



集永成机构有限公司

CHIP ENG SENG CORPORATION LTD

## Investor Presentation

October 2014



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## Agenda

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1. Business Overview
2. Operations Update
3. Key Strengths
4. Financial Overview

Appendix

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## Business Overview



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## Company Highlights

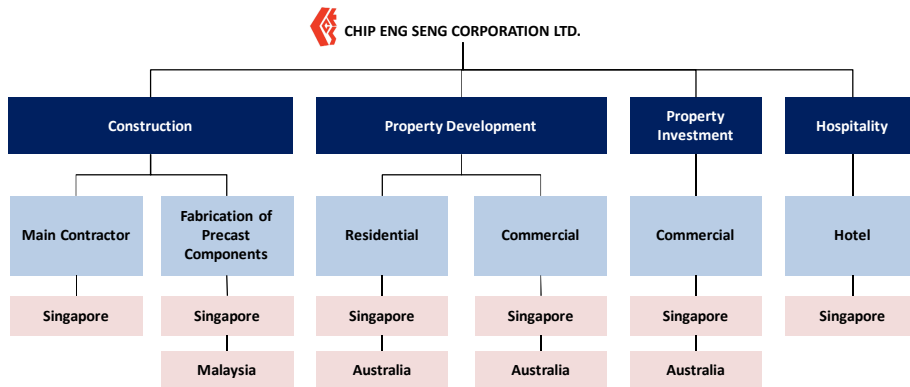
- Founded in the 1960s as a building sub-contractor for landed properties
- Diversified real estate player with businesses in private and public construction projects, residential, commercial and industrial property development and property investment
- Regional presence in Singapore, Australia and Malaysia
- Listed on the mainboard of the SGX-ST in November 1999 with a market capitalisation of S\$592 million as at 8 September 2014



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## GROUP BUSINESS



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## Business Segments

### Construction

- Long track record of delivering quality products since 1960s
- Registered with Building and Construction Authority under A1 classification for general building construction and civil engineering – able to tender for public sector projects of unlimited value
- “Design and Build” capabilities in both public and private sector property development
- Design management and construction business certified under ISO 9001, ISO 14001 and OHSAS 18001 standards for environmental, health and safety management systems
- Qualified as a partner in “BizSAFE Star” under the SAC Certification Body
- Notable projects include award-winning public housing project The Pinnacle@Duxton, which is the biggest and tallest public housing project in Singapore.

### Property Development

- Operated by CEL Development since 2000
- Diversified portfolio covering residential, commercial and industrial properties
- Achieve growth through partnerships with both foreign and local partners
- Establish strong foothold in Australia and continue to explore opportunities in regional real estate markets

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## Business Segments

### Property Investment

- Diversified portfolio of properties including industrial building, office buildings and shophouses with total value in excess of S\$200 million
- Source of stable income for the Group

### Hospitality

- Revenue contribution from the Group's first 442-room hotel at Alexandra Road (currently under construction) expected in 2015 when it commences operation

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## Business Strategy



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## Outlook

### ❖ Outlook for FY 2014

- Will continue to exercise prudence in Singapore land tenders to manage exposure to softening domestic market
- To focus more on public housing projects in anticipation of increased demand in the sector

### ❖ Property Developments

- TOP for Belvia and Alexandra Central in 3Q 2014 and 4Q 2014 respectively
- Prepare sites in Melbourne for sales launch in 2015
- Tower Melbourne project likely to see a delay due to concerns on protection works from an adjoining owner

### ❖ Property Investments

- Carrying out A&A works at CES Centre (previously known as San Centre)
- Expected completion by end of 2014

### ❖ Construction

- Current order book stands at S\$548.0 million as of 30 June 2014
- Will continue to leverage on our track records to tender public housing projects.

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## Operations Update



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### Singapore Projects



	100 Pasir Panjang	Belvia	Fulcrum
Type	Industrial	Residential	Residential
Location	Pasir Panjang Road	Bedok Reservoir Crescent	Fort Road
Land tenure	Freehold	99 years	Freehold
Gross Floor Area	135,026 sq ft	552,595 sq ft	110,564 sq ft
No. of units	66	488	128
Land cost	S\$62.8m	S\$112.7m	S\$86.0m
% ownership	100%	100%	100%
Expected TOP date	March 2014	Aug 2014	2016
% sold as at 30 June 2014	80%	99%	13%

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## Singapore Projects



	Alexandra Central	Park Hotel Alexandra	Junction Nine	Nine Residences
Type	Commercial	Hotel	Commercial	Residential
Location	Alexandra Road		Yishun Avenue 9	
Land tenure	99 years		99 years	
Gross Floor Area	239,489 sq ft		282,991 sq ft	
No. of units	116	442	146	186
Land cost	S\$189.0m		S\$212.1m	
% ownership	100%		100%	
Expected TOP date	4Q 2014	2015	2016	2016
% sold as at 30 June 2014	98%	n.a.	98%	76%

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## Australia Projects



Tower Melbourne

Type	Residential
Location	150 Queen Street, Melbourne
Land tenure	Freehold
Gross Floor Area	607,122 sq ft
No. of units	581 apartments and 7 retail lots
Land cost	A\$25.5m
% ownership	100%
Expected TOP date	2018
% sold as at 30 June 2014	98%

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## Development Landbank

Location	Gross floor area	Development plan	Acquisition cost	Land Tenure	% ownership
<b>Singapore</b>					
Fernvale Road	1,098,503 sq ft	Residential	S\$487.1m	Leasehold	60%
<b>Australia</b>					
West Coast Highway, Perth	486,113 sq ft	Mixed development	A\$20.0m	Freehold	100%
Williamson Estate 154-160 Williamsons Road, Doncaster, Victoria	285,074 sq ft	Residential	A\$19.3m	Freehold	100%
Hemisphere 168 Victoria Street, Melbourne	1,023,463 sq ft	Mixed development	A\$32.0m	Freehold	100%
<b>Malaysia</b>					
Malacca City (commercial area of Melaka Raya) <sup>(1)</sup>	266,000 sq ft	Mixed development	RM\$19.0m	Leasehold	100%

(1) Subject to planning approvals and other conditions

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## Ongoing Construction Projects

Project	Description	Expected Completion
<b>External Public Projects</b>		
Yishun N5C2	834 flats with facilities	2014
Tampines N4C27	289 flats with facilities	2014
Bukit Panjang N4C15	862 flats with facilities	2015
Bukit Batok N1C13 & N2C23	1,232 flats with facilities	2016
Jurong West N6C31	700 flats with facilities	2016
Sembawang N1C10	1,220 flats with facilities	2017
<b>Internal Public Projects*</b>		
Belvia	488 flats with facilities	2014
<b>Internal Private Projects*</b>		
Fulcrum	128-unit condominium	2016
Junction Nine & Nine Residences	146 units retail shops and 186-unit condominium with full facilities	2016

\*Not included in the computation of net order book

**Net Orderbook @ 30 Jun 2014 = S\$548.0m**

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## Key Strengths



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## Key Strengths

### • Proven Track Record

- Over 30 years of experience in general construction
- A leading contractor for public housing projects and recognised developer of quality properties
- Established track record for completing projects on time
- Received multiple awards such as Commendation WSH Performance Award, Gold BCA Construction Productivity Award, Construction Award for Queenstown RC25 (Ghim Moh Valley), BCA Construction Excellence Award for Sembawang N4C15, BCA Green Mark Awards, etc
- Experienced and committed management team
- Founder and Chairman Mr Lim Tiam Seng has over 40 years' experience in building and construction industry
- Executive Deputy Chairman and Group CEO Mr Raymond Chia successfully led CES to team up with partners, allowing the Group to expand into different property segments
- Management team has invaluable business relationships with key industry players

### • Synergies between the businesses of the Group

- Leverage synergies between property development business and construction business to further enhance our core competency in "Design and Build" projects

### • Strong relationships with customers, clients, consultants, sub-contractors and suppliers

- Relationships with its business associates date back as far as the 1980s
- Maintaining good relationships ensures CES has continued support from sub-contractors, timely supply of raw materials from suppliers, commitment from consultants, good credit terms and competitive pricing

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## Key Strengths

- **Efficiency and cost control**
  - Effective management control system ensures minimal material and manpower wastage and machinery idling time
  - Competent contract team for project costing for tender submission and close follow up on cost control
  - Close cooperation with consultants to optimise efficiency
- **Strong corporate governance**
  - Awarded “Most Transparent Company Award (Runner-up) for Construction Category by SIAS in 2011
- **Sustainable financial growth and healthy cash flow**
  - Continue to be profitable after listing in 1999

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## Financial Performance Review



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## Overview of 1H 2014

- **Higher Revenue in 1H 2014**

- 1H 2014 Revenue of S\$321.4 million, up 34.2%; mainly due to several on-going projects being at their active stage of construction.

- **Bottom line boosted by stronger contributions from key divisions**

- Net profit of S\$40.2 million, up 249.9% year on year
- Higher profit due to stronger contribution from all three key divisions.

- **Healthy earnings expected to be sustained for the rest of FY2014**

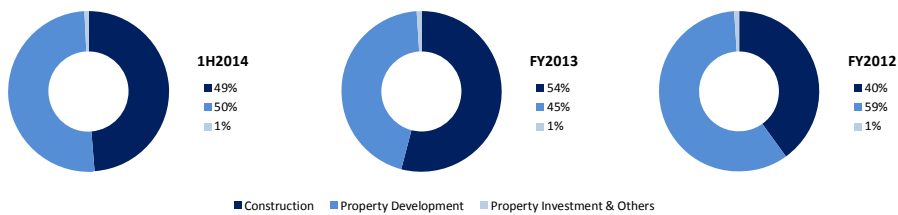
- Several projects expected to TOP in 2014, leading to the recognition of revenue and profits.
- Belvia and Alexandra Central are expected to be completed in 3Q2014 and 4Q2014 respectively.
- Following the completion of works at CES Centre (formerly known as San Centre), the property is expected to generate an additional source of rental income for the Group from 2015.

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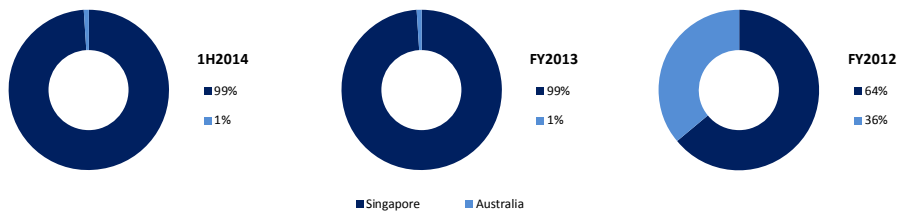


## Revenue Composition

### Revenue by Business Segment



### Revenue by Geography



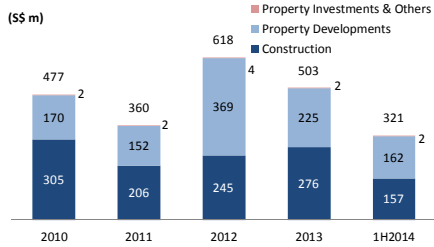
Source: Company reports

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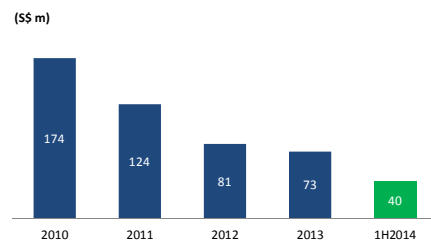


## Key Financial Statistics

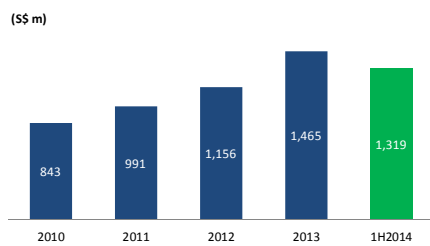
### Group Revenue



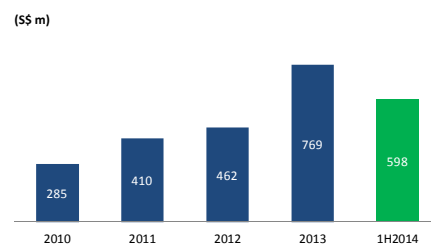
### Profit After Tax



### Total Assets



### Total Debt



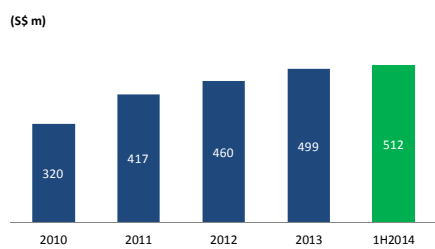
Source: Company reports

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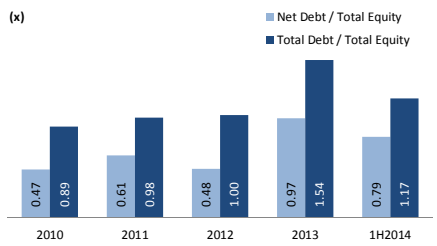


## Healthy Credit Metrics

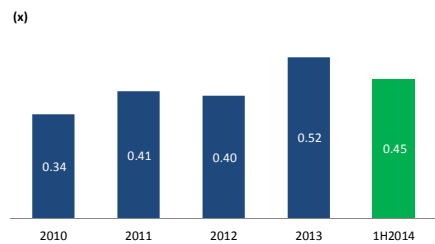
### Total Equity



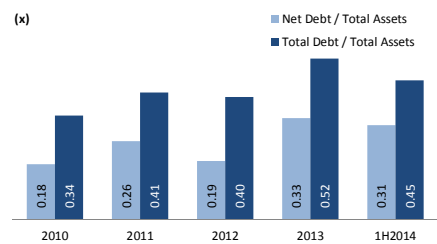
### Net Debt / Total Equity & Total Debt / Total Equity



### Secured Debt / Total Assets



### Net Debt / Total Assets & Total Debt / Total Assets



Source: Company reports

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## Appendix



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## Financial Overview

Description	2010 Audited	2011 Audited	2012 Audited	2013 Audited	1H 2014 Unaudited
<b>In S\$ m unless otherwise stated</b>					
Revenue	477	360	617	502	321
Gross Profit	59	140	130	89	59
Profit After Taxation	174	124	81	73	40
Cash and cash equivalents	134	156	242	284	193
Total Debt	285	410	462	769	598
Net Debt	151	254	220	484	405
Net Tangible Assets	320	417	460	499	512
Total Assets	843	991	1,156	1,465	1,319
Total Equity	320	417	460	499	512
of which: Minority Interests	-	-	-	-	-
Net Debt/Total Equity	0.47x	0.61x	0.48x	0.97x	0.79x
Secured Debt/Total Assets	0.34x	0.41x	0.40x	0.52x	0.45x

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## Thank You

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