

**First Quarter Financial Statement and Dividend Announcement for the Period Ended 31 March 2016****1(a)(i) An income statement and statement of comprehensive income or a statement of comprehensive income (for the group) together with a comparative statement for the corresponding period of the immediately preceding financial year**

		Group		
	Note	1Q 2016 \$'000	1Q 2015 \$'000	+/(-) %
Revenue				
- Property developments		41,725	87,607	(52.4)
- Construction		61,135	77,761	(21.4)
- Hospitality		6,536	-	NM
- Property investments & others		<u>2,460</u>	<u>1,745</u>	41.0
		111,856	167,113	(33.1)
Cost of sales		(91,143)	(133,375)	(31.7)
		<u>20,713</u>	<u>33,738</u>	(38.6)
Gross profit				
Other items of income				
Interest income		957	406	135.7
Other income		2,393	1,098	117.9
Other items of expense				
Marketing and distribution		(1,782)	(1,911)	(6.8)
Administrative expenses	1	(14,249)	(9,277)	53.6
Finance costs	2	(4,168)	(2,444)	70.5
Share of results of associates		<u>460</u>	<u>104</u>	342.3
		4,324	21,714	(80.1)
Profit before tax				
Income tax expense	3	(1,694)	(3,487)	(51.4)
		<u>2,630</u>	<u>18,227</u>	(85.6)
Profit after tax				
Profit attributable to:				
Owners of the Company		817	18,248	(95.5)
Non-controlling interests		<u>1,813</u>	<u>(21)</u>	NM
		<u>2,630</u>	<u>18,227</u>	(85.6)

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

		Group		
		1Q 2016 \$'000	1Q 2015 \$'000	+/(-) %
Other income				
Government grants		752	366	105.5
Unrealised foreign exchange gain		744	346	115.0
Net gain on disposal of property, plant and equipment		377	5	NM
Rental income from development properties		278	56	396.4
Sales of materials		133	290	(54.1)
Others		<u>109</u>	<u>35</u>	211.4
		2,393	1,098	117.9

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

Employee benefits expenses		13,493	16,013	(15.7)
Legal and professional fees		3,936	323	NM
Depreciation of property, plant and equipment		1,762	1,083	62.7
Operating lease expenses		157	157	-

Note:-

NM - Not meaningful.

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

Notes to Group Income Statement

- 1 Higher administrative expenses in 1Q2016 were due to operating expenses incurred from our hotel business which commenced business in May 2015 and legal and professional fees.
- 2 Finance costs were higher for 1Q2016 as a result of interest costs for Park Hotel Alexandra being expensed off after its completion in May 2015.
- 3 Higher effective tax rate in 1Q2016 was due to deferred tax assets not recognised.

1(a)(iii) Statement of Comprehensive Income

	Note	1Q 2016 \$'000	Group 1Q 2015 \$'000	+ / (-) %
Profit after tax		2,630	18,227	(85.6)
Other comprehensive income:				
<i>Items that will not be reclassified to profit or loss</i>				
Foreign currency translation loss on revaluation of freehold land and building		-	(65)	(100.0)
Share of gain on property revaluation of associates		227	191	18.8
Income tax relating to components of other comprehensive income		-	(11)	(100.0)
		<u>227</u>	<u>115</u>	97.4
<i>Items that may be reclassified subsequently to profit or loss</i>				
Net (loss)/gain on fair value changes of available-for-sale financial assets		(210)	531	(139.5)
Foreign currency translation gain/(loss)	1	315	(3,063)	(110.3)
		<u>105</u>	<u>(2,532)</u>	(104.1)
Other comprehensive income/(loss) for the quarter, net of tax		332	(2,417)	(113.7)
Total comprehensive income for the quarter		<u>2,962</u>	<u>15,810</u>	(81.3)
Total comprehensive income attributable to:				
Owners of the Company		1,149	15,831	(92.7)
Non-controlling interests		1,813	(21)	NM
		<u>2,962</u>	<u>15,810</u>	(81.3)

Notes to Statement of Comprehensive Income

- 1 Foreign currency translation arose from the translation of financial statements of foreign operations whose functional currencies are different from that of the Group's presentation currency. The translation gain for 1Q2016 was due to the appreciation of the Australian Dollar and Malaysian Ringgit against the Singapore Dollar. The translation loss for 1Q2015 was due to the weakening of the Australian dollar against the Singapore dollar.

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

	The Group		The Company			
	31 Mar 2016	31 Dec 2015	31 Mar 2016	31 Dec 2015		
	Note	\$'000	\$'000	Note	\$'000	\$'000
Non-current assets						
Property, plant and equipment		224,260	225,206		1,695	1,322
Investment properties		283,867	283,637		-	-
Intangible assets		195	98		185	85
Investment in subsidiaries		-	-		48,302	48,302
Investment in associates		11,237	12,121		650	650
Deferred tax assets		3,028	3,606		-	-
Other receivables		6,977	7,272	7	226,784	180,219
Investment securities		3,654	3,864		3,654	3,864
		533,218	535,804		281,270	234,442
Current assets						
Gross amount due from customers for contract work-in-progress	1	18,704	10,826		-	-
Development properties	2	648,254	625,362		-	-
Assets held for sale		39,757	39,463		-	-
Prepayments		2,674	3,854		1,160	1,399
Trade and other receivables	3	266,131	249,272		26,355	27,524
Cash and short-term deposits	4	371,369	442,456	7	4,800	49,904
		1,346,889	1,371,233		32,315	78,827
Total assets		1,880,107	1,907,037		313,585	313,269
Deduct: Current liabilities						
Loans and borrowings	5	92,400	120,415		-	-
Gross amount due to customers for contract work-in-progress	1	5,825	8,374		-	-
Trade and other payables	6	126,940	116,632		381	227
Other liabilities		39,396	38,242		7,067	5,764
Income tax payable		28,451	33,001		208	-
		293,012	316,664		7,656	5,991
Net current assets		1,053,877	1,054,569		24,659	72,836
Deduct: Non-current liabilities						
Loans and borrowings	5	730,873	738,287		150,000	150,000
Trade and other payables		95,419	93,188		-	-
Deferred tax liabilities		14,874	15,931		16	16
		841,166	847,406		150,016	150,016
Net assets		745,929	742,967		155,913	157,262
Equity attributable to owners of the Company						
Share capital		79,691	79,691		79,691	79,691
Treasury shares		(33,653)	(33,653)		(33,653)	(33,653)
Retained earnings		723,668	722,851		109,107	110,246
Other reserves		(20,243)	(20,575)		768	978
		749,463	748,314		155,913	157,262
Non-controlling interests		(3,534)	(5,347)		-	-
Total equity		745,929	742,967		155,913	157,262

Notes to Statement of Financial Position

Note

The Group

- The net increase in gross amount due from customers for contract work-in-progress was due to slower progress claims for certain on-going construction projects in 1Q2016.
- The increase in development properties was mainly due to acquisition of the Northcote site in Melbourne and development costs incurred for on-going projects (High Park Residences and Williamsons Estate).
- The increase in trade and other receivables for the Group was mainly due to deposits for land purchases at New Upper Changi Road, Singapore and Gladstone Street, South Melbourne, Australia, partially offset by payments received from owners of recently completed development projects (Nine Residences & Junction Nine and Fulcrum).
- The decrease in cash and short term deposits was due to payment of deposits for land purchases in Singapore and Australia.
- The decrease in loans and borrowings was due to repayment of bank loans.
- The increase in trade and other payables for the Group was mainly due to interim payment received prior to settlement of sale for the Victoria site.

The Company

- The movements in other receivables and cash and short term deposits were due to working capital loans extended to a subsidiary.

1(b)(ii) Aggregate amount of the group's borrowings and debt securities as at the end of the current financial period reported on with comparative figures as at the end of the immediately preceding financial year

	As at 31 Mar 2016 \$'000	As at 31 Dec 2015 \$'000
Amount repayable in one year or less, or on demand		
- Secured	92,400	120,415
- Unsecured	-	-
Amount repayable after one year		
- Secured	580,873	588,287
- Unsecured	150,000	150,000

Details of any collateral

The Group's borrowings of \$823.3 million are loans taken to finance property development projects, investment properties and hotel, and for working capital.

The Group's borrowings are mainly secured by :

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

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

1(c) A statement of cash flows (for the group), together with a comparative statement for the corresponding period of the immediately preceding financial year

	Group	
	1Q 2016 \$'000	1Q 2015 \$'000
Cash flows from operating activities		
Operating profit before taxation	4,324	21,714
Adjustments for:		
Depreciation and amortisation	1,765	1,094
Interest income	(957)	(406)
Interest expense	4,168	2,444
Net gain on disposal of property, plant and equipment	(377)	(5)
Unrealised exchange (gain)/loss	(158)	125
Share of results of associates	(460)	(104)
Property, plant and equipment written off	-	3
Operating profit before changes in working capital	8,305	24,865
Development properties	(22,761)	(32,580)
Assets held for sale	(244)	(279)
Trade and other receivables	(22,697)	85,204
Prepayments	1,244	908
Gross amount due to customers for contract work-in-progress, net	(10,392)	8,960
Trade and other payables	15,966	4,245
Other liabilities	(158)	(6,682)
Cash (used in)/generated from operations	(30,737)	84,641
Interest paid	(2,922)	(664)
Interest received	957	406
Income tax paid	(6,728)	(766)
Net cash (used in)/generated from operating activities	(39,430)	83,617
Cash flows from investing activities:		
Purchase of property, plant and equipment	(781)	(13,634)
Proceeds from disposal of property, plant and equipment	564	166
Dividend income	1,070	56
Repayment of advances from associates, net	3,144	2,537
Additions to intangible assets	(100)	-
Additions to investment properties	(167)	(38)
Net cash generated from/(used in) investing activities	3,730	(10,913)

1(c) A statement of cash flows (for the group), together with a comparative statement for the corresponding period of the immediately preceding financial year (Cont'd)

	Group	
	1Q 2016 \$'000	1Q 2015 \$'000
Cash flows from financing activities:		
Repayment of loans and borrowings	(35,465)	(62,700)
Share buyback	-	(2,339)
Net cash used in financing activities	(35,465)	(65,039)
Net (decrease)/increase in cash and cash equivalents	(71,165)	7,665
Effect of exchange rate changes on cash and cash equivalents	78	(94)
Cash and cash equivalents at beginning of the period	442,456	285,049
Cash and cash equivalents at end of the period	371,369	292,620
Cash and cash equivalents comprise:		
Short term deposits	160,170	120,782
Cash and bank balances	211,199	171,838
	371,369	292,620

Net cash (used in)/generated from operating activities

Net cash used in operating activities in 1Q2016 was for payments of income tax, interest expenses, developments costs on development properties, increase in trade and other receivables and decrease in gross amount due to customers for contract work-in-progress. These cash outflows were offset by cash inflows from trade and other payables and operating profit.

Net cash generated from operating activities in 1Q2015 was attributable largely to operating profit and collections from development projects, partially offset by development costs paid for the development properties.

Net cash generated from/(used in) investing activities

Net cash generated from investing activities in 1Q2016 as compared to net cash used in investing activities in 1Q2015 was mainly due to absence of construction costs for Park Hotel Alexandra in 1Q2016.

Net cash used in financing activities

Lower net cash used in financing activities in 1Q2016 was due to lesser repayment of loans and borrowings.

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

Group	Attributable to owners of the Company									Non-controlling interests \$'000	Total equity \$'000
	Issued capital \$'000	Treasury shares \$'000	Treasury shares reserve \$'000	Capital reserve \$'000	Fair value adjustment reserve \$'000	Asset revaluation reserve \$'000	Currency translation reserve \$'000	Retained earnings \$'000	Total equity \$'000		
At 1 January 2016	79,691	(33,653)	(533)	674	1,511	2,482	(24,709)	722,851	748,314	(5,347)	742,967
Total comprehensive income for the period	-	-	-	-	(210)	227	315	817	1,149	1,813	2,962
At 31 March 2016	79,691	(33,653)	(533)	674	1,301	2,709	(24,394)	723,668	749,463	(3,534)	745,929

Group	Attributable to owners of the Company									Non-controlling interests \$'000	Total equity \$'000
	Issued capital \$'000	Treasury shares \$'000	Treasury shares reserve \$'000	Capital reserve \$'000	Fair value adjustment reserve \$'000	Asset revaluation reserve \$'000	Currency translation reserve \$'000	Retained earnings \$'000	Total equity \$'000		
At 1 January 2015	79,691	(27,374)	(533)	674	445	4,110	(18,243)	697,245	736,015	397	736,412
Total comprehensive income for the period	-	-	-	-	531	115	(3,063)	18,248	15,831	(21)	15,810
Share buyback	-	(2,339)	-	-	-	-	-	-	(2,339)	-	(2,339)
At 31 March 2015	79,691	(29,713)	(533)	674	976	4,225	(21,306)	715,493	749,507	376	749,883

Company	Issued capital \$'000	Treasury shares \$'000	Treasury shares reserve \$'000	Fair value adjustment reserve \$'000	Retained earnings \$'000	Total equity \$'000
At 1 January 2016	79,691	(33,653)	(533)	1,511	110,246	157,262
Total comprehensive income for the period	-	-	-	(210)	(1,139)	(1,349)
At 31 March 2016	79,691	(33,653)	(533)	1,301	109,107	155,913

Company	Issued capital \$'000	Treasury shares \$'000	Treasury shares reserve \$'000	Fair value adjustment reserve \$'000	Retained earnings \$'000	Total equity \$'000
At 1 January 2015	79,691	(27,374)	(533)	445	108,826	161,055
Total comprehensive income for the period	-	-	-	531	(920)	(389)
Share buyback	-	(2,339)	-	-	-	(2,339)
At 31 March 2015	79,691	(29,713)	(533)	976	107,906	158,327

1(d)(ii) Details of any changes in the company's share capital arising from rights issue, bonus issue, share buy-backs, exercise of share options or warrants, conversion of other issues of equity securities, issue of shares for cash or as consideration for acquisition or for any other purpose since the end of the previous period reported on. State also the number of shares that may be issued on conversion of all the outstanding convertibles, as well as the number of shares held as treasury shares, if any, against the total number of issued shares excluding treasury shares of the issuer, as the end of the financial period reported on and as at the end of the corresponding period of the immediately preceding financial year

As at 31 March 2016, the Company held 46,501,100 ordinary shares as treasury shares (31 March 2015 : 42,046,200 ordinary shares). The total number of issued shares of the Company excluding treasury shares as at 31 March 2016 and 31 March 2015 were 621,014,061 and 625,468,961 shares respectively.

There are no performance shares being granted under the "Chip Eng Seng Performance Share Plan" as at 31 March 2016 and 31 March 2015.

1(d)(iii) To show the total number of issued shares excluding treasury shares as at the end of the current financial period and as at the end of the immediately preceding year

The total number of issued shares excluding treasury shares of 46,501,100 (31 December 2015 : 46,501,100) shares as at 31 March 2016 and 31 December 2015 were 621,014,061 shares.

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

Not applicable as no treasury shares had been sold, transferred, disposed, cancelled or used in any other manner.

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

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

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

Not applicable.

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

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

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

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

Please refer to paragraph 4 above.

6 Earnings per ordinary share of the group for the current financial period reported on and the corresponding period of the immediately preceding financial year, after deducting any provision for preference dividends

	Group	
	1Q 2016	1Q 2015
Earnings per ordinary share for the period :-		
(i) Based on weighted average number of ordinary shares in issue (in cents)	0.13	2.91
(ii) On a fully diluted basis (in cents)	0.13	2.91

Notes:

(i) The computation of basic earnings per share was based on the weighted average of 621,014,061 ordinary shares (31 March 2015 : 627,509,543 ordinary shares).

(ii) The computation of fully diluted basic earnings per share was based on the adjusted weighted average of 621,014,061 ordinary shares (31 March 2015 : 627,509,543 ordinary shares).

7 Net asset value (for the issuer and group) per ordinary share based on the total number of issued shares excluding treasury shares of the issuer at the end of the (a) current financial period reported on and (b) immediately preceding financial year

	Group		Company	
	31 Mar 2016	31 Dec 2015	31 Mar 2016	31 Dec 2015
Net asset value per ordinary share (in cents) based on issued share capital as at the end of the period reported on	120.68	120.50	25.11	25.32

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

- 8 A review of the performance of the group, to the extent necessary for a reasonable understanding of the group's business. The review must include discussion of any significant factors that affected the turnover, costs, and earnings of the group for the current financial period reported on, including (where applicable) seasonal or cyclical factors. It must also include discussion of any material factors that affected the cash flow, working capital, assets or liabilities of the group during the current financial period reported on**

1Q2016 vs 1Q2015

Overall

The Group's total revenue decreased by 33.1% to \$111.9 million in 1Q2016 from \$167.1 million in 1Q2015 due to lower revenue from the Property Development and Construction Divisions. In line with lower revenue, both gross and pre-tax profits declined but at larger percentages because of the reduced margin of property development as well as higher legal and financing costs.

Property Developments

Revenue decreased from \$87.6 million in 1Q2015 to \$41.7 million in 1Q2016 due to different levels of intensity of construction for the major projects. 1Q2015 revenue was principally derived from Nine Residences & Junction Nine which was at its intensive phase whilst 1Q2016 revenue was predominantly from High Park Residences which was at its early stage of construction.

Construction

Revenue dipped from \$77.8 million in 1Q2015 to \$61.1 million in 1Q2016 due to fewer active projects.

Hospitality

In 1Q2016, Park Hotel Alexandra brought in revenue of \$6.5 million from its room and F&B sales.

Property Investments & others

Revenue rose 41.0% to \$2.5 million in 1Q2016, from \$1.7 million in 1Q2015, due to higher occupancy of CES Centre.

Group Statement of Financial Position Review

The Group's net current assets increased by \$82.6 million to \$1.14 billion due largely to conversion of a project financing to a long term mortgage loan. This also resulted in a corresponding increase in non-current liabilities which saw an increase of \$78.8 million to \$926.2 million.

Shareholders' equity remained flat due to lower profit and minimal foreign exchange differences. The deposits paid for land purchases were funded out of the Group's cash holding and this had led to an increase in net debts. As a result of higher net debts, the Group's net debt to equity ratio increased to 0.61 as at 31 March 2016 as compared to 0.56 as at 31 December 2015.

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

No prospects statements for 1Q2016 was previously provided.

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

Property Developments

The Group expects the private residential market to remain challenging as the property cooling measures continue to weigh on the market with no imminent relaxation in sight.

Despite the tough market, High Park Residences continues to attract buyers which see its overall sales raised further to more than 96% to-date. The Group will continue to leverage on the momentum to clear the remaining units of High Park Residences in the coming months. As for Fulcrum, this project was recently relaunched and has recorded 30.5% overall sales from 13.2% before the relaunch.

To replenish its land banking in Singapore, the Group has recently acquired a private residential site at New Upper Changi Road/Bedok South Avenue 3. Subject to the then market conditions, the Group has scheduled for the debut of this project in 1H2017.

In Australia, we have sold all townhouses of Williamsons Estate, a suburban project located in Doncaster, Melbourne. The apartments of this project, known as Willow Apartments, was launched in 1Q2016 and to-date, 23.6% have been sold.

As for Tower Melbourne, the demolition plan consists of two stages. Stage 1 demolition plan did not meet with the approval of the Building Appeal Board (BAB) and we did not succeed in our judicial review application in court proceeding. However, BAB has affirmed our stage 2 demolition plan. The Group will submit a new stage 1 demolition plan in due course.

The settlement of the Victoria Street site was completed in May 2016.

Apart from Williamsons Estate and Tower Melbourne, the Group has another two land parcels in Melbourne - South Melbourne and Northcote.

Property Investments

With the softening commercial rental market, the Group will continue to exercise prudence in expanding its commercial building portfolio in Singapore.

Hospitality

The performance of the Group's hospitality segment has improved in 1Q2016 and we expect further improvement to come.

Construction

The Group will continue to participate in the tender of public housing projects. At the end of 1Q2016, the Group's construction order book stood at \$507.3 million.

11 Dividend

(a) Current Financial Period Reported On

Any dividend declared for the current financial period reported on?
No.

(b) Corresponding Period of the Immediately Preceding Financial Year

Any dividend declared for the corresponding period of the immediately preceding financial year?
No.

(c) Date payable

Not applicable.

(d) Books closure date

Not applicable.

12 If no dividend has been declared/recommendeded, a statement to that effect

No dividend has been declared/recommendeded for the quarter ended 31 March 2016.

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

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

14 Confirmation

We, Chia Lee Meng Raymond and Hoon Tai Meng, being two Directors of CHIP ENG SENG CORPORATION LTD (the "Company"), do hereby confirm on behalf of the Directors of the Company that, to the best of our knowledge, nothing has come to the attention of the Board of Directors of the Company which may render the unaudited interim financial statements of the Company and of the Group for the first quarter ended 31 March 2016 to be false or misleading in any material aspect.

On behalf of the Board of Directors,

Chia Lee Meng Raymond
Executive Chairman

Hoon Tai Meng
Executive Director

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

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

BY ORDER OF THE BOARD

Chia Lee Meng Raymond
Executive Chairman
5 May 2016