairment losses. These two methods of measurement are permitted by FRS 16 – Property, Plant and Equipment.

The Board is of the opinion that the cost model is more appropriate measurement because the future economic benefits from its freehold land and buildings that are held for continued use in the Group's precast business are realised through their use rather than through sale or rental. The revaluation surplus on freehold land and buildings do not impact the production capacity or reflect the operational results of the Group. Hence, cost model would provide more relevant financial information of the Group's operations.

As the revaluation surplus is immaterial, and in accordance to FRS 8 – Accounting Policies, Changes in Accounting Estimates and Errors, this change in accounting policy has been applied prospectively from the earliest date practicable.

2.3 Standards issued but not yet effective

The Group has not adopted the following standards that have been issued but not yet effective:

Description	Effective for annual periods beginning on or after
Amendments to FRS 16 and FRS 41 *Agriculture – Bearer Plants*	1 January 2016
Amendments to FRS 27 *Equity Method in Separate Financial Statements*	1 January 2016
Amendments to FRS 16 and FRS 38 *Clarification of Acceptable Methods of Depreciation and Amortisation*	1 January 2016
Amendments to FRS 111 *Accounting for Acquisitions of Interests in Joint Operations*	1 January 2016
Improvements to FRSs (November 2014)	
(a) Amendments to FRS 105 *Non-current Assets Held for Sale and Discontinued Operations*	1 January 2016
(b) Amendments to FRS 107 *Financial Instruments: Disclosures*	1 January 2016
(c) Amendments to FRS 19 *Employee Benefits*	1 January 2016
Amendments to FRS 1 *Disclosure Initiative*	1 January 2016
Amendments to FRS 110, FRS 112 and FRS 28 *Investment Entities: Apply the Consolidation Exception*	1 January 2016
FRS 114 *Regulatory Deferral Accounts*	1 January 2016
Amendments to FRS 7 *Disclosure Initiative*	1 January 2017
Amendments to FRS 12 *Recognition of Deferred Tax Assets for Unrealised Losses*	1 January 2017
FRS 115 *Revenue from Contracts with Customers*	1 January 2018
FRS 109 *Financial Instruments*	1 January 2018
Amendments to FRS 110 and FRS 28 *Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*	To be determined

Except for FRS 115 and FRS 109, the directors expect that the adoption of the other standards above will have no material impact on the financial statements in the period of initial application. The nature of the impending changes in accounting policy on adoption of FRS 115 and FRS 109 are described below.

2. Summary of significant accounting policies (cont'd)

2.3 Standards issued but not yet effective (cont'd)

FRS 115 *Revenue from Contracts with Customers*

FRS 115 establishes a five-step model that will apply to revenue arising from contracts with customers. Under FRS 115, revenue is recognised at an amount that reflects the consideration which an entity expects to be entitled in exchange for transferring goods or services to a customer. The principles in FRS 115 provide a more structured approach to measuring and recognising revenue when the promised goods and services are transferred to the customer i.e. when performance obligations are satisfied.

Key issues for the Group include identifying performance obligations, accounting for contract modifications, applying the constraint to variable consideration, evaluating significant financing components, measuring progress toward satisfaction of a performance obligation, recognising contract cost assets and addressing disclosure requirements.

Either a full or modified retrospective application is required for annual periods beginning on or after 1 January 2018 with early adoption permitted. The Group is currently assessing the impact of FRS 115 and plans to adopt the new standard on the required effective date.

FRS 109 *Financial Instruments*

FRS 109 introduces new requirements for classification and measurement of financial assets, impairment of financial assets and hedge accounting. Financial assets are classified according to their contractual cash flow characteristics and the business model under which they are held. The impairment requirements in FRS 109 are based on an expected credit loss model and replace the FRS 39 incurred loss model. Adopting the expected credit losses requirements will require the Group to make changes to its current systems and processes.

The Group currently measures one of its investments in unquoted equity securities at cost. Under FRS 109, the Group will be required to measure the investment at fair value. Any difference between the previous carrying amount and the fair value would be recognised in the opening retained earnings when the Group apply FRS 109.

FRS 109 is effective for annual periods beginning on or after 1 January 2018 with early application permitted. Retrospective application is required, but comparative information is not compulsory. The Group is currently assessing the impact of FRS 109 and plans to adopt the standard on the required effective date.

2.4 Basis of consolidation and business combinations

(a) Basis of consolidation

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries as at the end of the reporting period. The financial statements of the subsidiaries used in the preparation of the consolidated financial statements are prepared for the same reporting date as the Company. Consistent accounting policies are applied to like transactions and events in similar circumstances.

All intra-group balances, income and expenses and unrealised gains and losses resulting from intra-group transactions and dividends are eliminated in full.

Subsidiaries are consolidated from the date of acquisition, being the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases.

Losses within a subsidiary are attributed to the non-controlling interest even if that results in a deficit balance.

Notes To The Financial Statements

For the financial year ended 31 December 2015

2. Summary of significant accounting policies (cont'd)

2.4 Basis of consolidation and business combinations (cont'd)

(a) Basis of consolidation (cont'd)

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction. If the Group loses control over a subsidiary, it:

– de-recognises the assets (including goodwill) and liabilities of the subsidiary at their carrying amounts at the date when controls is lost;

– de-recognises the carrying amount of any non-controlling interest;

– de-recognises the cumulative translation differences recorded in equity;

– recognises the fair value of the consideration received;

– recognises the fair value of any investment retained;

– recognises any surplus or deficit in profit or loss;

– re-classifies the Group's share of components previously recognised in other comprehensive income to profit or loss or retained earnings, as appropriate.

(b) Business combinations and goodwill

Business combinations are accounted for by applying the acquisition method. Identifiable assets acquired and liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. Acquisition-related costs are recognised as expenses in the periods in which the costs are incurred and the services are received.

Any contingent consideration to be transferred by the acquirer will be recognised at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration which is deemed to be an asset or liability, will be recognised in profit or loss.

The Group elects for each individual business combination, whether non-controlling interest in the acquiree (if any), that are present ownership interests and entitle their holders to a proportionate share of net assets in the event of liquidation, is recognised on the acquisition date at fair value, or at the non-controlling interest's proportionate share of the acquiree's identifiable net assets. Other components of non-controlling interests are measured at their acquisition date fair value, unless another measurement basis is required by another FRS.

Any excess of the sum of the fair value of the consideration transferred in the business combination, the amount of non-controlling interest in the acquiree (if any), and the fair value of the Group's previously held equity interest in the acquiree (if any), over the net fair value of the acquiree's identifiable assets and liabilities is recorded as goodwill. In instances where the latter amount exceeds the former, the excess is recognised as gain on bargain purchase in profit or loss on the acquisition date. Goodwill is initially measured at cost. Following initial recognition, goodwill is measured at cost less any accumulated impairment losses.

For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to the Group's cash-generating units that are expected to benefit from the synergies of the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units.

2. Summary of significant accounting policies (cont'd)

2.4 Basis of consolidation and business combinations (cont'd)

(b) Business combinations and goodwill (cont'd)

The cash-generating units to which goodwill have been allocated is tested for impairment annually and whenever there is an indication that the cash-generating unit may be impaired. Impairment is determined for goodwill by assessing the recoverable amount of each cash-generating unit (or group of cash-generating units) to which the goodwill relates.

2.5 *Transactions with non-controlling interests*

Non-controlling interest represents the equity in subsidiaries not attributable, directly or indirectly, to owners of the Company.

Changes in the Company's ownership interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions. In such circumstances, the carrying amounts of the controlling and non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiary. Any difference between the amount by which the non-controlling interest is adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to owners of the Company.

2.6 *Foreign currency*

The financial statements are presented in Singapore Dollars, which is also the Company's functional currency. Each entity in the Group determines its own functional currency and items included in the financial statements of each entity are measured using that functional currency.

(a) Transactions and balances

Transactions in foreign currencies are measured in the respective functional currencies of the Company and its subsidiaries and are recorded on initial recognition in the functional currencies at exchange rates approximating those ruling at the transaction dates. Monetary assets and liabilities denominated in foreign currencies are translated at the rate of exchange ruling at the end of the reporting period. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was measured.

Exchange differences arising on the settlement of monetary items or on translating monetary items at the end of the reporting period are recognised in profit or loss.

(b) Consolidated financial statements

For consolidated purpose, the assets and liabilities of foreign operations are translated into SGD at the rate of exchange ruling at the end of the reporting period and their profit or loss are translated at the exchange rates prevailing at the date of the transactions. The exchange differences arising on the translation are recognised in other comprehensive income. On disposal of a foreign operation, the component of other comprehensive income relating to that particular foreign operation is recognised in profit or loss.

Notes To The Financial Statements

For the financial year ended 31 December 2015

2. Summary of significant accounting policies (cont'd)

2.7 Property, plant and equipment

All items of property, plant and equipment are initially recorded at cost. Subsequent to recognition, property, plant and equipment are measured at cost less accumulated depreciation and any accumulated impairment losses.

Depreciation is computed on a straight-line basis over the estimated useful lives of the assets as follows:

Leasehold land	–	23 to 99 years
Freehold and leasehold buildings	–	10 to 48 years
Building and construction equipment	–	5 years
Motor vehicles	–	5 years
Furniture, fixtures and fittings	–	5 years
Computer and office equipment	–	3 years
Container office	–	5 years

Freehold land has an unlimited useful life and therefore is not depreciated.

Buildings under construction except for leasehold land, are not depreciated as these assets are not yet available for use.

The carrying values of property, plant and equipment are reviewed for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable.

The residual value, useful life and depreciation method are reviewed at each financial year-end, and adjusted prospectively, if appropriate.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss on derecognition of the asset is included in profit or loss in the year the asset is derecognised.

2.8 Investment properties

Investment properties are properties that are either owned by the Group or leased under a finance lease that are held to earn rentals or for capital appreciation, or both, rather than for use in the production or supply of goods or services, or for administrative purposes, or in the ordinary course of business. Investment properties comprise completed investment properties and properties that are being constructed or developed for future use as investment properties. Properties held under operating leases are classified as investment properties when the definition of investment properties is met.

Investment properties are initially measured at cost, including transaction costs.

Subsequent to initial recognition, investment properties are measured at fair value. Gains or losses arising from changes in the fair values of investment properties are included in profit or loss in the year in which they arise.

Investment properties are derecognised when either they have been disposed of or when the investment property is permanently withdrawn from use and no future economic benefit is expected from its disposal. Any gains or losses on the retirement or disposal of an investment property are recognised in profit or loss in the year of retirement or disposal.

2. Summary of significant accounting policies (cont'd)

2.9 Intangible assets

Intangible assets acquired separately are measured initially at cost. Following initial acquisition, intangible assets are carried at cost less any accumulated amortisation and any accumulated impairment losses. Internally generated intangible assets, excluding capitalised development costs, are not capitalised and expenditure is reflected in profit or loss in the year in which the expenditure is incurred.

The useful lives of intangible assets are assessed as either finite or indefinite.

Intangible assets with finite useful lives are amortised over the estimated useful lives and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method are reviewed at least at each financial year-end. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset is accounted for by changing the amortisation period or method, as appropriate, and are treated as changes in accounting estimates.

Intangible assets with indefinite useful lives or not yet available for use are tested for impairment annually, or more frequently if the events and circumstances indicate that the carrying value may be impaired either individually or at the cash-generating unit level. Such intangible assets are not amortised. The useful life of an intangible asset with an indefinite useful life is reviewed annually to determine whether the useful life assessment continues to be supportable. If not, the change in useful life from indefinite to finite is made on a prospective basis.

Gains or losses arising from de-recognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in profit or loss when the asset is derecognised.

Club membership

Club membership was acquired separately and is amortised on a straight line basis over its finite useful life of 10 years.

2.10 Impairment of non-financial assets

The Group assesses at each reporting date whether there is an indication that an asset may be impaired. If any indication exists, or when an annual impairment testing for an asset is required, the Group makes an estimate of the asset's recoverable amount.

An asset's recoverable amount is the higher of an asset's or cash-generating unit's fair value less costs of disposal and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or group of assets. Where the carrying amount of an asset or cash-generating unit exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

Impairment losses of continuing operations are recognised in profit or loss, except for assets that are previously revalued where the revaluation was taken to other comprehensive income. In this case, the impairment is also recognised in other comprehensive income up to the amount of any previous revaluation.

A previously recognised impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. If that is the case, the carrying amount of the asset is increased to its recoverable amount. That increase cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised previously. Such reversal is recognised in profit or loss unless the asset is measured at revalued amount, in which case the reversal is treated as a revaluation increase.

Notes To The Financial Statements

For the financial year ended 31 December 2015

2. Summary of significant accounting policies (cont'd)

2.11 Subsidiaries

A subsidiary is an investee that is controlled by the Group. The Group controls an investee when it is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee.

In the Company's separate financial statements, investments in subsidiaries are accounted for at cost less impairment losses.

2.12 Joint ventures and associates

An associate is an entity over which the Group has the power to participate in the financial and operating policy decisions of the investee but does not have control or joint control of those policies.

The Group account for its investments in associates and joint ventures using the equity method from the date on which it becomes an associate or joint venture.

On acquisition of the investment, any excess of the cost of the investment over the Group's share of the net fair value of the investee's identifiable assets and liabilities is accounted as goodwill and is included in the carrying amount of the investment. Any excess of the Group's share of the net fair value of the investee's identifiable assets and liabilities over the cost of the investment is included as income in the determination of the entity's share of the associate or joint venture's profit or loss in the period in which the investment is acquired.

Under the equity method, the investment in associates or joint ventures are carried in the balance sheet at cost plus post-acquisition changes in the Group's share of net assets of the associates or joint ventures. The profit or loss reflects the share of results of the operations of the associates or joint ventures. Distributions received from joint ventures or associates reduce the carrying amount of the investment. Where there has been a change recognised in other comprehensive income by the associates or joint venture, the Group recognises its share of such changes in other comprehensive income. Unrealised gains and losses resulting from transactions between the Group and associate or joint venture are eliminated to the extent of the interest in the associates or joint ventures.

When the Group's share of losses in an associate or joint venture equals or exceeds its interest in the associate or joint venture, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the associate or joint venture.

After application of the equity method, the Group determines whether it is necessary to recognise an additional impairment loss on the Group's investment in associate or joint ventures. The Group determines at the end of each reporting period whether there is any objective evidence that the investment in the associate or joint venture is impaired. If this is the case, the Group calculates the amount of impairment as the difference between the recoverable amount of the associate or joint venture and its carrying value and recognises the amount in profit or loss.

The financial statements of the associates and joint ventures are prepared as the same reporting date as the Company. Where necessary, adjustments are made to bring the accounting policies in line with those of the Group.

In the Company's separate financial statements, investments in associates and joint ventures are accounted for at cost less impairment losses.

2. Summary of significant accounting policies (cont'd)

2.13 Financial instruments

(a) Financial assets

Initial recognition and measurement

Financial assets are recognised when, and only when, the Group becomes a party to the contractual provisions of the financial instrument. The Group determines the classification of its financial assets at initial recognition.

When financial assets are recognised initially, they are measured at fair value, plus, in the case of financial assets not at fair value through profit or loss, directly attributable transaction costs.

Subsequent measurement

The subsequent measurement of financial assets depends on their classification as follows:

(i) Loans and receivables

Non-derivative financial assets with fixed or determinable payments that are not quoted in an active market are classified as loans and receivables. Subsequent to initial recognition, loans and receivables are measured at amortised cost using the effective interest method, less impairment. Gains and losses are recognised in profit or loss when the loans and receivables are derecognised or impaired, and through the amortisation process.

(ii) Available-for-sale financial assets

Available-for-sale financial assets include equity and debt securities. Equity investments classified as available-for-sale are those, which are neither classified as held for trading nor designated at fair value through profit or loss. Debt securities in this category are those which are intended to be held for an indefinite period of time and which may be sold in response to needs for liquidity or in response to changes in the market conditions.

After initial recognition, available-for-sale financial assets are subsequently measured at fair value. Any gains or losses from changes in fair value of the financial asset are recognised in other comprehensive income, except that impairment losses, foreign exchange gains and losses on monetary instruments and interest calculated using the effective interest method are recognised in profit or loss. The cumulative gain or loss previously recognised in other comprehensive income is reclassified from equity to profit or loss as a reclassification adjustment when the financial asset is de-recognised.

Investments in equity instruments whose fair value cannot be reliably measured are measured at cost less impairment loss.

De-recognition

A financial asset is de-recognised where the contractual right to receive cash flows from the asset has expired. On de-recognition of a financial asset in its entirety, the difference between the carrying amount and the sum of the consideration received and any cumulative gain or loss that had been recognised in other comprehensive income is recognised in profit or loss.

Notes To The Financial Statements

For the financial year ended 31 December 2015

2. Summary of significant accounting policies (cont'd)

2.13 Financial instruments

(b) Financial liabilities

Initial recognition and measurement

Financial liabilities are recognised when, and only when, the Group becomes a party to the contractual provisions of the financial instrument. The Group determines the classification of its financial liabilities at initial recognition.

All financial liabilities are recognised initially at fair value plus in the case of financial liabilities not at fair value through profit or loss, directly attributable transaction costs.

Subsequent measurement

After initial recognition, financial liabilities that are not carried at fair value through profit or loss are subsequently measured at amortised cost using the effective interest method. Gains and losses are recognised in profit or loss when the liabilities are derecognised, and through the amortisation process.

De-recognition

A financial liability is de-recognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a de-recognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in profit or loss.

2.14 Impairment of financial assets

The Group assesses at each reporting date whether there is any objective evidence that a financial asset is impaired.

(a) Financial assets carried at amortised cost

For financial assets carried at amortised cost, the Group first assesses whether objective evidence of impairment exists individually for financial assets that are individually significant, or collectively for financial assets that are not individually significant. If the Group determines that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, it includes the asset in a group of financial assets with similar credit risk characteristics and collectively assesses them for impairment. Assets that are individually assessed for impairment and for which an impairment loss is, or continues to be recognised are not included in a collective assessment of impairment.

If there is objective evidence that an impairment loss on financial assets carried at amortised cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the financial asset's original effective interest rate. If a loan has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate. The carrying amount of the asset is reduced through the use of an allowance account. The impairment loss is recognised in profit or loss.

When the asset becomes uncollectible, the carrying amount of impaired financial asset is reduced directly or if an amount was charged to the allowance account, the amounts charged to the allowance account are written off against the carrying value of the financial asset.

2. Summary of significant accounting policies (cont'd)

2.14 Impairment of financial assets (cont'd)

(a) Financial assets carried at amortised cost (cont'd)

To determine whether there is objective evidence that an impairment loss on financial assets has been incurred, the Group considers factors such as the probability of insolvency or significant financial difficulties of the debtor and default or significant delay in payments.

If in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed to the extent that the carrying amount of the asset does not exceed its amortised cost at the reversal date. The amount of reversal is recognised in profit or loss.

(b) Financial assets carried at cost

If there is objective evidence (such as significant adverse changes in the business environment where the issuer operates, probability of insolvency or significant financial difficulties of the issuer) that an impairment loss on financial assets carried at cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the current market rate of return for a similar financial asset. Such impairment losses are not reversed in subsequent periods.

(c) Available-for-sale financial assets

In the case of equity investments classified as available-for-sale, objective evidence of impairment include (i) significant financial difficulty of the issuer or obligor, (ii) information about significant changes with an adverse effect that have taken place in the technological, market, economic or legal environment in which the issuer operates, and indicates that the cost of the investment in equity instrument may not be recovered; and (iii) a significant or prolonged decline in the fair value of the investment below its costs.

If an available-for-sale financial asset is impaired, an amount comprising the difference between its acquisition cost (net of any principal repayment and amortisation) and its current fair value, less any impairment loss previously recognised in profit or loss, is transferred from other comprehensive income and recognised in profit or loss. Reversals of impairment losses in respect of equity instruments are not recognised in profit or loss; increase in their fair value after impairment are recognised directly in other comprehensive income.

In the case of debt instruments classified as available-for-sale, impairment is assessed based on the same criteria as financial assets carried at amortised cost. However, the amount recorded for impairment is the cumulative loss measured as the difference between the amortised cost and the current fair value, less any impairment loss on that investment previously recognised in profit or loss. Future interest income continues to be accrued based on the reduced carrying amount of the asset, using the rate of interest used to discount the future cash flows for the purpose of measuring the impairment loss. The interest income is recorded as part of finance income. If, in a subsequent year, the fair value of a debt instrument increases and the increases can be objectively related to an event occurring after the impairment loss was recognised in profit or loss, the impairment loss is reversed in profit or loss.

2.15 Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and on hand, demand deposits, and short-term, highly liquid investments that are readily convertible to known amount of cash and which are subject to an insignificant risk of changes in value. These also include bank overdrafts that form an integral part of the Group's cash management.

Notes To The Financial Statements

For the financial year ended 31 December 2015

2. Summary of significant accounting policies (cont'd)

2.16 Construction contracts

The Group principally operates fixed price contracts. Contract revenue and contract costs are recognised as revenue and expenses respectively by reference to the stage of completion of the contract activity at the end of the reporting period (the percentage of completion method), when the outcome of a construction contract can be estimated reliably.

When the outcome of a construction contract cannot be estimated reliably (principally during early stages of a contract), contract revenue is recognised only to the extent of contract costs incurred that are likely to be recoverable and contract costs are recognised as expense in the period in which they are incurred.

An expected loss on the construction contract is recognised as an expense immediately when it is probable that total contract costs will exceed total contract revenue.

In applying the percentage of completion method, revenue recognised corresponds to the total contract revenue multiplied by the actual completion rate based on surveys of work performed.

2.17 Development properties

Development properties are properties acquired or being constructed for sale in the ordinary course of business, rather than to be held for the Group's own use, rental or capital appreciation.

Development properties are held as inventories and are measured at the lower of cost and net realisable value.

Non-refundable commissions paid to sales or marketing agents on the sale of real estate units are expensed when incurred.

Net realisable value of development properties is the estimated selling price in the ordinary course of the business, based on market prices at the reporting date and discounted for the time value of money if material, less the estimated costs of completion and the estimated costs necessary to make the sale.

The costs of development properties recognised in profit or loss on disposal are determined with reference to the specific costs incurred on the property sold and an allocation of any non-specific costs based on the relative size of the property sold.

2.18 Provisions

General

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and the amount of the obligation can be estimated reliably.

Provisions are reviewed at the end of each reporting period and adjusted to reflect the current best estimate. If it is no longer probable that an outflow of economic resources will be required to settle the obligation, the provision is reversed. If the effect of the time value of money is material, provisions are discounted using a current pre tax rate that reflects, where appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

2. Summary of significant accounting policies (cont'd)

2.19 Financial guarantee

A financial guarantee is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due in accordance with the terms of a debt instrument.

Financial guarantees are recognised initially as a liability at fair value, adjusted for transaction costs that are directly attributable to the issuance of the guarantee. Subsequent to initial recognition, financial guarantees are recognised as income in profit or loss over the period of the guarantee. If it is probable that the liability will be higher than the amount initially recognised less amortisation, the liability is recorded at the higher amount with the difference charged to profit or loss.

2.20 Borrowing costs

Borrowing costs are capitalised as part of the cost of a qualifying asset if they are directly attributable to the acquisition, construction or production of that asset. Capitalisation of borrowing costs commences when the activities to prepare the asset for its intended use or sale are in progress and the expenditures and borrowing costs are incurred. Borrowing costs are capitalised until the assets are substantially completed for their intended use or sale. All other borrowing costs are expensed in the period they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

2.21 Employee benefits

(a) Defined contribution plans

The Group participates in the national pension schemes as defined by the laws of the countries in which it has operations. In particular, the Singapore companies in the Group make contributions to the Central Provident Fund scheme in Singapore, a defined contribution pension scheme. Contributions to defined contribution pension schemes are recognised as an expense in the period in which the related service is performed.

(b) Chip Eng Seng Performance share plan ("CES Share Plan")

Employees received remuneration under the CES Share Plan in the form of fully-paid shares ("Awards") of the Company as consideration for services rendered.

The fair value of the employee services received in exchange for the award of the performance shares is recognised as an expense in the profit or loss with a corresponding increase in share-based compensation reserve. The total amount to be recognised over the vesting period is determined by reference to the fair value of the performance shares at the date of the award and the number of performance shares expected to be vested by vesting period. At each end of the reporting period, the Group revises its estimate of the number of performance shares that are expected to vest on vesting date. Any revision of this estimate is included in the profit or loss and a corresponding adjustment to share-based compensation reserve over the remaining vesting period.

Where treasury shares are reissued pursuant to the CES Share Plan, the cost of the treasury shares is reversed from the treasury account against the related balances previously recognised in the share-based compensation reserve. The resulting realised gain or loss on reissue net of any directly attributable incremental transaction costs and related income tax, is taken to the treasury shares reserve of the Company.

Notes To The Financial Statements

For the financial year ended 31 December 2015

2. Summary of significant accounting policies (cont'd)

2.22 Leases

(a) As lessee

Finance leases which transfer to the Group substantially all the risks and rewards incidental to ownership of the leased item, are capitalised at the inception of the lease at the fair value of the leased asset or, if lower, at the present value of the minimum lease payments. Any initial direct costs are also added to the amount capitalised. Lease payments are apportioned between the finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged to profit or loss. Contingent rents, if any, are charged as expenses in the periods in which they are incurred.

Capitalised leased assets are depreciated over the shorter of the estimated useful life of the asset and the lease term, if there is no reasonable certainty that the Group will obtain ownership by the end of the lease term.

Operating lease payments are recognised as an expense in profit or loss on a straight-line basis over the lease term. The aggregate benefit of incentives provided by the lessor is recognised as a reduction of rental expense over the lease term on a straight-line basis.

(b) As lessor

Leases in which the Group does not transfer substantially all the risks and rewards of ownership of the asset are classified as operating leases. Initial direct costs incurred in negotiating an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same bases as rental income. The accounting policy for rental income is set out in Note 2.23(e). Contingent rents are recognised as revenue in the period in which they are earned.

2.23 Revenue

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured, regardless of when the payment is made. Revenue is measured at the fair value of consideration received or receivable, taking into account contractually defined terms of payment excluding taxes or duty.

(a) Construction revenue

Accounting policy for recognising construction contract revenue is stated in Note 2.16.

(b) Sale of completed development property

A development property is regarded as sold when the significant risks and returns have been transferred to the buyer, which is normally on unconditional exchange of contracts. For conditional exchanges, sales are recognised only when all the significant conditions are satisfied.

2. Summary of significant accounting policies (cont'd)

2.23 Revenue (cont'd)

(c) Sale of development property under construction

Where development property is under construction and agreement has been reached to sell such property when construction is complete, the Directors consider when the contract comprises:

– A contract to construct a property; or
– A contract for the sale of completed property

(a) Where a contract is judged to be for the construction of a property, revenue is recognised using the percentage of completion method as construction progresses.

(b) Where a contract is judged to be for the sale of a completed property, revenue is recognised when the significant risks and rewards of ownership of the real estate have been transferred to the buyer (i.e. revenue is recognised using the completed contract method).

(i) If, however, the legal terms of the contract are such that the construction represents the continuous transfer of work in progress to the purchaser, the percentage of completion method of revenue recognition is applied and revenue is recognised as work progresses.

(ii) In Singapore context, INT FRS 115 includes an accompanying note on application of INT FRS 115 in Singapore which requires the percentage of completion method of revenue recognition to be applied to sale of private residential properties in Singapore prior to completion of the properties that are regulated under the Singapore Housing Developers (Control and Licensing) Act (Chapter 130) and uses the standard form of sale and purchase agreements (SPAs) prescribed in the Housing Developers Rules. The accompanying note to INT FRS 115 does not address the accounting treatment for other SPAs, including SPAs with a Deferred Payment Scheme feature in Singapore.

In the above situations (i) and (ii), the percentage of work completed is measured based on the value of construction work certified by architects over the total contract value of construction of the development property.

(d) Revenue from hotel operations

Revenue from the rental of hotel rooms and other facilities is recognised when the services are rendered. Revenue from the sale of food and beverage is recognised when the goods are delivered to the customer.

(e) Rental income

Rental income arising from operating leases on investment properties is accounted for on a straight-line basis over the lease terms. The aggregate costs of incentives provided to lessees are recognised as a reduction of rental income over the lease term on a straight-line basis.

Notes To The Financial Statements

For the financial year ended 31 December 2015

2. Summary of significant accounting policies (cont'd)

2.24 Taxes

(a) Current income tax

Current income tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted at the end of the reporting period, in the countries where the Group operates and generates taxable income.

Current income taxes are recognised in profit or loss except to the extent that the tax relates to items recognised outside profit or loss, either in other comprehensive income or directly in equity. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

(b) Deferred tax

Deferred tax is provided using the liability method on temporary differences at the end of the reporting period between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognised for all temporary differences, except:

– Where the deferred tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and

– In respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognised for all deductible temporary differences, the carry forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised except:

– Where the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and

– In respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, deferred tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are reassessed at the end of each reporting period and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the end of each reporting period.

2. Summary of significant accounting policies (cont'd)

2.24 Taxes (cont'd)

(b) Deferred tax (cont'd)

Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss. Deferred tax items are recognised in correlation to the underlying transaction either in other comprehensive income or directly in equity and deferred tax arising from a business combination is adjusted against goodwill on acquisition.

(c) Sales tax

Revenue, expenses and assets are recognised net of the amount of sales tax except:

– Where the sales tax incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case the sales tax is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable; and

– Receivables and payables that are stated with the amount of sales tax included.

2.25 Share capital and share issuance expenses

Proceeds from issuance of ordinary shares are recognised as share capital in equity. Incremental costs directly attributable to the issuance of ordinary shares are deducted against share capital.

2.26 Treasury shares

The Group's own equity instruments, which are reacquired (treasury shares) are recognised at cost and deducted from equity. No gain or loss is recognised in profit or loss on the purchase, sale, issue or cancellation of the Group's own equity instruments. Any difference between the carrying amount of treasury shares and the consideration received, if reissued, is recognised directly in equity. Voting rights related to treasury shares are nullified for the Group and no dividends are allocated to them respectively.

2.27 Contingencies

A contingent liability is:

(a) a possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group; or

(b) a present obligation that arises from past events but is not recognised because:

(i) It is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation; or

(ii) The amount of the obligation cannot be measured with sufficient reliability.

A contingent asset is a possible asset that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group.

Contingent liabilities and assets are not recognised on the balance sheet of the Group, except for contingent liabilities assumed in a business combination that are present obligations and which the fair values can be reliably determined.

Notes To The Financial Statements

For the financial year ended 31 December 2015

3. Significant accounting judgements and estimates

The preparation of the Group's consolidated financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities at the end of each reporting period. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of the asset or liability affected in the future periods.

3.1 Judgements made in applying accounting policies

In the process of applying the Group's accounting policies, management has made the following judgements which have the most significant effect on the amounts recognised in the consolidated financial statements:

(a) Impairment of available-for-sale equity investments

The Group records impairment charges on available-for-sale equity investments when there has been a significant or prolonged decline in the fair value below their cost. The determination of what is "significant" or "prolonged" requires judgement. In making this judgement, the Group evaluates, among other factors, historical share price movements and the duration and extent to which the fair value of an investment is less than its cost.

(b) Determination of functional currency

The Group measures foreign currency transactions in the respective functional currencies of the Company and its subsidiaries. In determining the functional currencies of the entities in the Group, judgement is required to determine the currency that mainly influences sales prices for goods and services and of the country whose competitive forces and regulations mainly determines the sales prices of its goods and services. The functional currencies of the entities in the Group are determined based on management's assessment of the economic environment in which the entities operate and the entities' process of determining sales prices. Management has assessed that prices are mainly denominated and settled in the respective local currency of the entities of the Group. In addition, most of the entities' cost base is mainly denominated in their respective local currency. Therefore, management concluded that the functional currency of the entities of the Group is their respective local currency.

(c) Determination of lease classification

The Group has entered into commercial property leases on its investment properties. The Group evaluated the terms and conditions of the arrangements and assessed that the lease term does not constitute a substantial portion of the economic life of the commercial property and the minimum lease payment is not substantially all of the fair value of the leased asset. The Group determined that it retains all the significant risks and rewards of ownership of these properties and so accounts for the contracts as operating leases.

(d) Classification of property

The Group determines whether a property is classified as investment property or development property:

- Investment property comprises land and buildings (principally offices and commercial warehouse) which are not occupied substantially for use by, or in the operations of, the Group, nor for sale in the ordinary course of business, but are held primarily to earn rental income and capital appreciation.

- Development property comprises property that is held for sale in the ordinary course of business. Principally, this is residential and commercial property that the Group develops and intends to sell before or on completion of construction.

3. Significant accounting judgements and estimates (cont'd)

3.2 Key sources of estimation uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty at the end of each reporting period are discussed below. The Group based its assumptions and estimates on parameters available when the financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising beyond the control of the Group. Such changes are reflected in the assumptions when they occur.

(a) Construction contracts

The Group recognises contract revenue by reference to the stage of completion of the contract activity at the end of each reporting period, 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. Significant assumptions are required to estimate the recoverable variation works that will affect the stage of completion. In making these estimates, management has relied on past experience and knowledge of the project engineers. The carrying amounts of assets and liabilities arising from construction contracts at the end of each reporting period are disclosed in Note 18 to the financial statements. If the estimated total contract cost had been 2% higher than management estimate, the net carrying amount of the assets and liabilities arising from construction contracts would have been $125,000 lower and $8,274,000 higher (2014: $1,417,000 lower and $7,322,000 higher) respectively.

(b) Revaluation of investment properties

The Group carries its investment properties at fair value, with changes in fair values being recognised in profit or loss. The Group engaged real estate valuation experts to assess fair value as at 31 December 2015.

The fair values of investment properties are determined by independent real estate valuation experts using market comparable approach, capitalisation approach and discounted cash flow approach.

The determination of the fair values of the investment properties require the use of estimates on yield adjustments such as location, size, tenure, age and condition. These estimates are based on local market conditions existing at the end of each reporting date.

The key assumptions used to determine the fair value of the investment properties are further explained in Note 12 and 32(d)(i).

(c) Revenue recognition on development property under construction

The Group recognises revenue for pre-completion sales of certain types of properties by reference to the stage of completion using the percentage of completion method. The stage of completion is measured based on the value of construction work certified by architects over the total contract value of construction of the development property. Significant assumptions are required to estimate the total development costs and the recoverable variation works that affect the stage of completion and the revenue respectively. In making these estimates, management has relied on past experience and knowledge of the project engineers. The carrying amounts of assets and liabilities as well as the revenue from sale of development property (recognised on percentage of completion basis) are disclosed in Note 19 and Note 4 to the financial statements respectively. If the estimated total development cost had been 2% higher than management estimate, the carrying amount of the assets arising from development properties under construction would have been $555,000 (2014: $995,000) lower.

(d) Allowance for impairment on development property

The Group makes allowance for impairment taking into account the Group's experience in estimating net realisable values of its property under development by reference to comparable properties, timing of sale launches, location of property, expected net selling prices and development expenditure. Market conditions may, however, change which may affect the future selling prices on the remaining unsold residential units of the property under development and accordingly, the carrying value of the property under development may have to be written down in future periods.

Notes To The Financial Statements

For the financial year ended 31 December 2015

4. Revenue

	Group	
	2015	2014
	$'000	$'000
Sale of development properties		
– recognised on percentage of completion basis	324,828	128,833
– recognised on completion contract method	22,670	636,814
Construction revenue	305,759	334,228
Revenue from hotel operations	14,129	–
Rental income from investment properties (Note 12)	8,965	5,852
Management fees	101	13
	676,452	1,105,740

5. Interest income

	Group	
	2015	2014
	$'000	$'000
Interest income from loan and receivables	2,477	784

6. Other income

	Group	
	2015	2014
	$'000	$'000
Sales of materials	980	563
Government grants	705	439
Dividend income from investment securities	700	205
Rental income from development properties	639	–
Net gain on disposal of property, plant and equipment	359	268
Disposal of show units	350	–
Net foreign exchange gain	263	–
Deposits forfeited from buyers	215	316
Net gain from fair value adjustment of investment properties (Note 12)	–	37,902
Net fair value gain on investment securities	–	29
Others	367	554
	4,578	40,276

7. Finance costs

	Group 2015 $'000	Group 2014 $'000
Interest expense on bank loans and borrowings	32,087	16,434
Less: Interest expense capitalised in		
– Property, plant and equipment (Note 11)	(544)	(1,685)
– Investment properties (Note 12)	–	(1,170)
– Development properties (Note 19)	(15,185)	(9,126)
Total finance costs	16,358	4,453

8. Profit before tax

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

	Group 2015 $'000	Group 2014 $'000
Audit fees paid to:		
– Auditors of the Company	308	314
– Other auditors	85	96
Non-audit fees paid to:		
– Auditors of the Company	90	50
– Other auditors	–	–
Depreciation of property, plant and equipment (Note 11)	6,065	3,856
Amortisation of intangible assets (Note 13)	27	41
Net foreign exchange loss	–	2,656
Employee benefits expense (Note 28)	60,454	88,165
Operating lease expense (Note 30(a))	627	627
Net loss from fair value adjustment of investment properties (Note 12)	4,225	–
Impairment loss on receivables	–	385
Impairment loss on investment securities	28	–
Impairment loss on development properties	10,400	–
Property, plant and equipment written off	3	86

Notes To The Financial Statements

For the financial year ended 31 December 2015

9. Income tax expense

Major components of income tax expense

The major components of income tax expense for the years ended 31 December 2015 and 2014 are:

	Group	
	2015	**2014**
	$'000	**$'000**
Consolidated income statement:		
Current income tax		
– current income taxation	14,769	55,306
– overprovision in respect of previous years	(4,892)	(5,531)
	9,877	49,775
Deferred income tax		
– origination and reversal of temporary differences	449	(6,829)
Income tax expense recognised in profit or loss	10,326	42,946

Relationship between tax expense and accounting profit

A reconciliation between tax expense and the product of accounting profit multiplied by the applicable corporate tax rate for the years ended 31 December 2015 and 2014 is as follows:

	Group	
	2015	**2014**
	$'000	**$'000**
Accounting profit before tax	67,572	323,676
Tax at the domestic rates applicable to profits in the countries where the Group operates	11,229	57,762
Adjustments:		
Non-deductible expenses	5,746	3,152
Income not subject to taxation	(1,462)	(8,297)
Deferred tax assets not recognised	1,041	2,271
Effect of partial tax exemption and tax relief	(878)	(467)
Overprovision in respect of previous years	(4,892)	(5,531)
Share of results of associates	(408)	(6,009)
Withholding tax	142	113
Others	(192)	(48)
Income tax expense recognised in profit or loss	10,326	42,946

The above reconciliation is prepared by aggregating separate reconciliations for each national jurisdiction.

10. Earnings per share

Basic earnings per share are calculated by dividing the profit, net of tax, attributable to owners of the Company by the weighted average number of ordinary shares outstanding during the financial year.

Diluted earnings per share are calculated by dividing profit, net of tax, attributable to owners of the Company (after adjusting for interest expense on convertible redeemable preference shares) by the weighted average number of ordinary shares outstanding during the financial year plus the weighted average number of ordinary shares that would be issued on the conversion of all the dilutive potential ordinary shares into ordinary shares.

The following tables reflect the profit and share data used in the computation of basic and diluted earnings per share for the years ended 31 December:

	Group	
	2015	**2014**
	'000	**'000**
Profit, net of tax, attributable to owners of the Company used in the computation of basic and diluted earnings per share	$62,990	$280,733
Weighted average number of ordinary shares for basic and diluted earnings per share computation	623,070	636,983

There were no potentially dilutive ordinary shares in 31 December 2015 and 2014.

Notes To The Financial Statements

For the financial year ended 31 December 2015

11. Property, plant and equipment

Group	Freehold land $'000	Leasehold land $'000	Freehold and leasehold buildings $'000	Leasehold land and buildings under construction $'000	Container office, building and construction equipment $'000	Motor vehicles $'000	Computer and office equipment $'000	Furniture, fixture and fittings $'000	Total $'000
Cost									
At 1 January 2014	5,166	268	156	151,499	10,068	4,783	1,302	1,505	174,747
Additions	–	–	483	52,441	559	2,005	437	59	55,984
Disposals	–	–	–	–	(92)	(684)	(2)	–	(778)
Written off	–	–	–	–	(179)	–	(518)	(1,308)	(2,005)
Reclassification	–	3,934	6,767	(10,701)	–	–	–	–	–
Revaluation surplus	(171)	–	8	–	–	–	–	–	(163)
Exchange differences	(88)	–	(3)	–	(71)	(4)	(2)	1	(167)
At 31 December 2014 and 1 January 2015	4,907	4,202	7,411	193,239	10,285	6,100	1,217	257	227,618
Additions	–	–	541	14,871	302	317	1,360	3,276	20,667
Disposals	–	–	–	–	(545)	(1,007)	(4)	–	(1,556)
Written off	–	–	–	–	–	–	(133)	(160)	(293)
Reclassification	–	122,660	85,450	(208,110)	–	–	–	–	–
Revaluation surplus	(1,613)	–	(21)	–	–	–	–	–	(1,634)
Exchange differences	(650)	–	(21)	–	(492)	(19)	(7)	(1)	(1,190)
At 31 December 2015	2,644	126,862	93,360	–	9,550	5,391	2,433	3,372	243,612

11. Property, plant and equipment (cont'd)

Group	Freehold land $'000	Leasehold land $'000	Freehold and leasehold buildings $'000	Leasehold land and buildings under construction $'000	Container office, building and construction equipment $'000	Motor vehicles $'000	Computer and office equipment $'000	Furniture, fixture and fittings $'000	Total $'000
Accumulated depreciation									
At 1 January 2014	–	268	39	2,467	5,288	2,420	965	1,381	12,828
Depreciation charge for the year	–	182	131	1,239	1,108	955	215	26	3,856
Disposals	–	–	–	–	(92)	(551)	–	–	(643)
Written off	–	–	–	–	(180)	–	(516)	(1,223)	(1,919)
Reclassification	–	203	–	(203)	–	–	–	–	–
Exchange differences	–	–	(1)	–	(24)	(3)	(1)	–	(29)
At 31 December 2014 and 1 January 2015	–	653	169	3,503	6,100	2,821	663	184	14,093
Depreciation charge for the year	–	744	1,451	666	1,114	1,035	460	595	6,065
Disposals	–	–	–	–	(455)	(798)	(1)	–	(1,254)
Written off	–	–	–	–	–	–	(133)	(157)	(290)
Reclassification	–	4,169	–	(4,169)	–	–	–	–	–
Exchange differences	–	–	(8)	–	(180)	(15)	(5)	–	(208)
At 31 December 2015	–	5,566	1,612	–	6,579	3,043	984	622	18,406
Net carrying amount									
At 31 December 2014	4,907	3,549	7,242	189,736	4,185	3,279	554	73	213,525
At 31 December 2015	2,644	121,296	91,748	–	2,971	2,348	1,449	2,750	225,206

Notes To The Financial Statements

For the financial year ended 31 December 2015

11. Property, plant and equipment (cont'd)

Company	Motor vehicles	Computer and office equipment	Furniture, fixture and fittings	Total
	$'000	$'000	$'000	$'000
Cost				
At 1 January 2014	1,966	61	475	2,502
Additions	1,356	7	–	1,363
Disposal	(641)	–	–	(641)
Written off	–	(13)	(475)	(488)
At 31 December 2014 and 1 January 2015	2,681	55	–	2,736
Additions	–	178	–	178
Disposal	(551)	–	–	(551)
At 31 December 2015	2,130	233	–	2,363
Accumulated depreciation				
At 1 January 2014	1,030	51	467	1,548
Depreciation charge for the year	465	6	3	474
Disposal	(507)	–	–	(507)
Written off	–	(13)	(470)	(483)
At 31 December 2014 and 1 January 2015	988	44	–	1,032
Depreciation charge for the year	492	57	–	549
Disposal	(540)	–	–	(540)
At 31 December 2015	940	101	–	1,041
Net carrying amount				
At 31 December 2014	1,693	11	–	1,704
At 31 December 2015	1,190	132	–	1,322

Capitalisation of borrowing costs

The Group's leasehold land and building with a carrying amount of $203,180,000 (2014: $189,736,000) is mortgaged to secure bank borrowing. During the year, the borrowing cost capitalised amounted to $544,000 (2014: $1,685,000).

11. Property, plant and equipment (cont'd)

As at 31 December, the freehold and leasehold land and buildings were appraised by professional valuers at an open market value as follows:

	2015 $'000	2014 $'000
At valuation		
Freehold land and building	4,512	5,016
Leasehold land and building*	380,000	12,000

* The open market value for 2014 did not include the leasehold land and buildings under construction as it was not appraised by professional valuer.

The valuation surplus had not been incorporated in the financial statements.

12. Investment properties

	Group	
	2015 $'000	2014 $'000
At 1 January	288,983	175,714
Net (loss)/gains from fair value adjustments recognised in profit or loss (Note 6 & 8)	(4,225)	37,902
Additions (subsequent expenditure)	1,070	75,224
Exchange differences	(2,191)	143
At 31 December	283,637	288,983

The following amounts are recognised in the income statement:

Rental income (Note 4)	8,965	5,852
Direct operating expenses arising from rental generating properties	3,759	1,881

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For the financial year ended 31 December 2015

12. Investment properties (cont'd)

The investment properties held by the Group as at 31 December 2015 are as follows:

Description and location	Tenure	Existing Use	Unexpired lease term
2 adjoining units of 3-storey shophouses at 86, 86A, 86B Tanjong Pagar Road, Singapore	99 years from 27 September 1988	Shops and offices	72 years
A part 2-storey, part 4-storey shophouse at 161 Geylang Road, Singapore	99 years from 4 May 1993	Shops and offices	77 years
6-storey light industrial building with a basement carpark at 69 Ubi Crescent, Singapore	60 years from 5 July 1997	Light industrial building	42 years
3 adjoining units of 2-1/2 storey shophouses with 4-storey rear extension at 115 Geylang Road, Singapore	Freehold	Boarding hotel	–
12-storey office building at 171 Chin Swee Road, Singapore	99 years from 2 June 1969	Offices	53 years
11-storey office building at 420 St Kilda Road, Melbourne, Australia	Freehold	Offices	–

The Group has no restriction on the realisability of its investment properties and no contractual obligations to purchase, construct or develop investment property or for repairs, maintenance or enhancements.

Borrowing costs of $Nil (2014: $1,170,000) arising from borrowings obtained specifically for investment properties were capitalised during the financial year.

<u>Properties pledged as securities</u>

The investment properties are mortgaged to secure banking facilities (Note 22).

<u>Valuation of investment properties</u>

Investment properties are stated at fair value, which has been determined based on valuations performed as at balance sheet date. The valuations were performed by Colliers International Consultancy & Valuation (Singapore) Pte Ltd, CBRE Pte Ltd and M3 Property, independent valuers with a recognised and relevant professional qualification and with recent experience in the location and category of the properties being valued. Details of valuations techniques and inputs used are disclosed in Note 32(d)(i).

13. Intangible assets

Club membership	Group $'000	Company $'000
Cost		
At 1 January 2014	413	228
Addition	88	88
Disposal	(59)	–
At 31 December 2014 and 1 January 2015	442	316
Disposal	(225)	(225)
At 31 December 2015	217	91
Accumulated amortisation		
At 1 January 2014	116	23
Amortisation for the year	41	24
Disposal	(9)	–
At 31 December 2014 and 1 January 2015	148	47
Amortisation for the year	27	15
Disposal	(56)	(56)
At 31 December 2015	119	6
Net carrying amount		
At 31 December 2014	294	269
At 31 December 2015	98	85

The amortisation of club membership is included in the "Administrative expenses" line item in the income statement. The remaining amortisation period range from 3 to 8 years (2014: 4 to 9 years).

14. Investments in subsidiaries

	Company	
	2015 $'000	2014 $'000
Shares, at cost	48,302	48,302

Details regarding subsidiaries are set out in Note 1.

The Group's contingent liabilities in respect of its investments in subsidiaries are disclosed in Note 31.

Notes To The Financial Statements

For the financial year ended 31 December 2015

14. Investments in subsidiaries (cont'd)

Interest in subsidiary with material non-controlling interest (NCI)

The Group has the following subsidiary that has NCI that are material to the Group.

Name of Subsidiary	Principal place of business	Proportion of ownership interest held by NCI		Loss allocated to NCI during the reporting period		Accumulated NCI at the end of reporting period		Dividends paid to NCI	
		2015	2014	2015	2014	2015	2014	2015	2014
		%	%	$'000	$'000	$'000	$'000	$'000	$'000
Fernvale Development Pte Ltd	Singapore	40	40	(5,744)	(3)	(5,347)	397	–	–

Summarised financial information about a subsidiary with material NCI

Summarised financial information including goodwill on acquisition and consolidation adjustments but before intercompany eliminations of a subsidiary with material non-controlling interest is as follows:

Summarised balance sheets	Fernvale Development Pte Ltd	
	2015	2014
	$'000	$'000
Current		
Assets	452,436	507,474
Liabilities	(10,185)	(570)
Net current assets	442,251	506,904
Non-current		
Assets	2,940	–
Liabilities	(458,559)	(505,911)
Net non-current assets	(455,619)	(505,911)
Net assets	(13,368)	993

14. Investments in subsidiaries (cont'd)

Summarised statement of comprehensive income

	Fernvale Development Pte Ltd	
	2015	**2014**
	$'000	**$'000**
Revenue	32,543	–
Loss before tax	(17,300)	(7)
Income tax expense	2,940	–
Loss after tax and total comprehensive income	(14,360)	(7)
Other summarised information		
Net cash flows generated from/(used in) operating activities	128,255	(506,007)
Net cash flows (used in)/generated from financing activities	(56,927)	506,940
Land and development cost for development property	575,902	506,541

15. Investments in associates

	Group		Company	
	2015	**2014**	**2015**	**2014**
	$'000	**$'000**	**$'000**	**$'000**
Investments in associates	12,121	13,338	650	650

Details regarding associates are set out in Note 1.

Aggregate information about the Group's investments in associates that are not individually material are as follows:

	Group	
	2015	**2014**
	$'000	**$'000**
Profit after tax	3,728	3,931
Other comprehensive income	509	508
Total comprehensive income	4,237	4,439

Notes To The Financial Statements

For the financial year ended 31 December 2015

16. Trade and other receivables

	Group		Company	
	2015	2014	2015	2014
	$'000	$'000	$'000	$'000
Trade and other receivables (current):				
Trade receivables	32,841	36,733	–	–
Sales proceeds and progress billing receivables	202,091	166,613	–	–
Refundable deposits	5,795	2,105	1	24
Recoverables	1,908	2,394	–	–
GST receivables	685	952	–	–
Amounts due from subsidiaries, trade	–	–	27,523	31,618
Amounts due from associates, trade	5,952	7,644	–	–
	249,272	216,441	27,524	31,642
Other receivables (non-current):				
Amounts due from subsidiaries, non-trade	–	–	180,219	224,458
Amounts due from associates, non-trade	7,033	9,875	–	–
Other receivables	239	440	–	–
	7,272	10,315	180,219	224,458
Total trade and other receivables (current and non-current, excluding GST receivables)	255,859	225,804	207,743	256,100
Add: Cash and short-term deposits (Note 21)	442,456	285,049	49,904	22,970
Total loans and receivables	698,315	510,853	257,647	279,070

Trade receivables denominated in foreign currencies at 31 December are as follows:

	Group	
	2015	2014
	$'000	$'000
Australia Dollar	3,716	20,589
Malaysian Ringgit	1,265	1,431

16. Trade and other receivables (cont'd)

Trade receivables and amount due from subsidiaries and associates, trade (current)

These amounts are non-interest bearing and are generally on 30 to 90 days terms. They are recognised at their original invoice amounts which represent their fair values on initial recognition.

Sales proceeds and progress billing receivables

Sales proceeds receivables relate to the remaining sales consideration not yet billed on completed development properties held for sale.

Progress billing receivables relate to the outstanding balance of progress billings which are due within 14 days after the purchasers receive the notices to make payment.

Recoverables

Recoverables relate mainly to payment for purchases made on behalf of sub-contractors.

Amounts due from subsidiaries, non-trade (non-current)

These amounts are unsecured and non-interest bearing, except for loans amounting to $178,319,000 at 1.25% p.a. above SIBOR and fixed rate at 4.25% p.a. (2014: $222,558,000 at 1.25% p.a. above SIBOR and fixed rate at 4.25% p.a.).

Amounts due from associates, non-trade (non-current)

These amounts are unsecured, non-interest bearing and not expected to be repaid within the next 12 months. All amounts are to be settled in cash.

Other receivables (non-current)

These receivables bear interest at fixed rate of 4.0% p.a. (2014: 4.0%) and are expected to be repaid in 2018.

Trade receivables that are past due but not impaired

The Group and Company has no significant trade receivables past due that were not impaired.

Notes To The Financial Statements

For the financial year ended 31 December 2015

16. Trade and other receivables (cont'd)

Receivables that are impaired

The Group's trade receivables that are impaired at the end of the reporting period and the movement of the allowance accounts used to record the impairment are as follows:

	Group	
	2015	**2014**
	$'000	**$'000**
Receivables – nominal amounts	2,504	2,537
Less: Allowance for impairment	(2,504)	(2,537)
	–	–
Movement in allowance accounts:		
At 1 January	2,537	2,152
Charge for the year	–	385
Exchange differences	(33)	–
At 31 December	2,504	2,537

Trade receivables that are individually determined to be impaired at the end of the reporting period relate to debtors that are in significant financial difficulties and have defaulted on payments. These receivables are not secured by any collateral or credit enhancements.

17. Investment securities

	Group		Company	
	2015	**2014**	**2015**	**2014**
	$'000	**$'000**	**$'000**	**$'000**
Available-for-sale financial assets				
Quoted shares, at fair value	3,864	2,331	3,864	2,331
Unquoted shares, at cost	–	28	–	–
	3,864	2,359	3,864	2,331
Movement in allowance accounts:				
At 1 January	–	–	–	–
Charge for the year	28	–	–	–
At 31 December	28	–	–	–

18. Gross amount due from/(to) customers for contract work-in-progress

	Group	
	2015	2014
	$'000	$'000
Aggregate amount of costs incurred and recognised profits (less recognised losses) to date	499,040	466,022
Less: Progress billings	(496,588)	(476,989)
	2,452	(10,967)
Presented as:		
Gross amount due from customers for contract work-in-progress	10,826	9,137
Gross amount due to customers for contract work-in-progress	(8,374)	(20,104)
	2,452	(10,967)
Retention sums on construction contract included in trade receivables	4,229	8,500

19. Development properties

	Group	
	2015	2014
	$'000	$'000
Completed properties held for sale	17,417	34,496
Properties under development:		
Land cost	699,647	887,610
Development cost	135,324	114,575
Attributable profits	6,650	52,741
Progress billings	(223,276)	(165,863)
	618,345	889,063
Allowance for impairment	(10,400)	–
	607,945	889,063
Total development properties	625,362	923,559
Development properties recognised as an expense in cost of sales	246,240	498,881

Notes To The Financial Statements

For the financial year ended 31 December 2015

19. Development properties (cont'd)

	Group 2015 $'000	Group 2014 $'000
Movement in allowance accounts:		
At 1 January	–	–
Charge for the year	10,400	–
At 31 December	10,400	–

Details of the Group's development properties are as follows:

Description and location	% owned	Site area (sq metre)	Estimated gross floor area (sq metre)	Year of completion/ stage of completion (expected year of completion)
Completed properties held for sale				
Singapore				
Leasehold commercial development (Alexandra Central) at 321 Alexandra Road, Singapore	100	7,946	8,671	2014
Leasehold mixed development (Junction Nine and Nine Residences) at Yishun Avenue 9, Singapore	100	8,858	26,291	2015
Properties under development				
Singapore				
Freehold residential development (Fulcrum) at Fort Road, Singapore	100	4,449	10,272	94% (2016)
Leasehold residential development (High Park Residences) at Fernvale Road, Singapore	60	34,018	112,259	3% (2019)
Australia				
Freehold residential development (Williamsons Estate) at 154-166 Williamsons Road and 5-17 Henry Street, Doncaster, Victoria, Australia	100	28,002	26,836	6% (2017)
Freehold mixed development (Tower Melbourne) at 150 Queen Street, Melbourne, Australia	100	913	56,400	0% (2020)
Freehold mixed development at 242 West Coast Highway, Scarborough, Western Australia	100	10,165	42,161	Planning
Freehold residential development at 217 and 221-223 Separation Street, Northcote, Victoria, Australia	100	17,857	52,600	Planning

19. Development properties (cont'd)

During the financial year, borrowing costs of $15,185,000 (2014: $9,126,000) arising from borrowings obtained specifically for the development properties were capitalised under "Development Costs". Interest rate for borrowing costs capitalised during the year range from 1.88% to 2.92% (2014: 1.43% to 2.27%) per annum.

The development properties are subject to legal mortgages for the purpose of securing the bank loans (Note 22).

The impairment loss on development properties is estimated taking into account estimated selling prices and estimated total construction costs. The estimated selling prices are based on recent selling prices for the development project or comparable projects and prevailing property market conditions. The estimated total construction costs are based on contracted amounts and, in respect of amounts not contracted for, management's estimates of the amounts to be incurred taking into consideration historical trends of the amounts incurred. The impairment loss is included in the "Administrative expenses" line item in the income statement.

20. Assets held for sale

	Group		Company	
	2015	2014	2015	2014
	$'000	$'000	$'000	$'000
Land held for sale	39,426	40,249	–	–
Hotel supplies, at cost	37	–	–	–
	39,463	40,249	–	–

During the year, the Group has entered into a contract to sell the vacant development site at 170 Victoria Street, Melbourne, Australia for A$64,800,000 and the settlement date is 26 March 2016.

21. Cash and short-term deposits

	Group		Company	
	2015	2014	2015	2014
	$'000	$'000	$'000	$'000
Cash at banks and on hand	77,828	85,278	12,204	5,589
Short-term deposits	211,546	135,631	37,700	17,381
Project account – cash at bank	93,054	64,140	–	–
Project account – Short-term deposits	60,028	–	–	–
	442,456	285,049	49,904	22,970

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21. Cash and short-term deposits (cont'd)

Cash at banks earn interest at floating rates based on daily bank deposit rates. Short-term deposits are made for varying periods of between 7 days and a month, depending on the immediate cash requirements of the Group and the Company, and earn interests at the respective short term deposit rates. The interest rates as at 31 December 2015 for the Group and the Company range from 0.5% to 2.31% (2014: 0.13% to 2.34%) and from 0.5% to 2.31% (2014: 0.40% to 2.34%) respectively.

As at 31 December 2015, the Group has a total balance of $153,082,000 (2014: $64,140,000) held under the development project rules in Singapore and Australia and the use of which is also governed by these rules.

Cash and short-term deposits denominated in foreign currency at 31 December are as follows:

	Group		Company	
	2015	2014	2015	2014
	$'000	$'000	$'000	$'000
Australian Dollar	29,861	3,042	111	42
Malaysian Ringgit	384	805	–	–

22. Loans and borrowings

	Maturity	Group		Company	
		2015	2014	2015	2014
		$'000	$'000	$'000	$'000
Current:					
Secured bank loans	2016	120,415	2,400	–	–
Non-current:					
Secured bank loans	2017 to 2040	588,287	788,416	–	–
Unsecured term notes	2017	150,000	150,000	150,000	150,000
		738,287	938,416	150,000	150,000
Total loans and borrowings		858,702	940,816	150,000	150,000

Secured bank loans

The Group's bank loans are denominated in Singapore and Australian Dollars. As at 31 December 2015, the bank loans bear interest at varying rates from 1.82% to 4.25% (2014: 1.32% to 4.27%) per annum.

22. Loans and borrowings (cont'd)

The bank loans are secured by:

(a) legal mortgage on the hotel (Note 11), investment properties (Note 12) and development properties (Note 19);
(b) assignment of present and future tenancy and sales agreements;
(c) assignment of construction contracts, performance bonds and fire insurance policy;
(d) subordination of shareholder's loan;
(e) fixed and floating charge on all the assets of the development properties and hotel;
(f) assignment of building agreement;
(g) assignment of dividends to be received;
(h) charge of bank accounts with the banker; and
(i) corporate guarantee from the Company.

Unsecured term notes

On 17 October 2014, the Company issued $150,000,000 of notes under the $500,000,000 Multicurrency Debt Issuance Programme. These notes which are unsecured, bear interest at a fixed rate of 4.25% per annum, payable semi-annually in arrear and will mature in October 2017.

23. Trade and other payables

	Group		Company	
	2015	2014	2015	2014
	$'000	$'000	$'000	$'000
Current:				
Trade payables	68,790	86,429	21	73
Other payables	9,196	2,408	3	1,327
Progress billings received	33,347	20,049	–	–
GST payables	5,299	1,657	203	127
	116,632	110,543	227	1,527
Non-current:				
Trade payables	93,188	79,481	–	–
Trade and other payables (excluding GST payables)	204,521	188,367	24	1,400
Add:				
– Other liabilities (Note 24)	38,242	58,673	5,764	22,032
– Loans and borrowings (Note 22)	858,702	940,816	150,000	150,000
Total financial liabilities carried at amortised cost	1,101,465	1,187,856	155,788	173,432

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23. Trade and other payables (cont'd)

Trade payables

Trade payables are non-interest bearing and are normally settled on 30 to 90 days terms.

Trade payables denominated in foreign currencies as at 31 December are as follows:

	Group	
	2015	**2014**
	$'000	**$'000**
Australian Dollar	35,512	1,330
Malaysian Ringgit	2,156	2,098

24. Other liabilities

	Group		Company	
	2015	**2014**	**2015**	**2014**
	$'000	**$'000**	**$'000**	**$'000**
Current:				
Accrued operating expenses	38,242	55,650	5,764	22,032
Rental deposits	–	1,107	–	–
	38,242	56,757	5,764	22,032
Non-current:				
Accrued operating expenses	–	1,916	–	–
Total other liabilities	38,242	58,673	5,764	22,032

25. Deferred tax

Deferred tax liabilities as at 31 December relates to the following:

	Group		Company	
	2015	2014	2015	2014
	$'000	$'000	$'000	$'000
Deferred tax liabilities				
Differences in depreciation for tax purpose	(332)	(575)	(16)	(5)
Deferred tax liabilities on development properties	(15,599)	(7,178)	–	–
	(15,931)	(7,753)	(16)	(5)
Deferred tax assets				
Unutilised tax losses	3,606	–	–	–
	3,606	–	–	–

Unrecognised tax losses

At the end of the reporting period, the Group has tax losses of approximately $24,693,000 (2014: $17,778,000) that are available for offset against future taxable profits of the companies in which the losses arose, for which no deferred tax asset is recognised due to uncertainty of its recoverability. The use of these tax losses is subject to the agreement of the tax authorities and compliance with certain provisions of the tax legislation of the respective countries in which the companies operate. The tax losses do not expire under current tax legislation.

Unrecognised temporary differences relating to investments in subsidiaries

At the end of the reporting period, no deferred tax liability (2014: Nil) has been recognised for taxes that would be payable on the undistributed earnings of certain of the Group's subsidiaries as the Group has determined that undistributed earnings of its subsidiaries will not be distributed in the foreseeable future.

Tax consequence of proposed dividends

There are no income tax consequences (2014: Nil) attached to the dividends to the shareholders proposed by the Company but not recognised as a liability in the financial statements (Note 36).

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26. Share capital and treasury shares

(a) *Share capital*

	Group and Company			
	2015		2014	
	No. of shares '000	$'000	No. of shares '000	$'000
Issued and fully paid ordinary shares				
At the beginning and end of the year	667,515	79,691	667,515	79,691

The holders of ordinary shares (except treasury shares) are entitled to receive dividends as and when declared by the Company. All ordinary shares carry one vote per share without restrictions. The ordinary shares have no par value.

(b) *Treasury shares*

	Group and Company			
	2015		2014	
	No. of shares '000	$'000	No. of shares '000	$'000
At 1 January	(39,646)	(27,374)	(20,698)	(12,006)
Purchase of treasury shares	(6,855)	(6,279)	(18,948)	(15,368)
At 31 December	(46,501)	(33,653)	(39,646)	(27,374)

Treasury shares relate to ordinary shares of the Company that is held by the Company.

The Company acquired 6,855,000 (2014: 18,948,000) shares in the Company through purchases on the Singapore Exchange during the financial year. The total amount paid to acquire the shares was $6,279,000 (2014: $15,368,000) and this was presented as a component within shareholders' equity.

No treasury shares were reissued pursuant to the performance shares plan during the year.

27. Other reserves

	Group		Company	
	2015	2014	2015	2014
	$'000	$'000	$'000	$'000
Fair value adjustment reserve	1,511	445	1,511	445
Foreign currency translation reserve	(24,709)	(18,243)	–	–
Capital reserve	674	674	–	–
Asset revaluation reserve	2,482	4,110	–	–
Treasury shares reserve	(533)	(533)	(533)	(533)
	(20,575)	(13,547)	978	(88)

(a) Fair value adjustment reserve

Fair value adjustment reserve represents the cumulative fair value changes, net of tax, of available-for-sale financial assets until they are disposed of or impaired.

	Group and Company	
	2015	2014
	$'000	$'000
At 1 January	445	270
Available-for-sale financial assets:		
– net gain on fair value changes during the year	1,066	175
At 31 December	1,511	445

(b) Foreign currency translation reserve

The foreign currency translation reserve represents exchange differences arising from the translation of the financial statements of foreign operations whose functional currencies are different from that of the Group's presentation currency.

	Group	
	2015	2014
	$'000	$'000
At 1 January	(18,243)	(14,231)
Net effect of exchange difference arising from translation of financial statements of foreign operations	(6,466)	(4,012)
At 31 December	(24,709)	(18,243)

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For the financial year ended 31 December 2015

27. Other reserves (cont'd)

(c) Capital reserve

	Group 2015 $'000	Group 2014 $'000
At beginning and end of the year	674	674

(d) Asset revaluation reserve

As at 31 December 2015, the asset revaluation reserve represents increases in the Group's share in fair value of leasehold land and building of an associated company.

	Group 2015 $'000	Group 2014 $'000
At 1 January	4,110	2,750
Net surplus on revaluation of freehold land and buildings	–	170
Reversal of net surplus on revaluation of freehold land and buildings	(1,819)	–
Share of other comprehensive income of associate	191	1,190
At 31 December	2,482	4,110

(e) Treasury shares reserve

This represents the gain or loss arising from purchase, sale, issue or cancellation of treasury shares. No dividend may be paid, and no other distribution (whether in cash or otherwise) of the Company's assets (including any distribution of assets to members on a winding up) may be made in respect of this reserve.

	Group and Company 2015 $'000	Group and Company 2014 $'000
At beginning and end of the year	(533)	(533)

28. Employee benefits expense

	Group 2015 $'000	Group 2014 $'000
Employee benefits expense (including directors):		
Salaries and bonuses	52,689	79,616
Central Provident Fund contributions	7,005	8,056
Other short term benefits	760	493
	60,454	88,165

29. Related party transactions

(a) *Sale and purchase of goods and services*

In addition to the related party information disclosed elsewhere in the financial statements, the following significant transactions between the Group and related parties took place at terms agreed between the parties during the financial year:

	Group	
	2015	2014
	$'000	$'000
Interest income from associates	–	(297)
Management and other fees from associates	(101)	(13)
Construction contract service provided to associates	(1,881)	(3,496)
Sale of development properties to a director of the Company and family members of directors of the Company	(1,048)	–

(b) *Compensation of key management personnel*

	Group	
	2015	2014
	$'000	$'000
Short-term employee benefits	8,873	28,639
Central Provident Fund contributions	137	131
Other short-term benefits	481	174
	9,491	28,944
Comprise amounts paid to		
– Directors of the Company	6,487	23,464
– Other key management personnel	3,004	5,480
	9,491	28,944

30. Commitments

(a) *Operating lease commitments – as lessee*

The Group has entered into industrial property lease on a pre-cast yard. The lease has a tenure of five years with no renewal option and the rental is revisable annually by 5.5% or the prevailing posted land rental rate, whichever is lower in the contract. The Group is restricted from subleasing the pre-cast yard to third parties. Operating lease payments recognised in the consolidated profit or loss during the year amounted to $627,000 (2014: $627,000).

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30. Commitments (cont'd)

(a) Operating lease commitments – as lessee (cont'd)

Future minimum rental payable under non-cancellable operating leases at the end of the reporting period are as follows:

	Group	
	2015	**2014**
	$'000	**$'000**
Not later than one year	671	671
Later than one year but not later than five years	168	875
	839	1,546

(b) Operating lease commitments – as lessor

The Group has entered into commercial property leases on its investment properties. These non-cancellable leases have remaining non-cancellable lease terms of between 1 and 5 years. All leases include a clause to enable upward revision of the rental charge on an annual basis based on prevailing market conditions.

Future minimum rentals receivable under non-cancellable operating leases at the end of the reporting period are as follows:

	Group	
	2015	**2014**
	$'000	**$'000**
Not later than one year	8,099	6,223
Later than one year but not later than five years	15,862	11,673
Later than five years	19	–
	23,980	17,896

31. Contingent liabilities

Guarantees

The Company has guaranteed the banking facilities of $1,708,243,000 (2014: $1,869,311,000) granted to its subsidiaries. At 31 December 2015, the amount utilised was $950,321,000 (2014: $1,016,108,000).

Based on information currently available, the Company does not expect any liabilities to arise from the guarantees.

32. Fair value of assets and liabilities

(a) Fair value hierarchy

The Group categories fair value measurements using a fair value hierarchy that is dependent on the valuation inputs used as follows:

- Level 1 – Quoted prices (unadjusted) in active market for identical assets or liabilities that the Group can access at the measurement date;

- Level 2 – Inputs other that quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly; and

- Level 3 – Unobservable inputs for the asset or liability.

Fair value measurements that use inputs of different hierarchy levels are categorised in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

(b) Assets and liabilities measured at fair value

The following table shows an analysis of financial instruments measured at fair value at the end of the reporting period:

	Fair value measurements at the end of the reporting period using			
Group **2015**	**Quoted prices in active markets for identical instruments (Level 1)** **$'000**	**Significant observable inputs other than quoted prices (Level 2)** **$'000**	**Significant unobservable inputs (Level 3)** **$'000**	**Total** **$'000**
Assets measured at fair value				
Financial assets:				
Available-for-sale financial assets (Note 17)				
Quoted equity securities	3,864	–	–	3,864
Financial assets as at 31 December 2015	3,864	–	–	3,864
2014				
Assets measured at fair value				
Financial assets:				
Available-for-sale financial assets (Note 17)				
Quoted equity securities	2,331	–	–	2,331
Financial assets as at 31 December 2014	2,331	–	–	2,331

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32. Fair value of assets and liabilities (cont'd)

(b) Assets and liabilities measured at fair value (cont'd)

Group 2015	Fair value measurements at the end of the reporting period using Quoted prices in active markets for identical instruments (Level 1) $'000	Significant observable inputs other than quoted prices (Level 2) $'000	Significant unobservable inputs (Level 3) $'000	Total $'000
Non-financial assets:				
Investment properties (Note 12)				
Commercial buildings	–	–	283,637	283,637
Non-financial assets as at 31 December 2015	–	–	283,637	283,637
2014				
Non-financial assets:				
Property, plant and equipment (Note 11)				
Freehold land and buildings	–	–	5,016	5,016
Investment properties (Note 12)				
Commercial buildings	–	–	288,983	288,983
Non-financial assets as at 31 December 2014	–	–	293,999	293,999

(c) Level 2 fair value measurements

There is no amount relating to significant observable inputs other than quoted prices (Level 2).

32. Fair value of assets and liabilities (cont'd)

(d) Level 3 fair value measurements

(i) Information about significant unobservable inputs used in Level 3 fair value measurements

The following table shows the information about fair value measurements using significant unobservable inputs (Level 3):

Description	Fair value at 31 December 2015 $'000	Fair value at 31 December 2014 $'000	Valuation techniques	Unobservable inputs	Range
Recurring fair value measurements					
Investment properties:					
Commercial buildings in Singapore and Australia	283,637	288,983	Market comparable approach	Transacted price of comparable properties (psf)	$348 – $3,109 (2014: $328 – $2,830)
			Capitalisation approach	Capitalisation rate	7.25% (2014: 3% – 7.5%)
			Discounted cash flow approach	Discount rate	8.0% (2014: 8.5%)

(ii) Movements in Level 3 assets and liabilities measured at fair value

The following table presents the reconciliation for all assets and liabilities measured at fair value based on significant unobservable inputs (Level 3):

Group	Investment properties 2015 $'000	Investment properties 2014 $'000
Opening balance	288,983	175,714
Total gains or losses for the period		
Included in profit or loss	(4,225)	37,902
Included in other comprehensive income	–	–
Purchases and settlements		
Purchases	1,070	75,224
Elimination of accumulated depreciation on revaluation	–	–
Exchange differences	(2,191)	143
Closing balance	283,637	288,983
Total gains and losses for the period included in		
Profit or loss:		
– Other income		
Net gain from fair value adjustment of investment properties	–	37,902
– Administrative expenses		
Net loss from fair value adjustment of investment properties	(4,225)	–

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For the financial year ended 31 December 2015

32. Fair value of assets and liabilities (cont'd)

(d) Level 3 fair value measurements (cont'd)

(iii) Valuation policies and procedures

The Group revalues its investment property portfolio on an annual basis. The fair value of investment properties are determined by external, independent valuers which have appropriate recognised professional qualifications and experience in the location and category of property being valued. Management reviews the appropriateness of the valuation methodologies and assumptions adopted, and the reliability of the inputs used in the valuations.

(e) Fair value of financial instruments by classes that are not carried at fair value and whose carrying amounts are not reasonable approximation of fair value

The fair values for the non-trade amounts due from subsidiaries and associates (Note 16) are not determined as the timing of the future cash flow arising from the amounts cannot be estimated reliably.

(f) Transfers into or out of Level 3

FRS 113 requires disclosures of the amount of any transfers into or out of Level 3 of the fair value hierarchy, the reasons for those transfers and the entity's policy for determining when transfers between levels are deemed to have occurred. Transfers into Level 3 shall be disclosed and discussed separately from transfers out of Level 3.

There were no assets or liabilities transferred into or out of Level 3 during the year.

33. Financial risk management objectives and policies

The Group and the Company are exposed to financial risks arising from its operations and the use of financial instruments. The key financial risks include credit risk, liquidity risk, interest rate risk, foreign currency risk and market price risk. It is, and has been throughout the current and previous financial year, the Group's policy that no trading in derivatives for speculative purposes shall be undertaken.

The following sections provide details regarding the Group's and Company's exposure to the above-mentioned financial risks and the objectives, policies and processes for the management of these risks.

There has been no change to the Group's exposure to these financial risks or the manner in which it manages and measures the risks.

33. Financial risk management objectives and policies (cont'd)

(a) Credit risk

Credit risk is the risk of loss that may arise on outstanding financial instruments should a counterparty default on its obligations. The Group's and the Company's exposure to credit risk arises primarily from trade and other receivables. For other financial assets (including investment securities and cash and short-term deposits), the Group and the Company minimise credit risk by dealing exclusively with high credit rating counterparties.

The Group's objective is to seek continual revenue growth while minimising losses incurred due to increased credit risk exposure. The Group trades only with recognised and creditworthy third parties. It is the Group's policy that all customers who wish to trade on credit terms are subject to credit verification procedures. In addition, receivable balances are monitored on an ongoing basis with the result that the Group's exposure to bad debts is not significant.

Exposure to credit risk

At the end of the reporting period, the Group's and the Company's maximum exposure to credit risk is represented by:

– the carrying amount of each class of financial assets recognised in the balance sheets; and
– corporate guarantee provided by the Company for banking facilities granted to subsidiaries (Note 31).

Information regarding credit enhancements for trade and other receivables is disclosed in Note 16.

Credit risk concentration profile

The Group determines concentrations of credit risk by monitoring the country and industry sector profile of its trade receivables on an on-going basis. The credit risk concentration profile of the Group's trade receivables at the end of the reporting period is as follows:

	Group			
	2015		2014	
	$'000	% of total	$'000	% of total
By country:				
Singapore	239,659	99	189,441	90
Other countries	1,225	1	21,549	10
	240,884	100	210,990	100
By industry sectors:				
Construction	37,311	16	43,848	21
Property development	203,051	84	166,908	79
Property investment and others	522	–	234	–
	240,884	100	210,990	100

At the end of the reporting period, approximately 12% (2014: 15%) of the Group's trade receivables were due from 3 major customers who are located in Singapore.

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33. Financial risk management objectives and policies (cont'd)

(a) Credit risk (cont'd)

Financial assets that are neither past due nor impaired

Trade and other receivables that are neither past due nor impaired are with creditworthy debtors with good payment record with the Group. Cash and short-term deposits and investment securities that are neither past due nor impaired are placed with or entered into with reputable financial institutions or companies with high credit ratings and no history of default.

Financial assets that are either past due or impaired

Information regarding financial assets that are either past due or impaired is disclosed in Note 16 (Trade and other receivable).

(b) Liquidity risk

Liquidity risk is the risk that the Group or the Company will encounter difficulty in meeting financial obligations due to shortage of funds. The Group's and the Company's exposure to liquidity risk arises primarily from mismatches of the maturities of financial assets and liabilities. The Group's and the Company's objective is to maintain a balance between continuity of funding and flexibility through the use of standby credit facilities.

At the end of the reporting period, approximately 14% (2014: 1%) of the Group's loans and borrowings will mature in less than one year based on the carrying amount reflected in the financial statements.

The Group assessed the concentration of risk with respect to refinancing its debt and concluded it to be low. Access to sources of funding is sufficiently available and debt maturity within 12 months can be rolled over with existing lenders.

Analysis of financial instrument by remaining contractual maturities

The table below summarises the maturity profile of the Group's and the Company's financial assets and liabilities at the end of the reporting period based on contractual undiscounted repayment obligations.

	Group			
2015	**One year or less $'000**	**One to five years $'000**	**Over five years $'000**	**Total $'000**
Undiscounted financial assets:				
Trade and other receivables	248,601	7,280	–	255,881
Cash and short-term deposits	442,456	–	–	442,456
Total undiscounted financial assets	691,057	7,280	–	698,337
Undiscounted financial liabilities:				
Trade and other payables	111,333	93,188	–	204,521
Other liabilities	38,242	–	–	38,242
Loans and borrowings	143,198	585,595	246,194	974,987
Total undiscounted financial liabilities	292,773	678,783	246,194	1,217,750
Total net undiscounted financial assets/ (liabilities)	398,284	(671,503)	(246,194)	(519,413)

33. Financial risk management objectives and policies (cont'd)

(b) Liquidity risk (cont'd)

	Group			
2014	**One year or less $'000**	**One to five years $'000**	**Over five years $'000**	**Total $'000**
Undiscounted financial assets:				
Trade and other receivables	215,510	10,339	–	225,849
Cash and short-term deposits	285,049	–	–	285,049
Total undiscounted financial assets	500,559	10,339	–	510,898
Undiscounted financial liabilities:				
Trade and other payables	108,886	79,481	–	188,367
Other liabilities	56,757	1,916	–	58,673
Loans and borrowings	25,232	989,068	–	1,014,300
Total undiscounted financial liabilities	190,875	1,070,465	–	1,261,340
Total net undiscounted financial assets/ (liabilities)	309,684	(1,060,126)	–	(750,442)

	Company			
2015	**One year or less $'000**	**One to five years $'000**	**Over five years $'000**	**Total $'000**
Undiscounted financial assets:				
Trade and other receivables	33,699	213,503	–	247,202
Cash and short-term deposits	49,904	–	–	49,904
Total undiscounted financial assets	83,603	213,503	–	297,106
Undiscounted financial liabilities:				
Trade and other payables	24	–	–	24
Other liabilities	5,764	–	–	5,764
Loans and borrowings	6,375	156,375	–	162,750
Total undiscounted financial liabilities	12,163	156,375	–	168,538
Total net undiscounted financial assets	71,440	57,128	–	128,568

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33. Financial risk management objectives and policies (cont'd)

(b) Liquidity risk (cont'd)

2014	Company One year or less $'000	 One to five years $'000	 Over five years $'000	 Total $'000
Undiscounted financial assets:				
Trade and other receivables	37,987	258,452	–	296,439
Cash and short-term deposits	22,970	–	–	22,970
Total undiscounted financial assets	60,957	258,452	–	319,409
Undiscounted financial liabilities:				
Trade and other payables	1,400	–	–	1,400
Other liabilities	22,032	–	–	22,032
Loans and borrowings	6,375	162,750	–	169,125
Total undiscounted financial liabilities	29,807	162,750	–	192,557
Total net undiscounted financial assets	31,150	95,702	–	126,852

The table below shows the contractual expiry by maturity of the Group's and Company's contingent liabilities and commitments. The maximum amount of the financial guarantee contracts are allocated to the earliest period in which the guarantee could be called.

	Group and Company One year or less $'000	 One to five years $'000	 Over five years $'000	 Total $'000
2015				
Financial guarantees	244,374	1,322,212	141,657	1,708,243
2014				
Financial guarantees	234,917	1,531,965	102,429	1,869,311

33. Financial risk management objectives and policies (cont'd)

(c) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of the Group's and the Company's financial instruments will fluctuate because of changes in market interest rates. The Group's and the Company's exposure to interest rate risk arises primarily from their loans and borrowings and interest-bearing loans given to related parties. The interest rate charge for loans to associates and related parties are at fixed rate (Note 16).

The interest rate for loan and borrowings are based on floating rate except for an amount of $150 million term notes which was on a fixed rate (Note 22).

Sensitivity analysis for interest rate risk

At the end of the reporting period, if SGD interest rates had been 75 basis points ('bps') (2014: 75 bps) lower/higher with all other variables held constant, the Group's profit before tax would have been $5,315,000 (2014: $5,931,000) higher/lower, arising mainly as a result of lower/higher interest expense on floating rate loans and borrowings.

The assumed movement in basis points for interest rate sensitivity analysis is based on the currently observable market environment, showing a significantly higher volatility as in prior years.

(d) Foreign currency risk

The functional currencies of the Group entities primarily comprise the Singapore Dollar (SGD), US Dollar (USD), Australian Dollar (AUD), Vietnamese Dong (VND) and Malaysian Ringgit (MYR). All the sales and cost of sales are in their respective functional currencies of the Group entities.

The Group and the Company also hold cash and short-term deposits denominated in foreign currencies for working capital purposes. At the end of the reporting period, such foreign currency balances are mainly in AUD and MYR.

The Group is also exposed to currency translation risk arising from its net investments in foreign operations, including Australia, Vietnam and Malaysia. The Group's net investments in Australia, Vietnam and Malaysia are not hedged as currency positions in AUD, VND and MYR are considered to be long-term in nature.

Sensitivity analysis for foreign currency risk

The following table demonstrates the sensitivity of the Group's profit before tax to a reasonably possible change in the USD, AUD, VND and MYR exchange rates against the respective functional currencies of the Group entities, with all other variables held constant.

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33. Financial risk management objectives and policies (cont'd)

(d) Foreign currency risk

	Group Profit before tax	
	2015	2014
	$'000	$'000
USD		
– strengthened 3% (2014: 3%)	+492	+460
– weakened 3% (2014: 3%)	-492	-460
AUD		
– strengthened 3% (2014: 3%)	-911	+12
– weakened 3% (2014: 3%)	+911	-12
VND		
– strengthened 3% (2014: 3%)	+10	+8
– weakened 3% (2014: 3%)	-10	-8
MYR		
– strengthened 3% (2014: 3%)	+129	+148
– weakened 3% (2014: 3%)	-129	-148

(e) Market price risk

Market price risk is the risk that the fair value or future cash flows of the Group's financial instruments will fluctuate because of changes in market prices (other than interest or exchange rates). The Group is exposed to equity price risk arising from its investment in quoted equity instruments. These securities are quoted on the HoChiMinh Stock Exchange in Vietnam. These are classified as held for trading or available-for-sale financial assets.

At the end of the reporting period, all (2014: 99%) of the Group's equity portfolio consists of quoted investment in Vietnam.

Sensitivity analysis for equity price risk

At the end of the reporting period, if the share price had been 10% (2014: 10%) higher/lower with all other variables held constant, the Group's other reserve in equity would have been $386,000 (2014: $230,000) higher/lower, arising as a result of an increase/decrease in the fair value of equity instruments classified as available-for-sale.

34. Capital management

Capital includes debt and equity items as disclosed in the table below.

The primary objective of the Group's capital management is to ensure that it maintains a strong credit rating and healthy capital ratios in order to support its business and maximise shareholder value.

The Group manages its capital structure and makes adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. No changes were made in the objectives, policies or processes during the years ended 31 December 2015 and 31 December 2014.

Management monitors capital based on the net debt-equity ratio, which is calculated as net debt divided by total capital. Net debt is calculated as loans and borrowings less cash and cash equivalents, and total capital is calculated as equity including non-controlling interests in subsidiary companies.

	Group	
	2015	**2014**
	$'000	**$'000**
Net debt	416,246	655,767
Total capital	742,967	736,412
Net debt-equity ratio (times)	0.56	0.89

35. Segment information

For management purposes, the Group is organised into business units based on their products and services, and has five reportable operating segments as follows:

(a) The construction segment is in the business of general building contractors.

(b) The property developments segment is in the business of developing properties and management of development projects.

(c) The property investments segment is in the business of leasing out of investment properties and the management of properties.

(d) The hospitality segment is in the business of hotel operations.

(e) The corporate and others segment is involved in Group-level corporate services, treasury functions and investments in marketable securities.

Except as indicated above, no operating segments have been aggregated to form the above reportable operating segments.

Management monitors the operating results of its business units separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on operating profit or loss which in certain respects, as explained in the table below, is measured differently from operating profit or loss in the consolidated financial statements.

Transfer prices between operating segments are on an arm's length basis in a manner similar to transactions with third parties.

Notes To The Financial Statements

For the financial year ended 31 December 2015

35. Segment information (cont'd)

Year ended 31 December 2015	Construction $'000	Property developments $'000	Property investments $'000	Hospitality $'000	Corporate and others $'000	Total $'000
Revenue:						
Total segment sales	401,287	348,747	10,778	14,129	12,738	787,679
Intersegment sales	(95,528)	(1,249)	(1,813)	–	(12,637)	(111,227)
Sales to external customers	305,759	347,498	8,965	14,129	101	676,452
Interest income	665	1,359	41	–	412	2,477
Dividend income	–	–	–	–	700	700
Finance costs	(15)	(5,766)	(4,191)	(4,479)	(1,907)	(16,358)
Depreciation and amortisation	(2,045)	(249)	(13)	(3,222)	(563)	(6,092)
Share of results of associates	–	794	–	–	227	1,021
Net gain from fair value adjustment of investment properties	–	–	(4,225)	–	–	(4,225)
Other non-cash items:						
Impairment loss on development properties	–	(10,400)	–	–	–	(10,400)
Segment profit/(loss)	27,510	47,896	(2,655)	(5,841)	662	67,572
Assets and liabilities:						
Investments in associates	–	6,822	–	–	5,299	12,121
Additions to non-current assets:						
– property, plant and equipment	309	186	6	19,988	178	20,667
– investment properties	–	–	1,070	–	–	1,070
Segment assets	136,655	1,210,380	287,405	210,570	62,027	1,907,037
Segment liabilities	98,902	661,256	120,698	231,618	51,596	1,164,070

35. Segment information (cont'd)

Year ended 31 December 2014	Construction $'000	Property developments $'000	Property investments $'000	Hospitality $'000	Corporate and others $'000	Total $'000
Revenue:						
Total segment sales	459,272	766,925	6,419	–	27,967	1,260,583
Intersegment sales	(125,044)	(1,278)	(567)	–	(27,954)	(154,843)
Sales to external customers	334,228	765,647	5,852	–	13	1,105,740
Interest income	298	419	26	–	41	784
Dividend income	–	–	–	–	205	205
Finance costs	(3)	(1,952)	(1,171)	–	(1,327)	(4,453)
Depreciation and amortisation	(1,919)	(211)	(3)	(1,265)	(499)	(3,897)
Share of results of associates	–	17,028	–	–	79	17,107
Net gain from fair value adjustment of investment properties	–	–	37,902	–	–	37,902
Other non-cash items:						
Net fair value gain on investment securities	29	–	–	–	–	29
Impairment loss on receivables	–	(385)	–	–	–	(385)
Segment profit/(loss)	35,327	248,289	40,696	(1,584)	948	323,676
Assets and liabilities:						
Investments in associates	–	8,328	–	–	5,010	13,338
Additions to non-current assets:						
– property, plant and equipment	6,699	303	52	47,566	1,364	55,984
– investment properties	–	–	75,224	–	–	75,224
– intangible assets	–	–	–	–	88	88
Segment assets	164,759	1,324,487	293,539	190,937	34,602	2,008,324
Segment liabilities	117,733	751,075	113,751	115,309	174,044	1,271,912

Notes To The Financial Statements

For the financial year ended 31 December 2015

35. Segment information (cont'd)

Geographical information

Revenue and non-current assets information based on the geographical location of customers and assets respectively are as follows:

	Singapore $'000	Australia $'000	Malaysia $'000	Total $'000
Year ended 31 December 2015				
Revenue	659,622	4,485	12,345	676,452
Non-current assets	455,148	49,169	4,624	508,941
Year ended 31 December 2014				
Revenue	1,079,933	5,633	20,174	1,105,740
Non-current assets	445,385	49,817	7,600	502,802

Non-current assets information presented above consist of property, plant and equipment, investment properties and intangible assets as presented in the consolidated balance sheet.

Information about a major customer

Revenue from one major customer amount to $265,775,000 (2014: $284,696,000), arising from revenue by the construction segment.

36. Dividend

	Group and Company	
	2015 $'000	2014 $'000
Declared and paid during the financial year:		
Dividends on ordinary shares:		
– First and final tax-exempt (one-tier) dividend for 2014: 4.0 cents (2013: 4.0 cents) per share	24,923	25,681
– Special tax-exempt (one-tier) dividend for 2014: 2.0 cents (2013: Nil) per share	12,461	–
	37,384	25,681

36. Dividend (cont'd)

	Group and Company 2015 $'000	2014 $'000
Proposed but not recognised as a liability as at 31 December:		
Dividends on ordinary shares, subject to shareholders' approval at the AGM:		
– First and final tax-exempt (one-tier) dividend for 2015: 4.0 cents (2014: 4.0 cents) per share	24,841	25,115
– Special tax-exempt (one-tier) dividend for 2015: Nil (2014: 2.0 cents) per share	–	12,557
	24,841	37,672

37. Authorisation of financial statements for issue

The financial statements for the year ended 31 December 2015 were authorised for issue in accordance with a resolution of the Directors on 11 March 2016.

Statistics of Shareholdings

As at 15 March 2016

SHARE CAPITAL

Issued and fully-paid capital	:	$79,690,709
No. of Issued Shares	:	667,515,161
No. of Issued Shares (excluding Treasury Shares)	:	621,014,061
No./Percentage of Treasury Shares	:	46,501,100 (6.97%)
Class of Shares	:	Ordinary share
Voting Rights (excluding Treasury Shares)	:	One vote for each share

DISTRIBUTION OF SHAREHOLDINGS

Size of Shareholdings	No. of Shareholders	%	No. of Shares	%
1 - 99	11	0.15	240	0.00
100 - 1,000	491	6.74	456,819	0.07
1,001 - 10,000	3,824	52.49	22,860,589	3.68
10,001 - 1,000,000	2,916	40.03	180,966,484	29.14
1,000,001 AND ABOVE	43	0.59	416,729,929	67.11
TOTAL	**7,285**	**100.00**	**621,014,061**	**100.00**

Substantial Shareholders	Direct Interest	%	Deemed Interest	%
Lim Tiam Seng (1)	60,499,000	9.74	17,198,000	2.77
Lim Tiang Chuan	44,177,000	7.11	–	–
Kwee Lee Keow (2)	17,198,000	2.77	60,499,000	9.74

Notes :

1 Mr Lim Tiam Seng's deemed interests include 17,198,000 shares held by Madam Kwek Lee Keow (wife).

2 Madam Kwek Lee Keow's deemed interests include the shares held by Mr Lim Tiam Seng (husband).

Statistics of Shareholdings

As at 15 March 2016

TWENTY LARGEST SHAREHOLDERS

No.	Name	No. of Shares	%
1	LIM TIAM SENG	60,499,000	9.74
2	LIM TIANG CHUAN	44,177,000	7.11
3	CITIBANK NOMINEES SINGAPORE PTE LTD	35,840,824	5.77
4	KENYON PTE LTD	24,698,000	3.98
5	LIM TIAN BACK	22,003,000	3.54
6	LIM LING KWEE	20,605,000	3.32
7	DBS NOMINEES (PRIVATE) LIMITED	20,429,557	3.29
8	LIM SOCK JOO	19,702,000	3.17
9	LIM TIAN MOH	18,853,000	3.04
10	CIMB SECURITIES (SINGAPORE) PTE LTD	17,890,749	2.88
11	KWEK LEE KEOW	17,198,000	2.77
12	DAWN LIM SOCK KIANG	15,377,000	2.48
13	LIM CHAI HOON @ NGO CHAI HOON	10,343,700	1.67
14	BANK OF SINGAPORE NOMINEES PTE LTD	8,301,200	1.34
15	UNITED OVERSEAS BANK NOMINEES (PRIVATE) LIMITED	7,708,700	1.24
16	RAFFLES NOMINEES (PTE) LIMITED	7,010,887	1.13
17	CHIA LEE MENG RAYMOND	6,125,000	0.99
18	UOB KAY HIAN PRIVATE LIMITED	5,330,600	0.86
19	WONG SHAW SENG REGI	4,900,000	0.79
20	TAN KOK SING	4,648,000	0.75
	TOTAL	**371,641,217**	**59.86**

PERCENTAGE OF SHAREHOLDINGS IN PUBLIC'S HAND

Approximately 63.35% of the Company's shares are held in the hands of public. Accordingly, the Company has complied with Rule 723 of the Listing Manual of the SGX-ST.

Notice of Annual General Meeting

CHIP ENG SENG CORPORATION LTD.
(Incorporated in Singapore)
(Registration No. 199805196H)
(the "**Company**")

NOTICE IS HEREBY GIVEN that the Annual General Meeting of the Company will be held at Emerald Suite, Golf Clubhouse – Level II, Orchid Country Club, No. 1 Orchid Club Road, Singapore 769162 on Friday, 22 April 2016 at 10.00 a.m. for the following purposes:

AS ROUTINE BUSINESS:

1. To receive and adopt the Directors' Statement and the Audited Financial Statements of the Company for the financial year ended 31 December 2015 and the Auditors' Report thereon. **(Resolution 1)**

2. To declare a Tax Exempt One-Tier First and Final Dividend of 4.0 cents per ordinary share for the financial year ended 31 December 2015 (2014: Tax Exempt One-Tier First and Final Dividend of 4.0 cents per ordinary share and a Tax Exempt One-Tier Special Dividend of 2.0 cents per ordinary share). **(Resolution 2)**

3. To re-elect Mr Lim Tiang Chuan, being a Director who retires by rotation pursuant to Article 115 of the Constitution of the Company. [See Explanatory Note (i)] **(Resolution 3)**

4. To note the retirement of Mr Lim Tiam Seng as a Director of the Company who retires by rotation pursuant to Article 115 of the Constitution of the Company and will not be seeking re-election.
[See Explanatory Note (ii)]

5. To note the retirement of Mr Goh Chee Wee as a Director of the Company who retires by rotation pursuant to Article 115 of the Constitution of the Company and will not be seeking re-election.
[See Explanatory Note (iii)]

6. To re-elect Mr Chia Lee Meng Raymond, being a Director who retires pursuant to Article 119 of the Constitution of the Company. [See Explanatory Note (iv)] **(Resolution 4)**

7. To approve the payment of Directors' fees of $290,000 for the financial year ending 31 December 2016, to be paid quarterly in arrears. (2015: $305,000) **(Resolution 5)**

8. To re-appoint Messrs Ernst & Young LLP as Auditors and to authorise the Directors to fix their remuneration. **(Resolution 6)**

9. To transact any other routine business which may properly be transacted at an Annual General Meeting.

AS SPECIAL BUSINESS:

To consider and, if thought fit, to pass the following resolutions as Ordinary Resolutions, with or without modifications:

10. "**SHARE ISSUE MANDATE**

That pursuant to Section 161 of the Companies Act, Cap. 50 and Rule 806 of the Listing Manual of the Singapore Exchange Securities Trading Limited ("**SGX-ST**") and notwithstanding the provisions of the Constitution of the Company, authority be hereby given to the Directors of the Company to:

a. (i) allot and issue shares in the capital of the Company (whether by way of rights, bonus or otherwise); and/or

(ii) make or grant offers, agreements or options that may or would require shares to be issued, including but not limited to the creation and issue of (as well as adjustments to) warrants, debentures or other instruments convertible into shares (collectively, "**Instruments**"),

at any time and upon such terms and conditions and for such purposes and to such persons as the Directors may in their absolute discretion deem fit; and

b. (notwithstanding that the authority conferred by this Resolution may have ceased to be in force) issue shares in pursuance of any Instrument made or granted by the Directors while this Resolution was in force,

provided that:

(i) the aggregate number of shares to be issued pursuant to this Resolution (including shares to be issued in pursuance of Instruments made or granted pursuant to this Resolution) does not exceed fifty per cent. (50%) of the total number of issued shares excluding treasury shares of the Company (as calculated in accordance with sub-paragraph (ii) below), of which the aggregate number of shares to be granted other than on a pro-rata basis to shareholders of the Company with registered addresses in Singapore (including shares to be issued in pursuance of Instruments made or granted pursuant to this Resolution) does not exceed twenty per cent. (20%) of the total number of issued shares excluding treasury shares of the Company (as calculated in accordance with sub-paragraph (ii) below);

(ii) for the purpose of determining the aggregate number of shares that may be issued under sub-paragraph (i) above, the percentage of the total number of issued shares excluding treasury shares of the Company shall be calculated based on the total number of issued shares excluding treasury shares of the Company at the time of the passing of this Resolution, after adjusting for:

(1) new shares arising from the conversion or exercise of any convertible securities;

(2) new shares arising from exercise of share options or vesting of share awards outstanding or subsisting at the time of the passing of this Resolution, provided the options or awards were granted in compliance with Part VIII of Chapter 8 of the Listing Manual of the SGX-ST; and

(3) any subsequent bonus issue, consolidation or subdivision of shares;

(iii) in exercising the authority conferred by this Resolution, the Company shall comply with the provisions of the Listing Manual of the SGX-ST for the time being in force (unless such compliance has been waived by the SGX-ST) and the Constitution for the time being of the Company; and

(iv) unless revoked or varied by the Company in general meeting, the authority conferred by this Resolution shall continue in force until the conclusion of the next Annual General Meeting of the Company or the date by which the next Annual General Meeting of the Company is required by law to be held, whichever is the earlier."
[See Explanatory Note (v)] **(Resolution 7)**

Notice of Annual General Meeting

11. “**SHARE PURCHASE MANDATE**

That:-

a. for the purposes of Sections 76C and 76E of the Companies Act, Cap. 50 (the “**Companies Act**”), the exercise by the Directors of the Company of all the powers of the Company to purchase or otherwise acquire ordinary shares in the capital of the Company (the “**Shares**”) not exceeding in aggregate the Prescribed Limit (as hereafter defined), at such price(s) as may be determined by the Directors of the Company from time to time up to the Maximum Price (as hereafter defined), whether by way of:-

(i) market purchases (each a “**Market Purchase**”) on the Singapore Exchange Securities Trading Limited (“**SGX-ST**”); and/or

(ii) off-market purchases (each an “**Off-Market Purchase**”) effected otherwise than on the SGX-ST in accordance with any equal access schemes as may be determined or formulated by the Directors of the Company as they consider fit, which schemes shall satisfy all the conditions prescribed by the Companies Act,

and otherwise in accordance with all other laws, regulations and rules of the SGX-ST as may for the time being be applicable, be and is hereby authorised and approved generally and unconditionally (the “**Share Purchase Mandate**”);

b. unless varied or revoked by the Company in general meeting, the authority conferred on the Directors of the Company pursuant to the Share Purchase Mandate may be exercised by the Directors at any time and from time to time during the period commencing from the passing of this Resolution and expiring on the earlier of:

(i) the date on which the next Annual General Meeting of the Company is held or required by law to be held;

(ii) the date on which the Share purchases are carried out to the full extent mandated; or

(iii) the date on which the authority conferred by the Share Purchase Mandate is revoked or varied by Shareholders in general meeting;

c. in this Resolution:

“**Prescribed Limit**” means 10% of the total number of issued ordinary Shares (excluding Shares which are held as treasury shares) of the Company as at the date of the passing of this Resolution unless the Company has effected a reduction of the share capital of the Company in accordance with the applicable provisions of the Companies Act, at any time during the Relevant Period, in which event the issued ordinary share capital of the Company shall be taken to be the amount of issued ordinary share capital of the Company as altered (excluding Shares which are held as treasury shares as at that date);

“**Relevant Period**” means the period commencing from the date on which the last Annual General Meeting was held and expiring on the date of the next Annual General Meeting is held or is required by law to be held, whichever is the earlier, after the date of this Resolution; and

"**Maximum Price**" in relation to a Share to be purchased, means an amount (excluding brokerage, stamp duties, applicable goods and services tax and other related expenses) not exceeding:-

(i) in the case of a Market Purchase: 105% of the Average Closing Price of the Shares; and

(ii) in the case of an Off-Market Purchase: 120% of the Average Closing Price of the Shares;

where:

"**Average Closing Price**" means the average of the closing market prices of the Shares over the last five consecutive Market Days, on which transactions in the Shares were recorded, before the day on which the Shares are transacted on the SGX-ST, immediately preceding the date of Market Purchase by the Company or, as the case may be, the date of the making of the offer pursuant to the Off-Market Purchase pursuant to the equal access scheme, and deemed to be adjusted for any corporate action that occurs after the relevant five consecutive Market Days; and

"**Date of the making of the offer**" means the day on which the Company announces its intention to make an offer for the purchase of Shares from shareholders of the Company stating the purchase price (which shall not be more than the Maximum Price calculated on the foregoing basis) for each Share and the relevant terms of the equal access scheme for effecting the Off-Market Purchase;

d. the Directors of the Company and/or any of them be and are hereby authorised to deal with the Shares purchased by the Company, pursuant to the Share Purchase Mandate in any manner as may be permitted under the Companies Act; and

e. the Directors of the Company and/or any of them be and are hereby authorised to complete and do all such acts and things (including executing such documents as may be required) as they and/or he may consider expedient or necessary to give effect to the transactions contemplated by this Resolution."
[See Explanatory Note (vi)] **(Resolution 8)**

By Order of the Board

Abdul Jabbar Bin Karam Din
Joint Company Secretary

Singapore, 4 April 2016

Notes:

1. Save as provided in the Constitution, a member (other than a Relevant Intermediary*) entitled to attend and vote at the Annual General Meeting is entitled to appoint up to two proxies to attend and vote in his stead. A proxy need not be a member of the Company.

2. A Relevant Intermediary may appoint more than two proxies, but each proxy must be appointed to exercise the rights attached to a different share or shares held by him (which number and class of shares shall be specified).

3. The instrument appointing a proxy must be deposited at the Registered Office of the Company at 171 Chin Swee Road #12-01 CES Centre Singapore 169877, not less than 48 hours before the time appointed for holding the Annual General Meeting.

Notice of Annual General Meeting

* A Relevant Intermediary is:

(a) a banking corporation licensed under the Banking Act (Cap. 19) or a wholly-owned subsidiary of such a banking corporation, whose business includes the provision of nominee services and who holds shares in that capacity; or

(b) a person holding a capital markets services licence to provide custodial services for securities under the Securities and Futures Act (Cap. 289) and who holds shares in that capacity; or

(c) the Central Provident Fund Board established by the Central Provident Fund Act (Cap. 36), in respect of shares purchased under the subsidiary legislation made under that Act providing for the making of investments from the contributions and interest standing to the credit of members of the Central Provident Fund, if the Board holds those shares in the capacity of an intermediary pursuant to or in accordance with that subsidiary legislation.

EXPLANATORY NOTES:

(i) **Resolution 3** is to re-elect Mr Lim Tiang Chuan as a Director of the Company. Mr Lim, upon re-election, will remain as an Executive Deputy Chairman of the Company.

(ii) To note the retirement of Mr Lim Tiam Seng as a Director of the Company. Upon his retirement, Mr Lim will cease as a Director and the Executive Chairman of the Company and will be re-designated as Honorary Chairman and Advisor with effect from 22 April 2016 as previously announced on 28 January 2016.

(iii) To note the retirement of Mr Goh Chee Wee as a Director of the Company. Upon his retirement, Mr Goh will cease as a member of the Audit Committee.

(iv) **Resolution 4** is to re-elect Mr Chia Lee Meng Raymond as a Director of the Company. Mr Chia, upon re-election, will remain as the Group Chief Executive Officer of the Company.

(v) **Resolution 7** is to empower the Directors to allot and issue shares in the capital of the Company and/or Instruments (as defined above). The aggregate number of shares to be issued pursuant to Resolution 7 (including shares to be issued in pursuance of Instruments made or granted) shall not exceed fifty per cent. (50%) of the total number of issued shares excluding treasury shares of the Company, with a sub-limit of twenty per cent. (20%) for shares issued other than on a pro rata basis (including shares to be issued in pursuance of instruments made or granted pursuant to this Resolution) to shareholders with registered addresses in Singapore. For the purpose of determining the aggregate number of shares that may be issued, the percentage of the total number of issued shares excluding treasury shares of the Company will be calculated based on the total number of issued shares excluding treasury shares of the Company at the time of the passing of Resolution 8, after adjusting for (i) new shares arising from the conversion or exercise of any convertible securities; (ii) new shares arising from exercise of share options or vesting of share awards outstanding or subsisting at the time of the passing of Resolution 7, provided the options or awards were granted in compliance with Part VIII of Chapter 8 of the Listing Manual of the SGX-ST; and (iii) any subsequent bonus issue, consolidation or subdivision of shares.

(vi) **Resolution 8** is to empower the Directors from the date of the above Meeting until the next Annual General Meeting to purchase or otherwise acquire issued ordinary Shares by way of market purchases or off-market purchases of up to ten percent (10%) of the total number of issued Shares (excluding treasury shares) at the Maximum Price in accordance with the terms and conditions set out in Appendix dated 4 April 2016 to this Notice of Annual General Meeting, the Companies Act and the Listing Manual of the SGX ST. Please refer to Appendix dated 4 April 2016 circulated together with the Company's Annual Report for details.

Notice of Annual General Meeting

Personal data privacy:

By submitting an instrument appointing a proxy(ies) and/or representative(s) to attend, speak and vote at the Annual General Meeting and/or any adjournment thereof, a member of the Company:

(i) consents to the collection, use and disclosure of the member's personal data by the Company (or its agents) for the purpose of the processing and administration by the Company (or its agents) of proxies and representatives appointed for the Annual General Meeting (including any adjournment thereof) and the preparation and compilation of the attendance lists, minutes and other documents relating to the Annual General Meeting (including any adjournment thereof), and in order for the Company (or its agents) to comply with any applicable laws, listing rules, regulations and/or guidelines (collectively, the "Purposes");

(ii) warrants that where the member discloses the personal data of the member's proxy(ies) and/or representative(s) to the Company (or its agents), the member has obtained the prior consent of such proxy(ies) and/or representative(s) for the collection, use and disclosure by the Company (or its agents) of the personal data of such proxy(ies) and/or representative(s) for the Purposes; and

(iii) agrees that the member will indemnify the Company in respect of any penalties, liabilities, claims, demands, losses and damages as a result of the member's breach of warranty.

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CHIP ENG SENG CORPORATION LTD.
(Incorporated in Singapore)
(Registration No. 199805196H)

Proxy Form

(Please see notes overleaf before completing this Form)

IMPORTANT:
1. An investor who holds shares under the Central Provident Fund Investment Scheme ("CPF Investor") and/or the Supplementary Retirement Scheme ("SRS Investors") (as may be applicable) may attend and cast his vote(s) at the Meeting in person. CPF and SRS Investors who are unable to attend the Meeting but would like to vote, may inform their CPF and/or SRS Approved Nominees to appoint the Chairman of the Meeting to act as their proxy, in which case, the CPF and SRS Investors shall be precluded from attending the Meeting.
2. This Proxy Form is not valid for use by CPF and SRS investors and shall be ineffective for all intents and purposes if used or purported to be used by them.

I/We, ______________________ (Name) ______________________ (NRIC/Passport Number/ Company Regn. No.)

of ____ (Address)

being a member/members of Chip Eng Seng Corporation Ltd. (the "**Company**"), hereby appoint:

Name	NRIC/Passport No.	Proportion of Shareholdings	
		No. of Shares	%
Address			

and/or failing him/her (delete as appropriate)

Name	NRIC/Passport No.	Proportion of Shareholdings	
		No. of Shares	%
Address			

as my/our proxy/proxies to attend and vote for me/us on my/our behalf at the Annual General Meeting of the Company to be held at Emerald Suite, Golf Clubhouse – Level II, Orchid Country Club, No. 1 Orchid Club Road, Singapore 769162 on Friday, 22 April 2016 at 10.00 a.m. and at any adjournment thereof.

The proxy/proxies shall vote on the Resolutions set out in the notice of Meeting in accordance with my/our directions as indicated hereunder. Where no such direction is given, the proxy/proxies may vote or abstain from voting at his/their discretion, on any matter at the Meeting or at any adjournment thereof.

No.	Resolutions relating to:	For *	Against *
	ROUTINE BUSINESS		
1	Adoption of Directors' Statement and Audited Financial Statements for the financial year ended 31 December 2015 **(Resolution 1)**		
2	Payment of a proposed first and final dividend **(Resolution 2)**		
3	Re-election of Mr Lim Tiang Chuan as a Director **(Resolution 3)**		
4	Re-election of Mr Chia Lee Meng Raymond as a Director **(Resolution 4)**		
5	Approval of Directors' fees amounting to $290,000 for the financial year ending 31 December 2016, to be paid quarterly in arrears **(Resolution 5)**		
6	Re-appointment of Messrs Ernst & Young LLP as Auditors **(Resolution 6)**		
7	Any other business		
	SPECIAL BUSINESS		
8	Authority for Directors to allot and issue new shares pursuant to Section 161 of the Companies Act, Cap. 50 **(Resolution 7)**		
9	Approval of the renewal of the Share Purchase Mandate **(Resolution 8)**		

* If you wish to exercise all your votes "For" or "Against", please indicate with an "x" within the box provided. Alternatively, please indicate the number of votes as appropriate.

Dated this __________ day of __________________ 2016

Total Number of Shares held in:	
CDP Register	
Register of Members	

____
Signature(s) of member(s)
or Common Seal of Corporate Shareholder
IMPORTANT: PLEASE READ NOTES OVERLEAF.

Notes:

1. Please insert the total number of shares held by you. If you have shares entered against your name in the Depository Register (as defined in Section 81SF of the Securities and Futures Act, Chapter 289 of Singapore), you should insert that number of shares. If you have shares registered in your name in the Register of Members of the Company, you should insert that number of shares. If you have shares entered against your name in the Depository Register and shares registered in your name in the Register of Members, you should insert the aggregate number of shares. If no number is inserted, this form of proxy will be deemed to relate to all the shares held by you.

2. A member of the Company (other than a Relevant Intermediary*), entitled to attend and vote at a meeting of the Company is entitled to appoint up to two proxies to attend and vote in his stead. A proxy need not be a member of the Company.

3. The instrument appointing a proxy or proxies must be deposited at the Company's Registered Office at 171 Chin Swee Road #12-01 CES Centre Singapore 169877 not less than 48 hours before the time set for the meeting.

4. Where a member (other than a Relevant Intermediary*) appoints two proxies, the appointments shall be invalid unless he specifies the proportion of his shareholding (expressed as a percentage of the whole) to be represented by each proxy.

5. A Relevant Intermediary may appoint more than two proxies, but each proxy must be appointed to exercise the rights attached to a different share or shares held by him (which number or class of shares shall be specified).

6. Subject to note 9, completion and return of this instrument appointing a proxy shall not preclude a member from attending and voting at the Meeting. Any appointment of a proxy or proxies shall be deemed to be revoked if a member attends the meeting in person, and in such event, the Company reserves the right to refuse to admit any person or persons appointed under the instrument of proxy to the Meeting.

7. The instrument appointing a proxy or proxies must be under the hand of the appointor or of his attorney duly authorised in writing. Where the instrument appointing a proxy or proxies is executed by a corporation, it must be executed under its common seal or under the hand of its officer or attorney duly authorised. Where an instrument appointing a proxy or proxies is signed on behalf of the appointor by an attorney, the power of attorney (or other authority) or a duly certified copy thereof must (failing previous registration with the Company) be lodged with the instrument of proxy, failing which the instrument may be treated as invalid.

8. A corporation which is a member may authorise by resolution of its directors or other governing body such person as it thinks fit to act as its representative at the meeting, in accordance with Section 179 of the Companies Act, Cap. 50 and the person so authorised shall upon production of a copy of such resolution certified by a director of the corporation to be a true copy, be entitled to exercise the powers on behalf of the corporation so represented as the corporation could exercise in person if it were an individual.

9. An investor who holds shares under the Central Provident Fund Investment Scheme ("CPF Investor") and/or the Supplementary Retirement Scheme ("SRS Investors") (as may be applicable) may attend and cast his vote(s) at the Meeting in person. CPF and SRS Investors who are unable to attend the Meeting but would like to vote, may inform their CPF and/or SRS Approved Nominees to appoint the Chairman of the Meeting to act as their proxy, in which case, the CPF and SRS Investors shall be precluded from attending the Meeting.

    * A Relevant Intermediary is:

    (a) a banking corporation licensed under the Banking Act (Cap. 19) or a wholly-owned subsidiary of such a banking corporation, whose business includes the provision of nominee services and who holds shares in that capacity; or

    (b) a person holding a capital markets services licence to provide custodial services for securities under the Securities and Futures Act (Cap. 289) and who holds shares in that capacity; or

    (c) the Central Provident Fund Board established by the Central Provident Fund Act (Cap. 36), in respect of shares purchased under the subsidiary legislation made under that Act providing for the making of investments from the contributions and interest standing to the credit of members of the Central Provident Fund, if the Board holds those shares in the capacity of an intermediary pursuant to or in accordance with that subsidiary legislation.

General:

The Company shall be entitled to reject the instrument appointing a proxy or proxies if it is incomplete, improperly completed or illegible or where the true intentions of the appointor are not ascertainable from the instructions of the appointor specified in the instrument appointing a proxy or proxies. In addition, in the case of shares entered in the Depository Register, the Company may reject any instrument appointing a proxy or proxies lodged if the member, being the appointor, is not shown to have shares entered against his name in the Depository Register as at 72 hours before the time appointed for holding the Annual General Meeting, as certified by The Central Depository (Pte) Limited to the Company.

Personal data privacy:

By submitting an instrument appointing a proxy(ies) and/or representative(s), the member accepts and agrees to the personal data privacy terms set out in the Notice of Annual General Meeting dated 4 April 2016.

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