



**MEDIA RELEASE**

## Chip Eng Seng's net profit jumps 173% to \$18.6 million in 2Q 2014

- *Revenue rose by 13.4 per cent year-on-year to \$123.6 million in 2Q 2014 due to higher contribution from construction division*

Financial Highlights (S\$ million)	3 Months Ended 30 Jun			6 Months Ended 30 Jun		
	2Q 2014	2Q 2013	Change (%)	1H 2014	1H 2013	Change (%)
<b>Revenue</b>						
- Construction	85.1	66.9	27.1	156.8	132.4	18.4
- Property Developments	36.8	41.5	(11.3)	162.0	105.7	53.3
- Property Investments & Others	1.7	0.6	183.2	2.7	1.4	92.9
<b>Group Revenue</b>	<b>123.6</b>	<b>109.1</b>	<b>13.4</b>	<b>321.4</b>	<b>239.4</b>	<b>34.2</b>
<b>Gross Profit</b>	<b>22.1</b>	<b>16.7</b>	<b>32.5</b>	<b>58.6</b>	<b>39.2</b>	<b>49.5</b>
<b>Gross Profit Margin (%)</b>	<b>17.8</b>	<b>15.3</b>	<b>16.3</b>	<b>18.2</b>	<b>16.4</b>	<b>11.0</b>
<b>Share of Results of Associates</b>	<b>8.5</b>	<b>1.4</b>	<b>494.9</b>	<b>8.8</b>	<b>1.4</b>	<b>541.5</b>
<b>Profit Before Tax</b>	<b>19.8</b>	<b>9.1</b>	<b>117.9</b>	<b>46.9</b>	<b>15.9</b>	<b>195.4</b>
<b>Profit After Tax</b>	<b>18.6</b>	<b>6.8</b>	<b>172.8</b>	<b>40.2</b>	<b>11.5</b>	<b>249.9</b>
<b>*Earnings/Share (cents)</b>	<b>2.90</b>	<b>1.05</b>	<b>176.2</b>	<b>6.26</b>	<b>1.77</b>	<b>253.7</b>
<b>^NAV/Share (cents)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>80.44</b>	<b>67.73</b>	<b>18.8</b>

\*The computation of basic earnings per share was based on the weighted average of 642,496,824 ordinary shares (30 June 2013: 648,327,161 ordinary shares).

^ The computation of net asset value per ordinary share was based on 636,974,161 ordinary shares (excluding Treasury shares of 30,541,000) (30 June 2013: 648,327,161 ordinary shares excluding Treasury shares of 19,188,000).

**Singapore, 6 August 2014** – Mainboard-listed **Chip Eng Seng Corporation Ltd** (“**CES**” or together with its subsidiaries, the “**Group**”) (集永成机构有限公司), a leading Singapore-based construction and property group, today reported a net profit of \$18.6 million and revenue of \$123.6 million for the second quarter ended 30 June 2014 (“**2Q 2014**”). For the same period in 2013 (“**2Q 2013**”), the Group posted a net profit of \$6.8 million on revenue of \$109.1 million.

The rise in profit was mainly attributable to higher contributions from the Construction Division and Property Development Division. Notably, stronger earnings from the Property Development Division stemmed primarily from the completion of the Group's 40%-owned joint venture residential project in Pasir Ris, known as Belysa.

Likewise, the Group's Construction Division posted a 27.1% increase in revenue to \$85.1 million in 2Q 2014 as compared with \$66.9 million in 2Q 2013 on the back of stronger contributions from new and on-going projects such as Tampines N4C27, Jurong West N6C31, Yishun N5C2, Bukit Batok N1C13 & N2C23 and Bukit Panjang N4C15.

In the same period, revenue from the Property Developments Division declined 11.3% to \$36.8 million compared to \$41.5 million a year prior as a mixed development project, comprising both Junction Nine (commercial) and Nine Residences (residential), is still in the initial stage of construction. Back in 2Q 2013, revenue came mainly from the progressive recognition of revenue and profit from the recently completed project, My Manhattan.

Cumulatively, for the six months ended 30 June 2014, the Group continues to maintain a healthy report card with net profit remaining strong at \$40.2 million on revenue of \$321.4 million with Property Developments overtaking Construction as the Group's largest contributor to earnings.

Commenting on the results, **Executive Chairman of Chip Eng Seng Corporation Ltd, Mr Lim Tiam Seng (林镇成)** said:

**“Despite increased pressure arising from a softer property and construction outlook, worker shortages and higher levies, we have continued to perform well. Meanwhile, our financial position remains in good stead to weather the economic uncertainties ahead, while placing us in at an advantageous position to tap on viable business opportunities that may come our way in both Singapore and overseas.”**

### **Business Outlook**

Going forward, the Group will continue to exercise prudence in expanding its land bank in view of a softening property market in Singapore as it expects challenging times ahead as the cooling measures continue to weigh on the overall demand for properties.

On a segmental basis, the Property Developments Division expects its wholly-owned projects, Belvia and Alexandra Central, to be completed (with revenue and profits recognised) in 3Q 2014 and 4Q 2014 respectively.

Outside Singapore, the Group will continue to focus on preparing its properties in Melbourne (Doncaster and Victoria Street) for launch. Notably, the Group intends to launch its residential development in Doncaster before the end of 2014. The proposed development will feature approximately 105 townhouses as well as 72 low rise apartments. With regards to Tower Melbourne, there are issues pertaining to demolition works. The Group expects a delay in the completion of Tower Melbourne due to ongoing protracted proceedings with the adjoining owner as to what constitutes adequate protection work over the adjoining property.

At the Property Investments Division, the Group is currently carrying out addition and alteration (“A&A”) works at office building, CES Centre (formerly known as San Centre), located along Chin Swee Road. The A&A works are expected to be completed by the end of this year and is expected to yield a stable rental income to the Group following its completion.

As at 30 June 2014, the Group’s construction order book stood at \$548.0 million after factoring in the latest \$165 million HDB contract secured in June 2014. In anticipation of a heightened demand for public housing in the times ahead, the Group’s Construction Division plans to continue actively tendering for more projects in this segment going forward, while scaling back on private residential projects.

On the hospitality front, the Group’s first hotel property along Alexandra Road is expected to be completed sometime in 2015.

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## **About Chip Eng Seng Corporation Ltd**

Chip Eng Seng Corporation Ltd (“Chip Eng Seng” or the “Group”) is a leading construction player in Singapore and has been listed on the Mainboard of the Singapore Exchange Securities Trading Limited (“SGX-ST”) since 1999. The Group is principally engaged in the following key business segments which comprise Construction, Property Development and Investments and Hospitality.

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.

Today, backed by more than 30 years of experience, Chip Eng Seng has earned itself a strong reputation and track record in the construction industry. In particular, the Group’s proven capabilities in design-and-build projects have established Chip Eng Seng as a leading main contractor for public and private construction projects alike.

The Group’s construction business is undertaken by Chip Eng Seng Contractors (1988) Pte Ltd (“CESC”) and CES Engineering & Construction Pte Ltd (“CESE”) while CEL Development Pte Ltd (“CEL”) oversees its property investment and development division.

For more information about Chip Eng Seng Corporation Ltd, please visit [www.chipengseng.com](http://www.chipengseng.com)

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