



Media Release

**Chip Eng Seng Reports 36% increase in 4Q 2012 Net Profit to \$39.2 million as Revenue rose 287% to \$222.6 million
Proposes dividend of 4.0cts per share**

Results Snapshot

Y/E Dec (\$ million)	4Q 2012	4Q 2011	% Chg	FY 2012	FY 2011	% Chg
Revenue						
- Construction	71.0	52.2	36.1	245.1	205.9	19.1
- Property Development	150.7	4.4	<i>n.m.</i>	368.6	152.0	142.5
- Property Investments & Others	0.9	0.9		3.4	2.1	64.0
Group Revenue	222.6	57.5	287.1	617.1	360.0	71.4
Gross Profit	43.2	31.5	37.2	129.7	139.7	(7.2)
Share of Results of Associates	2.1	(2.7)	177.5	2.2	23.8	(90.6)
Profit Before Tax	50.5	29.4	71.6	108.6	141.9	(23.5)
Profit After Tax	39.2	28.8	36.0	81.3	123.7	(34.3)
*Earnings/Share (cents)	5.93	4.35		12.3	18.7	
				31.12.2012	31.12.2011	Chg
[^] NAV/Share (cents)				71.0	63.0	

* based on weighted average of 661.5 million shares (FY2011: 662.1 million)

[^] based on 648.3 million shares (FY2011: 662.1 million)

21 February 2013 – Chip Eng Seng Corporation Ltd (集永成机构有限公司 or “CES”), a leading construction and property group, has reported a 36% rise in Group net profit to \$39.2 million on an almost four-fold increase in Group revenue to \$222.6 million, for the three months ended 31 December 2012 (“4Q 2012”). For the full year ended 31 December 2012 (“FY 2012”), the Group achieved record revenue of \$617.1 million and net profit of \$81.3 million.

“Our strong 4Q capped off a fruitful year for Chip Eng Seng that included healthy sales of our development projects, our new foray into the hospitality sector and record revenue of more than \$600 million in 2012. The Group has paid dividends every year since its listing in 1999 and for FY2012, we are pleased to propose a first and final dividend of 4.0cts per share.”

- Executive Chairman, Mr Lim Tiam Seng (林镇成)

4Q 2012 Performance

Group revenue rose 287.1% to \$222.6 million in 4Q 2012, due mainly to the significant increase in contributions from Property Development. Property Development revenue increased from \$4.4 million to \$150.7 million in the quarter, due mainly to contributions from sales of residential units in My Manhattan in Singapore and 33M in Melbourne, Australia. Construction Revenue increased 36.1% to \$71.0 million, mainly from contribution from on-going projects.

With the increase in profit contribution from development projects, Group Gross Profit increased by 37.2% to \$43.2 million. Other income rose by 229.5% to \$30.7 million on the back of significant net fair value gain on the Group's investment properties, including that of its industrial property, 100 Pasir Panjang. Share of results of associates was a gain of \$2.1 million in 4Q 2012 compared to a share of losses of associates of \$2.7 million in 4Q 2011. The gain in the current quarter came from the recognition of additional profit from previously completed projects, upon the finalisation of development costs.

Consequently, Group pre-tax profit in 4Q 2012 advanced 71.6%, from \$29.4 million to \$50.5 million.

FY 2012 Performance

FY2012 Group revenue climbed 71.4% to \$617.1 million, from \$360.0 million in FY 2011. Property Development revenue in FY 2012 more than doubled, from \$152.0 million to \$368.6 million, due to contribution from sales of residential units in My Manhattan in Singapore and 33M in Melbourne, Australia. 33M was completed and delivered to purchasers progressively in the third and fourth quarters of 2012. Construction revenue increased 19.1%, from \$205.9 million to \$245.1 million on the back of on-going projects, including HDB contracts awarded in 2012. Property Investments revenue rose 78.3% to \$3.4 million, from the increase in rental income from the Group's properties in Australia.

Group Gross profit decreased 7.2% to \$129.7 million, compared to \$139.7 million in FY 2011. The decrease in profitability was primarily due to lower margins for new and ongoing construction projects. Share of results of associates also decreased, from \$23.8 million to \$2.2 million in FY 2012 as the joint-venture Executive Condominium development projects are still under development. The current year's share of profits from associates was derived from additional profits from previous completed projects upon the finalisation of development costs. The decrease is offset by the recognition of net fair value gain on the Group's investment properties, including 100 Pasir Panjang.

Group pre-tax profit decreased from \$141.9 million to \$108.6 million. Income tax expenses however rose from \$18.3 million to \$27.3 million because of higher taxation rate incurred on taxable income for overseas projects.

Robust Financial Position

As of 31 December 2012, the Group had \$242.1 million in cash and cash equivalents, compared to \$155.8 million previously. This was primarily attributed to receipts of payment on the sale of units in 33M and the final payment from purchasers of Oasis@Elias in Singapore upon the project obtaining Title and Certificate of Completion.

The Group's net debt/equity ratio was 0.48 as at 31 December 2012 as compared to 0.61 as at 31 December 2011.

OUTLOOK

“The recent round of cooling measures on the local residential market will likely moderate sales volumes and prices. And while HDB construction demand remains strong on the back of another 23,000 BTO flats to be launched this year, the construction sector faces challenges as the government tightens access to foreign labour supply.”

On a positive note, the Group will be recognising contributions from three projects when they are completed in 2013 – Privé, Belysa and 100 Pasir Panjang. These will further strengthen our financial position as we pursue new development opportunities in Singapore and overseas. We are also working closely with the relevant authorities to drive productivity gains within our construction business.”

- Executive Chairman, Mr Lim Tiam Seng (林镇成)

Property Development

Singapore

The Group sold a total of 517 residential units in 2012. It launched two properties for sale in 2012 in Singapore – Fulcrum, the 128-unit freehold condominium development in Fort Road in April and 100 Pasir Panjang, the 66-unit B1 light industrial property at Pasir Panjang Road in December. To date, Fulcrum was 15% sold while 100 Pasir Panjang was 57% sold.

To date, the Group’s wholly-owned private condominium project, My Manhattan was 99% sold and its wholly-owned DBSS project, Belvia was 95% sold. Its 40%-owned executive condominium projects, Privé and Belysa were both 100% sold.

In line with the adoption of INT FRS 115, the Group will only recognise the revenue and related expenses of Privé, Belysa, Belvia, 100 Pasir Panjang and the commercial units at Alexandra Central upon these projects obtaining TOP. Privé is expected to be completed in 2H 2013 while Belysa and 100 Pasir Panjang are expected to be completed in late 2013. Belvia is expected to be completed in 2014 and Alexandra Central is expected to be completed in 2015.

In January 2013, the Group also sold 113 units of its 116 commercial units launched at Alexandra Central (97% sold).

On 31 January 2013, the Group was awarded the tender for an 8,858.3 sqm land parcel at Yishun Ring Road/Yishun Avenue 9 for a proposed mixed commercial & residential development. The proposed development will comprise condominium units ranging from studio apartments to 4 bedroom apartments and 2 to 3 levels retail podium. The Group expects to launch the development by 4Q 2013.

Australia

In 2012, the Group also launched the 581-unit, 71-storey freehold residential development in Melbourne called Tower Melbourne. To date, the project is approximately 66% sold. The revenue and related expenses for this project will only be recognised upon the delivery of the completed units to buyers when the project obtains its Occupation Certificate, expected in 2017.

Construction

Including the HDB contracts awarded in 2012, the Group’s outstanding net order book was \$575 million as at 31 December 2012. The Group expects to complete the construction of Hougang N9C12 in 2013 and Hougang N4C17 by end 2013.

As it continues to actively tender for HDB construction projects, the Group is also exploring ways to improve its productivity and expand its capabilities, to mitigate the impact of the tighter supply of foreign labour.

Barring unforeseen circumstances, the Group is expected to remain profitable for FY 2013.

About Chip Eng Seng Corporation Ltd (Bloomberg: CHIP SP, Reuters: CESE.SI)

Chip Eng Seng Corporation Ltd ("CES") is one of Singapore's leading construction and property group with businesses spanning across construction, property development and property investment. The group was founded by Mr Lim Tiam Seng in the 1960s, as a building subcontractor for conventional landed properties. In 1982, the company won its first Singapore Housing and Development Board (HDB) project as a main contractor. Over the years, it has established itself as a leading main contractor for large scale public construction projects with design-and-build capabilities. CES later expanded into property investment and development in the 1990s.

Construction

The Group's construction business is undertaken by wholly owned subsidiary Chip Eng Seng Contractors (1988) Pte Ltd ("CESC") and CES Engineering & Construction Pte Ltd ("CESE"). CESC is registered with the Building and Construction Authority of Singapore under the A1 classification for general building and A1 classification for civil engineering, which allows it to tender for public sector projects of unlimited value. It has undertaken a wide range of public and private construction projects, which include HDB projects, residential and commercial properties, institutional buildings, industrial buildings, columbarium, shophouses, and precast projects.

In 2005, CESC was accorded the Housing & Development Board's (HDB) "Quality Award 2005", a fitting testimony to the professional quality that the company delivers. In the same year, CESC was awarded a HDB contract to build the iconic "The Pinnacle@Duxton", Singapore's tallest public housing project. In 2010, CESC was awarded the HDB Construction Award for its outstanding project management, construction quality and innovation for its Sembawang Green Project (Sembawang Blocks 487 to 490). It also picked up the HDB Construction Award (Special Achievement), in recognition for its excellence in construction and achievement for the Pinnacle@Duxton. In 2011, CESC was awarded the BCA Green Mark (Buildings) for My Manhattan, a residential project. It was also awarded a BCA Construction Excellence Award (Merit) for Sembawang Neighborhood 4. These are strong testament to our group's commitment to innovation and to delivering the highest quality homes to its customers.

Property Development & Investment

The Group's property investment and development activities are undertaken by wholly owned subsidiary CEL Development Pte Ltd (CEL). Since 2000, CEL has acquired sites for property development and investment in Singapore, Australia and Vietnam. CEL believes in growth through partnerships. It has established joint ventures with reputable foreign funds such as Lehman Brothers Real Estate Partner II and Citadel Equity Fund Ltd. CEL has also teamed with local partners like NTUC Choice Homes Co-operative Ltd and Keppel Land Limited on several highly successful property projects. These developments include residential, commercial and industrial properties. The current portfolio of CEL includes mid-market and high-end prime properties.

Corporate

CES is listed on the mainboard of the Singapore Exchange Securities Trading Limited ("SGX-ST") since 24 November 1999. In 2011, Chip Eng Seng was conferred the Most Transparent Company Award (Runner-Up) for the Construction Category by the Securities Investors Association Singapore (SIAS). It is also the seventh time that Chip Eng Seng has been acknowledged by SIAS for excellence in corporate transparency and governance since 2004.

For more information about Chip Eng Seng Corporation Ltd, please visit www.chipengseng.com

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