



## Half Year Financial Statement and Dividend Announcement for the period ended 30 June 2020

## 1(a)(i) An income statement and statement of comprehensive income or a statement of comprehensive income, for the Group, together with a comparative statement for the corresponding period of the immediately preceding financial year

	Note	Group		+/(-) %
		1H2020 \$'000	1H2019 \$'000	
<b>Revenue</b>				
- Property development		197,267	374,099	(47.3)
- Construction		58,339	82,484	(29.3)
- Hospitality		19,960	39,294	(49.2)
- Education		11,471	5,113	124.3
- Property investment & others		2,934	3,664	(19.9)
		<u>289,971</u>	<u>504,654</u>	(42.5)
Cost of sales		(255,612)	(413,579)	(38.2)
<b>Gross profit</b>		<u>34,359</u>	<u>91,075</u>	(62.3)
Other items of income				
Interest income	1	968	4,062	(76.2)
Other income	2	14,070	2,036	591.1
Other items of expense				
Marketing and distribution expenses	3	(6,426)	(7,310)	(12.1)
Administrative expenses	4	(47,005)	(42,995)	9.3
Finance costs	5	(22,264)	(31,043)	(28.3)
Share of results of associates and joint venture		1,053	969	8.7
<b>(Loss)/Profit before tax</b>		<u>(25,245)</u>	<u>16,794</u>	NM
Income tax expense	6	(439)	(3,247)	(86.5)
<b>(Loss)/Profit after tax</b>		<u>(25,684)</u>	<u>13,547</u>	NM
<b>Profit attributable to:</b>				
Owners of the Company		(24,415)	15,241	NM
Non-controlling interests		(1,269)	(1,694)	(25.1)
		<u>(25,684)</u>	<u>13,547</u>	NM

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

	Note	Group		+/(-) %
		1H2020 \$'000	1H2019 \$'000	
<b>Other income</b>				
Rental income from non investment holding companies		496	781	(36.5)
Sales of materials		273	300	(9.0)
Government grants		8,368	256	3,168.8
Deposits forfeited from buyers		258	77	235.1
Gain on disposal of property, plant and equipment		26	229	(88.6)
Foreign exchange gain		3,346	-	NM
Others		1,303	393	231.6
		<u>14,070</u>	<u>2,036</u>	591.1
<b>The following items have been included in arriving at (loss)/profit after tax:</b>				
Employee benefits expenses		44,965	35,854	25.4
Depreciation of property, plant and equipment	7	18,679	10,240	82.4
Foreign exchange (gain)/loss	8	(3,346)	1,629	NM
Legal and professional fees		2,412	1,744	38.3
Property maintenance expenses		2,458	2,197	11.9
Amortisation of intangible assets		283	185	53.0
Provision for onerous contract		6,200	-	NM
Overprovision of tax in respect of previous years		(62)	(2,689)	(97.7)

Note:-

NM - Not meaningful.

**Notes to Group Income Statement**

- 1 The decrease in interest income in 1H2020 was due mainly to absence of interest income on loan to non-controlling interest for a property development project as the loan was repaid in 3Q2019.
- 2 The increase in other income in 1H2020 was due to unrealised foreign exchange gain and recognition of government grants for the Covid-19 pandemic. Foreign exchange gain in 1H2020 was due mainly to strengthening of Australian dollars and the United States dollars in 1H2020 as compared to weakening of such currencies in 1H2019.
- 3 The decrease in marketing and distribution expenses in 1H2020 was due to lower marketing expenses incurred on Kopar at Newton which was launched in March 2020 as compared to higher marketing expenses incurred by Parc Komo which was launched in May 2019.
- 4 The increase in administrative expenses in 1H2020 was due mainly to higher depreciation expenses, partially offset by lower utilities and hotel related expense and absence of unrealised foreign exchange loss.
- 5 The decrease in finance costs in 1H2020 was in line with lower interest rates.
- 6 The tax expense despite a loss before taxation in 1H2020 was due mainly to profit from certain subsidiaries not available to offset against losses from others, and deferred tax assets not provided on losses, on grounds of prudence.
- 7 The increase in depreciation charges was due mainly to higher depreciation of right-of-use assets arising from leases signed for Invictus-brand international schools subsequent to the acquisition of Invictus Group in April 2019.
- 8 The foreign exchange gain in 1H2020 was due mainly to strengthening of Australian dollars and the United States dollars in 1H2020 as compared to weakening of such currencies in 1H2019.

**1(a)(iii) Statement of Comprehensive Income**

	Note	Group		+/(-) %
		1H2020 \$'000	1H2019 \$'000	
<b>(Loss)/Profit after tax</b>		(25,684)	13,547	NM
Other comprehensive income:				
<i>Items that will not be reclassified to profit or loss</i>				
Share of gain on property revaluation of associate		178	-	NM
<i>Items that may be reclassified subsequently to profit or loss</i>				
Foreign currency translation differences	1	1,528	(1,520)	NM
Share of foreign currency translation of associates and joint venture		167	(29)	NM
		<u>1,695</u>	<u>(1,549)</u>	NM
Other comprehensive income for the period, net of tax		1,873	(1,549)	NM
<b>Total comprehensive income for the period</b>		<u>(23,811)</u>	<u>11,998</u>	NM
<b>Total comprehensive income attributable to:</b>				
Owners of the Company		(22,455)	13,445	NM
Non-controlling interests		<u>(1,356)</u>	<u>(1,447)</u>	(6.3)
		<u>(23,811)</u>	<u>11,998</u>	NM

**Notes to Statement of Comprehensive Income**

- 1 Foreign currency translation differences arises from the translation of financial statements of foreign operations whose functional currencies are different from that of the Group's functional currency. Translation gain in 1H2020 was mainly due to appreciation of Australian dollars against Singapore dollars on the Group's foreign net assets which are largely denominated in Australian dollars.

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		
	30 Jun 2020	31 Dec 2019	30 Jun 2020	31 Dec 2019	
Note	\$'000	\$'000	Note	\$'000	
<b>Non-current assets</b>					
Property, plant and equipment	1	506,971	467,065	3,632	4,306
Investment properties		306,275	305,528	-	-
Intangible assets		42,435	42,719	415	447
Investment in subsidiaries		-	-	81,942	81,642
Investment in joint venture		8,049	6,538	-	-
Investments in associates		26,122	26,233	650	650
Deferred tax assets		9,829	7,761	-	-
Trade and other receivables		35,780	32,606	8	384,708
		935,461	888,450		471,347
					433,650
<b>Current assets</b>					
Development properties	2	1,255,680	1,373,224	-	-
Inventories		3,643	2,838	-	-
Prepayments		8,307	4,817	113	150
Trade and other receivables	3	81,705	176,336	26,254	16,391
Contract assets	4	509,654	415,278	-	-
Capitalised contract costs		14,612	14,416	-	-
Cash and short-term deposits		369,616	378,487	24,861	57,729
		2,243,217	2,365,396	51,228	74,270
<b>Total assets</b>		<b>3,178,678</b>	<b>3,253,846</b>	<b>522,575</b>	<b>507,920</b>
<b>Deduct: Current liabilities</b>					
Loans and borrowings	5	240,874	231,880	9	13,000
Trade and other payables		85,799	87,725	10	32,289
Contract liabilities		22,510	26,256		-
Other liabilities		93,372	102,896		2,308
Income tax payable	6	37,609	25,574		713
		480,164	474,331		48,310
					19,945
<b>Net current assets</b>		<b>1,763,053</b>	<b>1,891,065</b>	<b>2,918</b>	<b>54,325</b>
<b>Deduct: Non-current liabilities</b>					
Loans and borrowings	5	1,524,236	1,566,464	9	25,250
Trade and other payables		160,685	166,282		250,191
Other liabilities	7	91,801	64,809		481
Deferred tax liabilities	6	24,424	34,689		-
		1,801,146	1,832,244		275,922
					291,057
		<b>897,368</b>	<b>947,271</b>		<b>198,343</b>
					<b>196,918</b>
<b>Equity attributable to owners of the Company</b>					
Share capital		175,978	175,978		175,978
Treasury shares		(29,719)	(30,034)		(29,719)
Retained earnings		757,336	781,745		47,586
Other reserves		(10,287)	(9,420)		4,105
		893,308	918,269		198,343
Non-controlling interests		4,060	29,002		-
<b>Total equity</b>		<b>897,368</b>	<b>947,271</b>		<b>198,343</b>
					<b>196,918</b>

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

**Notes to Statement of Financial Position**

**Note**

**The Group**

- 1 The increase in property, plant and equipment was mainly due to acquisition of a lagoon in North Malé Atoll, Maldives and new leases signed for Invictus-brand international schools in 1H2020.
- 2 The decrease in development properties was mainly due to the progressive sales recognition of Park Colonial and Grandeur Park Residences.
- 3 The decrease in current trade and other receivables was mainly due to receipts from purchasers of High Park Residences.
- 4 The increase in contract assets was mainly due to the higher recognition of revenue for work completed but not billed for Park Colonial and Grandeur Park Residences.
- 5 The decrease in total loans and borrowings was due to net repayment of loans in 1H2020.
- 6 The increase in income tax payable was mainly due to reclassification of deferred tax liabilities to income tax payable for a development project.
- 7 The increase in non-current other liabilities was due to new leases signed for Invictus-brand international schools in 1H2020.

**The Company**

- 8 The increase in non-current trade and other receivables was due to working capital loans extended to subsidiaries.
- 9 \$13.0 million 5-year fixed rate notes due for maturity in June 2021 was reclassified from non-current to current liabilities during the current period.
- 10 The increase in current trade and other payables was due mainly to loan obtained from a subsidiary.

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

	<b>As at 30 Jun 2020</b>	<b>As at 31 Dec 2019</b>
	<b>\$'000</b>	<b>\$'000</b>
<b>Amount repayable in one year or less, or on demand</b>		
- Secured	227,874	231,880
- Unsecured	13,000	-
<b>Amount repayable after one year</b>		
- Secured	1,398,986	1,428,214
- Unsecured	125,250	138,250
	<u>1,765,110</u>	<u>1,798,344</u>

**Details of any collateral**

The Group's total borrowings of \$1.8 billion are loans taken to finance property development projects, investment properties, school campus, hotels and for working capital.

The Group's secured borrowings of \$1.6 billion are mainly secured by:

- (a) legal mortgage on the development properties, investment properties, school campus and hotels;
- (b) subordination of shareholder's loan;
- (c) assignment of sale proceeds of the development properties;
- (d) assignment of all rights and benefits under construction contracts, performance bonds and insurance policies in respect of the development properties;
- (e) assignment of tenancy and sale agreements of the investment and development properties;
- (f) fixed and floating charge on the hotels; and
- (g) corporate guarantee from the Company.

The Group's unsecured borrowings of \$138.3 million comprise the following notes issued under its \$750 million Multicurrency Debt Issuance Programme:

- (a) \$13.0 million 5-year fixed rate notes issued on 14 June 2016. The notes bear interest at the rate of 4.75 per cent. per annum payable semi-annually in arrear and will due in June 2021.
- (b) \$25.3 million 5-year fixed rate notes issued on 19 May 2017. The notes bear interest at the rate of 4.90 per cent. per annum payable semi-annually in arrear and will due in May 2022.
- (c) \$100.0 million 3-year fixed rate notes issued on 15 March 2019. The notes bear interest at the rate of 6.0 per cent. per annum payable semi-annually in arrear and will due in March 2022.

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

	Group	
	1H2020 \$'000	1H2019 \$'000
<b>Cash flows from operating activities</b>		
<b>(Loss)/Profit before tax</b>	<b>(25,245)</b>	<b>16,794</b>
<b>Adjustments for:</b>		
Interest income	(968)	(4,062)
Gain on disposal of property, plant and equipment	(26)	(229)
Interest expense	22,264	31,043
Property, plant and equipment written off	-	95
Provision for onerous contract	6,200	-
Depreciation of property, plant and equipment	18,679	10,240
Amortisation of intangible assets	283	185
Amortisation of capitalised contract cost	4,511	5,840
Unrealised exchange differences	(2,719)	1,806
Share of results of associates and joint venture	(1,053)	(969)
Impairment loss on receivables	128	-
Share-based compensation expenses	755	226
<b>Operating profit before changes in working capital</b>	<b>22,809</b>	<b>60,969</b>
<b>Changes in working capital:</b>		
Development properties	121,410	(225,928)
Capitalised contract cost	(4,708)	(2,766)
Inventories	(790)	(795)
Prepayments	(3,477)	(720)
Trade and other receivables and contract assets	(2,665)	210,346
Trade and other payables and contract liabilities	(11,710)	(59,750)
Other liabilities	(14,695)	1,284
<b>Cash generated from/(used in) operations</b>	<b>106,174</b>	<b>(17,360)</b>
Interest paid	(24,676)	(34,153)
Interest received	1,177	4,062
Income tax paid	(741)	(5,958)
<b>Net cash generated from/(used in) operating activities</b>	<b>81,934</b>	<b>(53,409)</b>
<b>Cash flows from investing activities:</b>		
Purchase of property, plant and equipment	(21,672)	(4,608)
Proceeds from disposal of property, plant and equipment	41	302
Net cash outflow on acquisition of subsidiary	-	(3,265)
Dividend income	-	264
Additions to investment properties	(468)	-
<b>Net cash used in investing activities</b>	<b>(22,099)</b>	<b>(7,307)</b>
<b>Cash flows from financing activities:</b>		
Repayment of loans and borrowings	(45,159)	(382,591)
Proceeds from loans and borrowings	10,000	344,600
Proceeds from issuance of term notes	-	100,000
Dividends paid on ordinary shares	-	(25,041)
Dividends paid to non-controlling interest	(26,800)	-
Purchase of treasury shares	(47)	-
Payment of principal portion of lease liabilities	(7,232)	(1,753)
<b>Net cash (used in)/generated from financing activities</b>	<b>(69,238)</b>	<b>35,215</b>
Net decrease in cash and cash equivalents	(9,403)	(25,501)
Effect of exchange rate changes on cash and cash equivalents	532	(281)
Cash and cash equivalents at beginning of the period	374,231	342,558
<b>Cash and cash equivalents at end of the period</b>	<b>365,360</b>	<b>316,776</b>
<b>Cash and cash equivalents comprise:</b>		
Short term fixed deposits	190,940	174,204
Cash and bank balances	178,676	142,572
Cash and cash equivalents as shown on balance sheet	369,616	316,776
Less: Deposits pledged as security	(4,256)	-
	<b>365,360</b>	<b>316,776</b>

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)

**Net cash generated from/(used in) operating activities**

Net cash generated from operating activities in 1H2020 was due mainly to receipts from purchasers of High Park Residences. Net cash used in operating activities in 1H2019 was due mainly to acquisition of the Kampong Java site in April 2019, partially offset by progressive payments from development properties.

**Net cash used in investing activities**

Higher net cash used in investing activities in 1H2020 as compared to same period last year was mainly due to acquisition of a lagoon in North Malé Atoll, Maldives in 1H2020.

**Net cash (used in)/generated from financing activities**

Net cash used in financing activities in 1H2020 as compared to net cash generated from financing activities in 1H2019 was due to dividend paid to non-controlling interest and net loans repayment in 1H2010 as compared to proceeds from issuance of term notes and dividend paid to shareholders, partially offset by net loans repayment in 1H2019.

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	Share-based compensation reserve \$'000	Other reserves \$'000	Asset revaluation reserve \$'000	Currency translation reserve \$'000	Retained earnings \$'000	Total \$'000		
<b>At 1 January 2020</b>	175,978	(30,034)	(868)	4,973	(1,245)	2,611	(14,891)	781,745	918,269	29,002	947,271
Total comprehensive income for the period	-	-	-	-	-	178	1,776	(24,409)	(22,455)	(1,356)	(23,811)
Share buyback	-	(47)	-	-	-	-	-	-	(47)	-	(47)
Dividends paid to non-controlling interest of subsidiary	-	-	-	-	-	-	-	-	-	(26,800)	(26,800)
Share-based compensation expenses	-	-	-	755	-	-	-	-	755	-	755
Treasury shares reissued pursuant to performance share plan	-	362	(49)	(313)	-	-	-	-	-	-	-
Capital contribution to non-wholly owned subsidiary	-	-	-	-	(3,214)	-	-	-	(3,214)	3,214	-
<b>At 30 June 2020</b>	175,978	(29,719)	(917)	5,415	(4,459)	2,789	(13,115)	757,336	893,308	4,060	897,368

Group	Attributable to owners of the Company									Non-controlling interests \$'000	Total equity \$'000
	Issued capital \$'000	Treasury shares \$'000	Treasury shares reserve \$'000	Share-based compensation reserve \$'000	Capital reserve \$'000	Asset revaluation reserve \$'000	Currency translation reserve \$'000	Retained earnings \$'000	Total \$'000		
<b>At 1 January 2019</b>	79,691	(30,034)	(868)	4,261	674	2,611	(12,453)	773,466	817,348	56,707	874,055
Total comprehensive income for the period	-	-	-	-	-	-	(1,796)	15,241	13,445	(1,447)	11,998
Dividends paid on ordinary shares	-	-	-	-	-	-	-	(25,041)	(25,041)	-	(25,041)
Share-based compensation expenses	-	-	-	226	-	-	-	-	226	-	226
Acquisition of subsidiary	-	-	-	-	-	-	-	-	-	2,524	2,524
<b>At 30 June 2019</b>	79,691	(30,034)	(868)	4,487	674	2,611	(14,249)	763,666	805,978	57,784	863,762

Company	Issued capital \$'000	Treasury shares \$'000	Treasury shares reserve \$'000	Share-based compensation reserve \$'000	Retained earnings \$'000	Total equity \$'000
<b>At 1 January 2020</b>	175,978	(30,034)	(868)	4,973	46,869	196,918
Total comprehensive income for the period	-	-	-	-	717	717
Share buyback	-	(47)	-	-	-	(47)
Share-based compensation expenses	-	-	-	755	-	755
Treasury shares reissued pursuant to performance share plan	-	362	(49)	(313)	-	-
<b>At 30 June 2020</b>	175,978	(29,719)	(917)	5,415	47,586	198,343

Company	Issued capital \$'000	Treasury shares \$'000	Treasury shares reserve \$'000	Share-based compensation reserve \$'000	Retained earnings \$'000	Total equity \$'000
<b>At 1 January 2019</b>	79,691	(30,034)	(868)	4,261	39,722	92,772
Total comprehensive income for the period	-	-	-	-	1,156	1,156
Dividends paid on ordinary shares	-	-	-	-	(25,041)	(25,041)
Share-based compensation expenses	-	-	-	226	-	226
<b>At 30 June 2019</b>	79,691	(30,034)	(868)	4,487	15,837	69,113

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.

The changes in the Company's issued share capital (excluding treasury shares) for the financial period ended 30 June 2020 were as follows:

	'000
Balance as at 1 January 2020	782,518
Treasury shares reissued pursuant to Chip Eng Seng Performance Share Plan	500
Share buyback	(93)
Balance as at 30 June 2020	<u>782,925</u>

As at 30 June 2020, the number of outstanding share options under the Company's Employee Share Option Scheme was 50,000,000 (31 December 2019 : 50,000,000).

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

The total number of issued shares excluding treasury shares of 41,093,900 (31 December 2019 : 41,501,100) shares as at 30 June 2020 was 782,924,776 (31 December 2019 : 782,517,576) 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

During the current financial period, 500,000 treasury shares were reissued upon vesting of shares granted pursuant to the Chip Eng Seng Performance Share Plan.

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

Not applicable.

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

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

3 Where the figures have been audited or reviewed, the auditors' report (including any modifications or emphasis of a matter)

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 2019, as well as all the applicable Singapore Financial Reporting Standards (International) ("SFRS(I)") which became effective for the financial year beginning on or after 1 January 2020.

The adoption of those new and revised SFRS(I) has no material effect on the current financial statements for the current financial 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	
	1H2020	1H2019
Earnings per ordinary share for the period :-		
(i) Based on weighted average number of ordinary shares in issue (in cents)	(3.12)	2.43
(ii) On a fully diluted basis (in cents)	(3.12)	2.41

Notes:

(i) The computation of basic earnings per share was based on the weighted average of 782,968,148 ordinary shares (30 June 2019 : 626,014,061 ordinary shares).

(ii) The computation of fully diluted basic earnings per share was based on the adjusted weighted average of 782,968,148 ordinary shares (30 June 2019 : 633,406,603 ordinary shares).

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

	Group		Company	
	30 Jun 2020	31 Dec 2019	30 Jun 2020	31 Dec 2019
Net asset value per ordinary share (in cents) based on issued share capital as at the end of the period reported on	114.10	117.35	25.33	25.16

The computation of net asset value per ordinary share was based on 782,924,776 ordinary shares (excluding treasury shares of 41,093,900) (31 December 2019 : 782,517,576 ordinary shares excluding treasury shares of 41,501,100).

- 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**

### **Half year results : 1H2020 vs 1H2019**

#### **Overall**

The Group's performance in 1H2020 was adversely affected by the measures taken by the government to tackle the spread of coronavirus which saw most of the Group's construction and development sites closed since 7 April 2020. As a result of stoppage of construction, minimal revenue was recognised for the affected projects since 7 April 2020 till the end of 1H2020.

Gross revenue decreased by 42.5% from \$504.7 million to \$290.0 million, with lower contribution from all divisions, except for the education division. In tandem with lower revenue, gross profit dropped by a greater magnitude of 62.3% from \$91.1 million to \$34.4 million on lower margins arising from additional costs due to the Covid-19 pandemic. The drop in gross profit was partially cushioned by lower finance costs and recognition of government grants meant to mitigate the impact of the Covid-19 pandemic. Overall, the Group recorded a loss before tax of \$25.2 million and loss after tax of \$25.7 million, as compared to profit before tax of \$16.8 million and profit after tax of \$13.5 million in the corresponding period last year.

#### **Property Development**

From 7 April 2020 till the end of 1H2020, there was no construction progress as all development sites were closed. Revenue dropped by 47.3% from \$374.1 million to \$197.3 million mainly attributable to lower progressive revenue recognition from Grandeur Park Residences as well as absence of contribution from Williamsons Estate in Doncaster, Melbourne and High Park Residences which were fully sold and completed in 2019, partially offset by new contributions from Parc Komo and Kopar at Newton which were launched in May 2019 and March 2020 respectively.

#### **Construction**

From 7 April 2020 till the end of 1H2020, there was minimal construction progress as most construction sites were closed. Revenue dropped by 29.3% from \$82.5 million to \$58.3 million. This was mainly due to lower revenue contribution from Bidadari C6 & C7, Bidadari C8 & C9 and Sengkang N4C39 & C40, partially offset by new revenue contribution from projects under CES\_SDC, which was acquired in December 2019. The Group made a provision for onerous contract in 1H2020 for higher costs due to replacement of certain failed subcontractors of a project.

#### **Hospitality**

Revenue decreased by 49.2% from \$39.3 million to \$20.0 million mainly due to lower contributions across all hotels as domestic and international travelings were adversely affected by the measures taken to contain the Covid-19 pandemic.

#### **Education**

Revenue increased by 124.3% from \$5.1 million to \$11.5 million mainly due to contributions from the Invictus-brand international schools and Excelsior International School acquired in 2019 and higher revenue from White Lodge preschool centres.

#### **Property Investment & Others**

Revenue decreased by 19.9% from \$3.7 million to \$2.9 million mainly due to lower occupancy at CES Centre.

#### **Group Statement of Financial Position Review**

The Group's non-current assets increased from \$888.5 million to \$935.5 million due mainly to acquisition of a lagoon in North Malé Atoll, Maldives and new leases signed for Invictus-brand international schools in 1H2020. Net current assets decreased by \$128.0 million from \$1.89 billion to \$1.76 billion mainly due to receipts from purchasers of High Park Residences and lower development properties with progressive sales recognition of Park Colonial and Grandeur Park Residences. Non-current liabilities decreased from \$1.83 billion to \$1.80 billion due mainly to repayment of loans and reclassification of fixed rate notes to current liabilities, partially offset by higher lease liabilities arising from the new leases signed for Invictus-brand international schools in 1H2020.

Total equity decreased from \$947.3 million to \$897.4 million, after taking into account a net loss of \$25.7 million recorded in 1H2020 and dividend payment to non-controlling interests of \$26.8 million. With lower equity, the Group's net-debt-to-equity ratio increased from 1.50 as at 31 December 2019 to 1.56 as at 30 June 2020.

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

The Group's unaudited results for the financial period ended 30 June 2020 are in line with the Company's profit guidance announcement on 28 May 2020.



**10 A commentary at the date of the announcement of the significant trends and competitive conditions of the industry in which the group operates**

**Property Development**

Singapore

According to Urban Redevelopment Authority data, prices of private residential properties edged up 0.3% in 2Q2020, compared with the 1.0% drop in 1Q2020. The pipeline of launches has slowed down with 1,852 private residential units launched in 2Q2020 and 1,713 units sold in 2Q2020 as compared to 2,093 units and 2,149 respectively in 1Q2020. As at 30 June 2020, there was a total supply of 49,090 uncompleted private residential units (excluding ECs) in the pipeline and unsold inventory stood at 27,977 units, down from 48,868 units and 29,149 units respectively in the previous quarter.

Since last update in May 2020, sales-to-date of the Group's projects based on options to purchase issued, have improved. Park Colonial have improved from 89.6% to 90.2% and for Parc Komo, from 41.3% to 42.8%. The sales for Grandeur Park Residences also rose from 98.2% to 99.2%. Kopar at Newton which was launched just before the circuit breaker period has seen more units sold, lifting overall sales to 39.7% from 25.9% in May 2020.

Australia

According to the property consultant CoreLogic, home prices have fallen 0.8% in 2Q2020, as compared to an increase of 2.7% in 1Q2020. The decline is largely due to the impact of the Covid-19 pandemic. With the soft property market, the Group will continue to monitor the Covid-19 situation in Australia to plan the timing of its sale relaunch of the Fifteen85 project in South Melbourne and any further land acquisition.

**Construction**

Based on advance estimates from Ministry of Trade and Industry, the construction sector contracted by 54.7% on a year-on-year basis in 2Q2020, a significant deterioration from the 1.1% decline in the previous quarter. However, as the Group clinched two infrastructure projects and one building project in 1H2020, its order book has increased from \$591.2 million as at 31 December 2019 to \$1.29 billion as at 30 June 2020.

Notwithstanding the higher order book, the outlook for construction sector remains challenging as most of the construction sites of the Group have been affected by the Covid-19 measures and have yet to resume work. Furthermore, the Group expects shortage of manpower and disrupted supply chain to affect the progress of construction activities even after work resumption. Against the challenging backdrop, the Group will stay vigilant and will adhere to the guidelines on safe distancing measures so as to keep its employees safe and healthy and minimise the risk of stoppage of work due to the infection of coronavirus by its employees.

**Hospitality**

The hospitality industry in Singapore has taken a hit on the back of global travel restrictions to curb the Covid-19 spread. According to Singapore Tourism Board, international tourist arrivals in Singapore in the first 5 months of 2020 plunged to 2.7 million down from 7.8 million for the same period last year. The Group's hotel in Singapore - Park Hotel Alexandra has been propped up by demand from local companies for accommodation of workers affected by Malaysia's movement control order in 2Q2020. In July, Park Hotel Alexandra has entered into a service agreement for a minimum of 2 months' lease with Singapore Land Authority (SLA) for this purpose.

Maldives, which closed its borders since March, has recently re-opened in July. The Group expects the occupancy of Grand Park Kodhipparu Resort to increase gradually when countries ease travel restrictions and airlines resume their flights to bring international visitors back to Maldives. For the Group's hotels in Australia, with the easing of intra-state and inter-state travelling restrictions, we expect gradual pick up in occupancy rates in the coming months.

**Education**

Invictus Kindergarten and Invictus Primary School in Hong Kong opened in May 2020 and student enrolments have seen a gradual increase. However, in July 2020, Hong Kong's Secretary of Education ordered closure of on-site lessons in schools until 17 August 2020. Should the closure of schools be extended beyond the summer holidays, Invictus Kindergarten and Invictus Primary School will roll out home-based learning programmes.

Due to the Covid-19 preventive measures implemented by the Cambodian Government, schools in Cambodia have remained closed since March 2020. The Group will apply to the relevant authority to open Invictus International School, Phnom Penh, Cambodia in 3Q2020.

In Singapore, enrolments at White Lodge kindergartens and Invictus International School have remained steady. As for Excelsior International School in Johor Bahru, the rebranding and upgrading works are in an advance stage.

**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) Record date**

Not applicable.

**12 If no dividend has been declared/recommended, a statement to that effect and the reason(s) for the decision.**

No dividend has been declared/recommendeded for the period ended 30 June 2020 as it is not the usual practice of the Group to declare interim dividends.

**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 pursuant to Rule 705(5)**

We, Chia Lee Meng Raymond and Tan Tee How, being two of the 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 half year ended 30 June 2020 to be false or misleading in any material aspect.

That said, in this regard, we would like to highlight that the carrying amounts of Group's investment properties ("IP") as at 30 June 2020 are based on the independent valuations as at 31 December 2019. The Group's property, plant and equipment comprises mainly hotel properties ("HP"). The carrying amounts of the Group's HP as at 30 June 2020 are measured at cost less accumulated depreciation and any accumulated impairment losses. In assessing for impairment, the Group has considered the independent valuations as at 31 December 2019. These independent valuations as at 31 December 2019 have not taken into account the impact of the Covid-19 pandemic, which may be significant.

The unprecedented market uncertainty caused by the Covid-19 pandemic, particularly in the short term, has resulted in challenges in providing accurate valuations for the properties as there is a lack of visibility regarding future cash flows and insufficient market transactions available for benchmarking to adopt meaningful capitalisation rates in the current market.

We are of the view that under these circumstances, it may be difficult to reasonably quantify any impact on the carrying amounts of the Group's properties as some of the key assumptions used to derive valuations currently would be very subjective and arbitrary. The carrying amounts of properties as at 30 June 2020 are based on the independent valuations as at 31 December 2019, and conditions prevailing at that point in time may have changed by the date of this report. For illustrative purpose, the impact arising from a decline of every 1% in the valuation of the Group's IP portfolio is as follows:

	30 June 2020	Illustrative impact	Pro forma
IP carrying value (\$'m)	306.3	(3.1)	303.2
NAV per share (cents)	114.10	(0.40)	113.70
Net gearing ratio	1.56	*	1.56

\* Impact insignificant

As there is sufficient headroom between the independent valuations as at 31 December 2019 and carrying amounts of HP, the decline of every 1% in valuation of the Group's HP portfolio is not expected to have a significant impact to the Group's NAV and net gearing ratio.

The above illustration assumes that all other variables remain constant.

In line with the Group's policy, the Group conducts property valuation on an annual basis and will continue with the current accounting practice of valuing investment properties at least once a year at the end of the financial year and any fair value gains or losses on investment properties will only be recorded in the full year results.

On behalf of the Board of Directors,

Chia Lee Meng Raymond  
Executive Director and Group Chief Executive Officer

Tan Tee How  
Executive Director

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

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

**BY ORDER OF THE BOARD**

Chia Lee Meng Raymond  
Executive Director and Group Chief Executive Officer  
3 August 2020