

# CIMB Trader<sup>AM</sup>

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## What's Relevant

### Corporate News

- Singapore Banks.** Maintain **OVERWEIGHT**; top pick is still **DBS (DBS SP; S\$14.8; OUTPERFORM; S\$17.00)**. Recent data points all support a broadening economic recovery where the business capex cycle is re-igniting. Yesterday, overshadowed by the MAS monetary policy announcement, was a strong 1Q GDP flash. We reiterated that business margins are much better than mortgage margins - renewed business investments is very good for banks' margins. Our ground checks suggest that margin compression has eased significantly in 1Q11 and we expect this to be one of the key positives in the upcoming results season.
- Ezra Holdings.** Below but maintain **OUTPERFORM**. 2Q11 net profit of US\$7.9m (-24% yoy) is below our expectations and consensus due to lower-than-expected contribution from EOCL and higher tax rates. We cut our earnings to account for lower associates, delivery delays and lower charter rates for MFSVs and higher tax rates. Reduce **TP to S\$2.44** (from \$3.00).
- K-REIT Asia.** 1Q11 DPU of 1.79 scts was in-line with our expectation and consensus, forming 24% of our FY11 forecast. No major surprises from this set of results as DPU grew 5% qoq on fuller rental contributions from 77 King Street. Maintain **NEUTRAL** and **TP of S\$1.52**. We see re-rating catalyst from stronger rentals.
- Ramba Energy** has entered into agreement for the placement of approximately 43.6m shares to raise funds amounting to approximately S\$22.8m.
- SGX's** strategic directives continue to provide growth momentum going forward and we believe M&A overtures are not yet over. Maintain **OUTPERFORM** and lower **TP of S\$10.12** (from S\$10.13). However, while we keep our FY12-13 estimates relatively unchanged, we lower our FY11 estimates by 2.8% as we lower our FY11 ADV by 2.2% to factor in market softness in 3Q11.

### Markets

- US stocks** clawed back after an earlier decline yesterday, as gains in the consumer staples and energy sector managed to buoy the market against a depressed financial sector. The Dow gained 14.2pts (+0.1%) to 12,285.2. The S&P 500 added 0.1pts to 1,314.5. The Nasdaq shed 1.3pts (-0.1%) to 2,760.2.
- Asian markets** ended mixed yesterday, The Nikkei 225 gained 12.7pts (+0.1%) to 9,653.9 after Toshiba's profit exceeded earnings estimates. Hong Kong's HSI fell 121.0pts (-0.5%) to 24,014.0 ahead of China inflation data which was leaked yesterday, indicating a possible tightening of monetary policy.
- Singapore's STI** fell 13.2pts (-0.4%) to 3,158.9. In the broader market, losers led gainers 278 to 182 with 1.2bn shares worth S\$1.3bn changing hands. We expect the market to open lower this morning ahead of the release of the Chinese data.

## Trades for the Day

### Fundamentally

- Tiong Seng (TSNG SP; S\$0.27; BUY; TP S\$0.36)** - Initiating coverage with **BUY** and **TP of S\$0.36**; implying upside of 33.3%. We like TSNG for (i) strong earnings visibility for its construction business; (ii) exposure to second- and third-tier PRC cities' property development; and (iii) uncompromising focus on productivity.

### Technically:

- Olam International (OLAM SP; S\$2.90; SELL)** - Bearish divergence.
- UOL Group (UOL SP; S\$4.99; SELL)** - Indicators are showing flat momentum.
- Wilmar International (WIL SP; S\$5.27; BUY)** - Prices are holding above its moving averages.

## STI Chart & Summary



The index continued on its sideways correction yesterday. Trading volume was weaker, suggesting that it is still in consolidation mode. For now, we expect the index to remain within the trading range of 3,130-3,180. A break below 3,130 would mean that prices could correct towards 3,088-3,120 next. A push above 3,180 would mean that prices are heading towards 3,200 and 3,230 next.

## Dual Listings Monitor

Company Name	Current Price (S\$)		Overseas Premium	Date of Dual Listing
	SGX	Overseas		
<b>Hong Kong Listed</b>				
China Animal Healthcare	0.305	0.320	5.0%	21-Dec-10
China New Town	0.100	0.103	3.0%	22-Oct-10
China XLX Fertiliser	0.440	0.438	-0.5%	8-Dec-09
Fortune REIT (HK\$)	3.810	3.870	1.6%	20-Apr-10
Hengxin Technology	0.340	0.336	-1.1%	22-Dec-10
Midas Holdings	0.795	0.803	1.0%	6-Oct-10
Novo Group Ltd	0.440	0.533	21.1%	6-Dec-10
Sound Global	0.755	0.753	-0.2%	30-Sep-10
Z-Obee Holdings	0.295	0.288	-2.3%	1-Mar-10
<b>Taiwan Listed</b>				
BH Global Marine	0.250	0.241	-3.8%	28-Oct-10
China Taisan Technology	0.155	0.207	33.5%	6-Oct-10
Hu An Cable Holdings	0.360	0.399	10.7%	28-Oct-10
Medlecs International Corp	0.080	0.210	162.1%	20-Oct-09
Oceanus Group	0.250	0.337	34.8%	31-Dec-09
Super Group Ltd	1.370	1.342	-2.1%	9-Sep-10
United Envirotech	0.415	0.599	44.3%	22-Oct-10
Yangzijiang Shipbuilding	1.870	1.881	0.6%	8-Sep-10
Z-Obee Holdings	0.295	0.412	39.7%	3-Dec-10
<b>Korea Listed</b>				
China Gaoxian Fibre Fabric	0.190	0.240	26.2%	24-Jan-11

## Selected Statistics

Indices	Level	% chg	Ytd % chg
Straits Times Index	3,158.92	-0.4%	-1%
FSTC ST China Index	310.43	+0.1%	-5%
Dow Jones	12,285.15	+0.1%	+6%
S&P 500 Index	1,314.52	+0.0%	+5%
CSI 300 Index	3,353.56	-0.5%	+7%
Hang Seng Index	24,014.00	-0.5%	+4%
Crude Oil (US\$/barrel)	108.66	+0.5%	+19%
Gold Spot (US\$/oz)	1,477.20	+0.2%	+4%
Baltic Dry Index	1,309.00	-1.1%	-26%
CPO (US\$/MT)	1,140.00	-0.4%	-11%
Top volume	Last price	% chg	Vol (m)
GOLDEN AGRI-RESO	SGD 0.70	-2.8%	118.2
DYNA-MAC HOL LTD	SGD 0.67	-1.5%	84.0
GENTING SINGAPOR	SGD 2.09	-1.4%	42.9
LEADER ENV TECH	SGD 0.28	+1.9%	39.6
GALLANT VENTURE	SGD 0.48	-4.0%	38.4
TUAN SING HLDGS	SGD 0.38	+0.0%	36.9
Top gainers	Last price	% chg	Vol (m)
COMPACT METAL IN	SGD 0.01	+100.0%	0.0
TOP GLOBAL LTD	SGD 0.02	+50.0%	0.3
KLW HLDGS LTD	SGD 0.02	+50.0%	1.5
STRATECH SYSTEMS	SGD 0.04	+16.7%	0.6
AEM HOLDINGS	SGD 0.04	+14.3%	0.2
JIUTIAN CHEMICAL	SGD 0.05	+12.5%	3.3
Top losers	Last price	% chg	Vol (m)
MDR LTD	SGD 0.01	-50.0%	1.4
EUNETWORKS GROUP	SGD 0.01	-33.3%	0.0
HENGYANG PETROL	SGD 0.47	-14.5%	0.0
ANNAIK LTD	SGD 0.09	-14.3%	0.0
SWING MEDIA TECH	SGD 0.04	-12.5%	2.0
JEP HOLDINGS LTD	SGD 0.04	-12.5%	0.2

# Trend Spotter

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## Olam International (OLAM SP; S\$2.90) – SELL

FY12P/E: 15.7x, P/BV: 2.6x

- The stock has been slowly trudging higher and is now sitting just below its key support turned resistance trend line as well as its wedge resistance. It is also testing its 200-day SMA again.
- Both the MACD and RSI are starting to flatten out, probably suggesting that the upwards momentum is waning. Its intra-day charts also show bearish divergence forming.
- Aggressive traders should go short now (for a short term trade) with a stop placed above the key resistance trend line at S\$3.02. A break below S\$2.89 would likely see the beginning of the pullback to at least its 30-day SMA at S\$2.76 and S\$2.68 next. Strong support is at S\$2.47.

*Olam International Limited is an international integrated supplier of both raw and processed agricultural commodities. The Group sources, processes, stores, transports, ships, distributes, trades and markets agricultural products. Olam International also provides insurance related services.*



## UOL Group (UOL SP; S\$4.99) – SELL

FY12P/E: 11.1x, P/BV: 0.8x

- UOL has returned to test the key trend line for the 8<sup>th</sup> time. The market is telling us that this trend line is very important. We were a tad early in our previous sell call (see 1<sup>st</sup> April issue) and our stop was triggered. We, however, remain bearish on the stock until a strong close above this trend line.
- Its indicators are showing flat momentum while its intraday indicators show a slowdown in upward momentum. Prices should soon start to reverse and fall from here.
- Aggressive traders should go short now but a close above S\$5.04 would violate our bearish view. Others should wait for a break below S\$4.89 before jumping in. We expect prices to correct to at least its moving averages situated around the S\$4.70-4.78 band. It could even fall towards S\$4.55 if the moving averages cannot hold up prices.

*UOL Group Limited invests in properties, subsidiaries, associated companies and securities. Its subsidiaries manage hotels and service apartments, invest in properties as well as distribute furniture and related accessories. The Company also trades sporting and athletic goods, equipment and other recreation goods.*



## Wilmar International (WIL SP; S\$5.27) – BUY

FY12P/E: 14.5x, P/BV: 1.7x

- On the 22<sup>nd</sup> of March, we issued a buy call and prices continued to rally right into our targeted S\$5.50-5.55 range before the recent pullback. We think that this is a good time to have a re-look at this stock.
- Both its momentum indicators are flattening out, suggesting that the selling momentum is waning. Prices are also now holding just above its moving averages, which are likely to provide decent support.
- Aggressive traders may choose to go long now with a stop placed below the recent swing low of S\$5.22. One can also buy on weakness, preferably around the S\$5.16-5.20 range with a stop placed below S\$4.95. We expect prices to take out the S\$5.52 high and reach the targeted S\$5.75-5.88 next. S\$5.90 is the 50% Fibonacci retracement level from the S\$6.93 high to the S\$4.95 low.

*Wilmar International Ltd. is an agribusiness company. The Company is involved in oil palm cultivation, edible oils refining, oilseeds crushing, consumer pack edible oils processing and merchandising, specialty fats, oleochemicals and biodiesel manufacturing, and grains processing and merchandising. Wilmar also manufactures and distributes fertilizers and owns a fleet of vessels.*



# Tiong Seng Holdings Ltd

*Unrivalled order book provides earnings visibility*

Recommendation: **BUY**

Price / Target Price: **S\$0.27/ S\$0.36**

Mkt. Cap: **S\$206.8m**

Board / Sector: **Main / Construction**

TSNG SP

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- Initiate with BUY and target price of S\$0.36.** We initiate coverage of TSNG with a BUY recommendation and TP of S\$0.36, based on Sum-Of-The-Parts valuation; implying upside of 38%. We like TSNG for (i) strong earnings visibility for its construction business, backed by S\$1bn order book; (ii) exposure to property development in second- and third-tier cities in the PRC; and (iii) uncompromising focus on productivity. Trading below its peer average of 7x CY12 P/E, TSNG's valuation (5.4x CY12 P/E) is undemanding against its superior 3-yr EPS CAGR of 27.2% (Peer avg: 12.3%), in our view.
- Strong earnings visibility given its S\$1bn construction order book.** With S\$1bn worth of construction projects in the pipeline, Tiong Seng's order book is probably unrivalled in the local construction scene. The bulk of this order book, which is equivalent to nearly 3x of its record Group revenue of S\$376m in FY09, will be recognised over the next 12 to 30 months. Still, this figure does not include anticipated contributions from its property development projects.
- Exposure to property development in the fast growing PRC market.** The Group differentiates itself by focusing on the development of properties in the second- and third-tier cities in the PRC, with premium plots of land the key highlight of its property venture in China. All four of its ongoing development projects are located in strategic cities like Tianjin and Cangzhou (Hebei Province), fast developing economic zones in the PRC.
- Focus on productivity provides an edge over competition.** TSNG plans to build an automated Prefab Hub which will (i) reduce labour requirement for each construction project by 50-70%; and (ii) expand its pre-casting capacity, which will allow output from excess capacities to be sold to external parties.

## Financial summary

FYE Dec	2009	2010	2011F	2012F	2013F
Revenue (S\$ m)	375.6	252.3	284.6	396.0	453.2
EBITDA (S\$ m)	43.5	11.0	12.8	19.4	20.4
EBITDA margins (%)	11.6	4.4	4.5	4.9	4.5
Pretax profit (S\$ m)	51.6	23.5	29.5	41.2	48.3
Net profit (S\$ m)	41.4	21.4	27.0	37.6	44.2
EPS (cts)	7.3	3.0	3.5	4.9	5.8
EPS growth (%)	+347%	-59%	+18%	+40%	+17%
P/E (x)	3.6	8.8	7.5	5.4	4.6
Gross DPS (S cts)	1.1	1.0	1.0	1.0	1.5
Dividend yield (%)	4.2%	3.9%	3.9%	3.9%	5.7%
P/NTA (x)	1.5	1.2	1.1	0.9	0.8
ROE (%)	42%	12%	14%	17%	17%
Net gearing (%)	9%	net cash	net cash	net cash	net cash
Net cash per share (cts)	nil	3.8	4.2	8.1	11.4
P/CF (x)	2.3	n.a	28.5	8.0	7.8
EV/EBITDA (x)	5.4	21.3	18.3	12.1	11.5

Source: Company, CIMB Research estimates, Reuters Estimates

## Market capitalisation & share price info

Market cap	S\$206.8m	Share price perf. (%)	1M	3M	12M
12-mth price range	S\$0.215/S\$0.3	Relative	17.9	8.9	n.a.
3-mth avg daily volume	S\$0.16m	Absolute	22.7	5.9	n.a.
# of shares (m)	766.0	<b>Major shareholders</b>			<b>% held</b>
Est. free float (%)	0	Tiong Seng Shareholders			59.0
Wrts/ICULS o/s (m)	None	Peck Tiong Choon			7.0
Conv. price (S\$)	None				

Source: Company, CIMB Research, Bloomberg

Please read carefully the important disclosures at the end of this publication.

## Company profile and history

Tiong Seng Holdings Ltd (TSNG) is one of the leading building construction and civil engineering contractors in Singapore. Established since 1959, TSNG undertakes its construction and civil engineering activities through its wholly-owned subsidiary, Tiong Seng Contractors, which holds the highest BCA grading of A1 for both general building and civil engineering, enabling them to undertake public sector construction projects with unlimited contract value. The Group is known for achieving high productivity and cost efficiencies through the use of pre-casting and advanced formwork systems, which shortens construction time while also reducing its reliance on human labour.

Tiong Seng is also involved in property development in the PRC, with a focus on developing residential and commercial properties in second and third-tier cities such as Tianjin and Yangzhou. Till date, the Group has successfully developed properties in Tianjin, Suzhou and Yangzhou, while it is in the process of developing another four projects in the Bohai Economic Rim, one of the main economic zones in China.

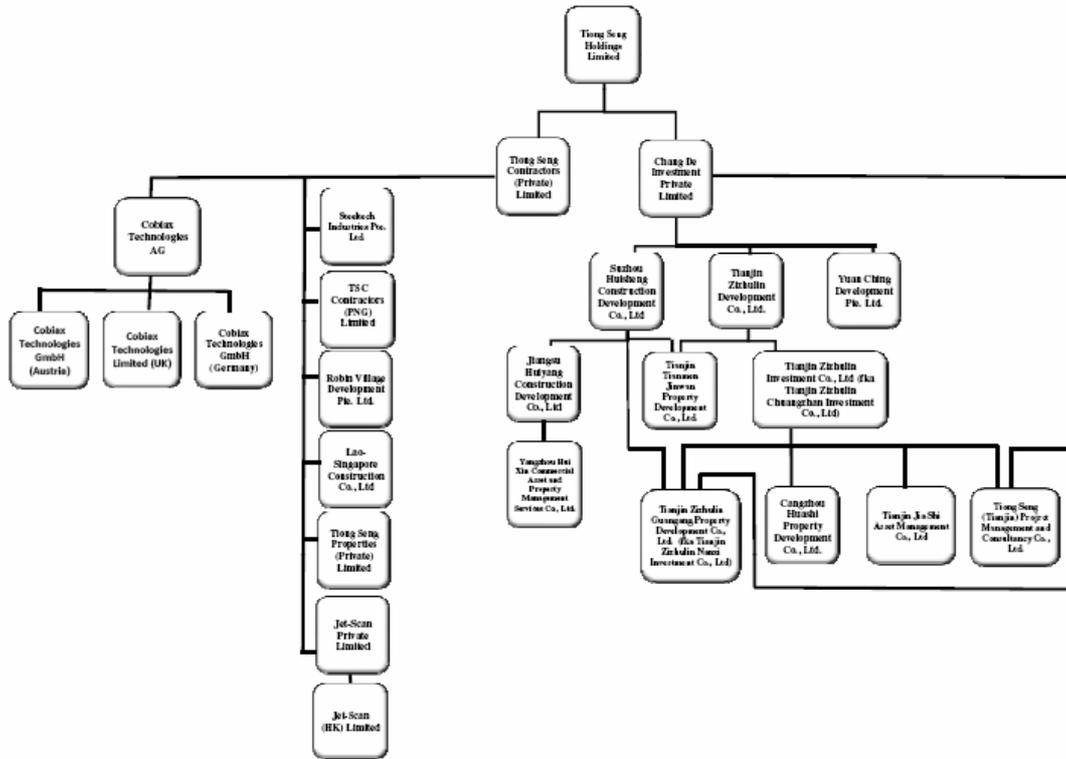
The history of Tiong Seng dates back to 1959 when its four founders, Mr Pek Ah Tuan and the late Mr Pay Seng Koon from Peck Tiong Choon Pte Ltd (PTC), and the late Mr Lee Tuan Chay and Mr Khng Kwi Cher from Song Hup Seng Pte Ltd (SHS), came together to establish a business partnership to provide a complete supply chain of excavation, earth moving and trucking services. This new business collaboration was named "Tiong Seng", derived from the names of PTC and SHS.

Since incorporation, the Group has been engaged in the construction business, starting as an earthwork contractor which undertook projects from the Jurong Town Corporation, the Housing Development Board and other government bodies. Seeing the potential in the fast-developing Singapore economy in the 1970s, the company ventured into civil engineering works. By undertaking projects for the construction of roads, bridges, ports and sewerage treatment plants and other infrastructure, the Group gained valuable experience and expertise in the field of construction management. This expertise enabled them to subsequently venture into the building construction and civil engineering industry.

After establishing its foothold in the Singapore construction market, Tiong Seng ventured overseas for business diversification. It expanded to Papua New Guinea in 1989 where it secured two road upgrading projects funded by the World Bank and the Asian Development Bank. Subsequently, the company set up its Papua New Guinea subsidiary, TSC (PNG) in 1994, which primarily engages in civil engineering. In 1997, during the economic downturn in Singapore, the Group ventured into Lao PDR, which led to the formation of its Lao PDR subsidiary, LSC Ltd, in 1999.

Seeing great prospects in Suzhou, China, due to its rapid economic growth and accessibility to Shanghai, Tiong Seng ventured into the PRC in 1994 as a passive investor in property development projects. Seeing the vast potential within the property market in the PRC, the Group moved swiftly into property development, commencing its first property development project in Suzhou in 2002. With the success of the Suzhou project, Tiong Seng moved into Yangzhou in 2004 to develop a commercial project known as the Wenchang Broadway. Recognising the PRC government's efforts to stimulate investments in the Bohai Economic Rim, Tiong Seng made its first venture into Tianjin in 2006.

Figure 1: Group Structure



Source: Company

## Business Overview

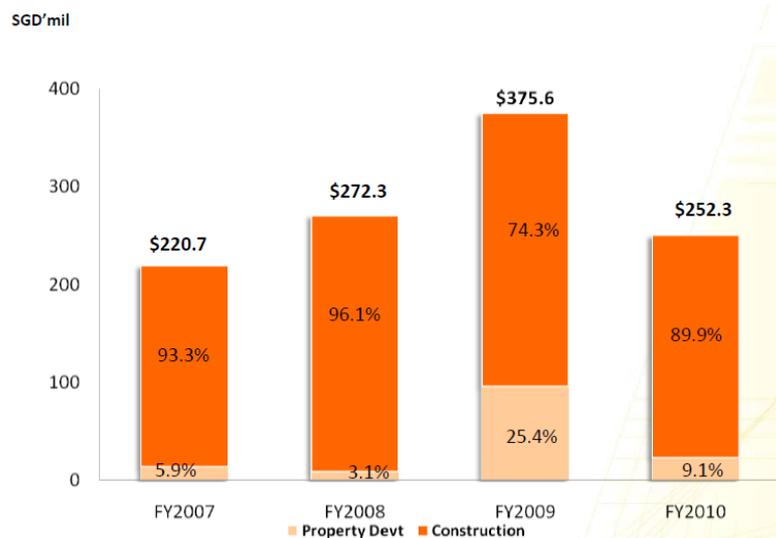
Tiong Seng's business can be broadly categorised into two classifications, namely (i) Building Construction and Civil Engineering; and (ii) Property Development.

For the building construction and civil engineering business, the Group acts as the main contractor in construction projects for both the private and public sectors. It undertakes these projects through its wholly-owned subsidiary, Tiong Seng Contractors, which holds the highest BCA grading of A1 for both general building and civil engineering projects. The A1 grading enables the Group to undertake public sector construction projects with unlimited contract value. As of 1 Oct 2010, there are approximately 1,760 contractors registered with the BCA for general building, of which, only 51 were awarded the A1 grade, and 43 out of 813 contractors with the A1 grading for civil engineering.

The Group's subsidiaries, Tiong Seng Contractors and Robin Village, have also been registered as builders under General Builder Class 1, which enables it to undertake general building work of unlimited value. In addition, Tiong Seng Contractors has also been registered under four categories of the Specialist Builder Register (i.e. ground support and stabilisation work, pre-cast concrete work, piling work and structure steelwork).

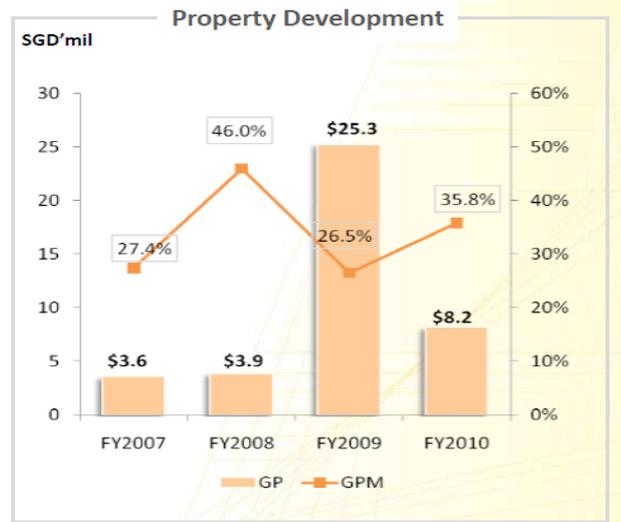
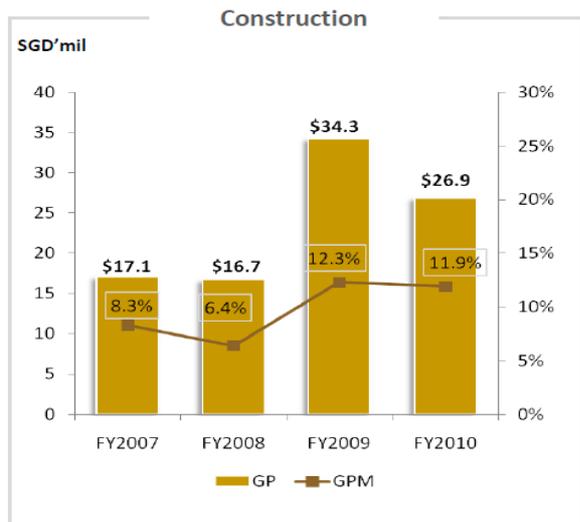
The focus of its property development business is to develop residential and commercial properties in second and third-tier cities in the PRC, such as in Tianjin and Yangzhou. Though the Group generally outsource the construction work for its property development projects in the PRC to local contractors, Tiong Seng provides construction management services for certain projects. This serves to ensure the quality of construction for these projects while also providing the Group with an additional source of income.

Figure 2: Historical revenue



Source: Company

Figure 2a: Historical gross profit and gross profit margin



Source: Company

## Building Construction and Civil Engineering

**Bread and butter.** Tiong Seng has more than 50 years of experience as a building contractor in Singapore's construction industry, and has undertaken a wide range of private and public sector projects; including residential apartments, commercial properties, warehouses, institutions and high end hotels.

As a main contractor, the Group offers a wide range of services such as excavation, piling, sub-structures and superstructures works, architectural works, aluminium cladding and curtain walling etc for building construction works. Its civil engineering capabilities also enable it to do deep tunnelling, sewerage rehabilitation, bridge building, infrastructure and foundation piling. While Tiong Seng's principal market is in Singapore, the Group has also undertaken projects in overseas markets such as in Papua New Guinea and Lao PDR. These projects, involving the construction of infrastructures like roads, highways and bridges, were commissioned by international aid agencies such as Australian Aid, World Bank and Asian Development Bank.

**Pre-casting.** By adopting the pre-casting methodology instead of casting concrete on the construction site, the Group could reduce the amount of time required to complete one floor of a building by approximately half. Tiong Seng has been engaged in pre-casting since 1995, mainly at construction sites for its own construction projects. To support the increased level of activities and reduce reliance on sub-contractors, Tiong Seng now undertakes pre-casting activities off-site through its wholly-owned subsidiary, Robin Village. The Group's pre-casting capabilities which have won several accolades in recent projects, enables it to deliver projects at an improved speed and quality, while also reducing the number of construction workers required. This is an important competitive advantage in the traditionally labour-intensive construction industry, where recent government initiatives to improve productivity are set to significantly increase construction costs for firms which lag behind the productivity curve (using more labour).

With a vision of being ahead of the industry's productivity curve, Tiong Seng has commenced the building of a new Prefab Hub in Tuas South to expand its pre-cast capabilities. The new Prefab Hub will allow pre-casting to be done off-site under sheltered conditions such that work will not be disrupted in the event of bad weather conditions. The Group also intends to automate the Prefab Hub, which is expected to further reduce the labour required for each construction project by 50%-70%. With the expanded pre-casting capacity, the Group will be able to sell this service externally to other contractors, hence deriving an additional source of revenue when the facility is ready by the end of 2011. Longer term, Tiong Seng looks to export this portable technology to overseas markets where human resources are scarce.

Figure 3: Completed construction projects I (selected list)

Private residential-condominium		
<i>Project name</i>	<i>Developer</i>	<i>Contract Value</i>
Gulin View	Gulin Park Properties	S\$155m
Park Green	NTUC Homes Co-op	S\$63m
Parc Emily	TC Development	S\$60m
Tribeca	City Developments	S\$65m
Sky @ Eleven	Singapore Press Holdings	S\$137m
Hotels		
<i>Project</i>	<i>Customer</i>	<i>Contract Value</i>
St Regis Hotel	Richmond Hotel	S\$296m
Capella (phase 1)	Millenia Hotel	S\$165m
Capella (phase 2)	Millenia Hotel	S\$32m
Sentosa Integrated Resorts	Resorts World Sentosa	S\$1,053m
Commercial & Institution		
<i>Project</i>	<i>Customer</i>	<i>Contract Value</i>
One Marina Boulevard	SLF Management Services	S\$116m
Home Team Academy	Ministry of Home Affairs	S\$146m
Civil Engineering		
<i>Project</i>	<i>Customer</i>	<i>Contract Value</i>
Kim Chuan Link	Public Utilities Board	S\$43m
Jalan Buroh Expressway	Land Transportation Authority	S\$36m
Specialised foundation & piling work		
<i>Project</i>	<i>Customer</i>	<i>Contract Value</i>
Marina Bay Financial Centre (phase 1)	BFC Development	S\$13m
Marina Bay Financial Centre (phase 2,3,4)	BFC Development	S\$78m
Marina Bay Financial Centre (Tower 3)	Central Boulevard Development	S\$41m

Source: Company

Figure 4: Completed construction projects II (selected list)



Source: Company

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**Figure 5: Ongoing construction projects (selected list)**

**Ongoing projects**

<i>Project name</i>	<i>Developer</i>	<i>Contract Value</i>
Hilltops	SC Global	S\$158m
The Wharf	CapitaLand	S\$87m
The Volari	City Developments	S\$70m
Hundred Trees	City Developments	S\$121m
NUS staff housing	NUS	S\$150m
Hotel at Upper Pickering St	United Overseas Land	S\$129m
Marina Bay Financial Centre	BFC Development	S\$558m
Central Boulevard Office Bldg	Central Boulevard Development	S\$584m
Downtown Line 2 - Contract 913	Land Transportation Authority	S\$430m
Tree House	City Developments	S\$146m
Hospital, Hotel & Clinics at Race Course Road	Singapore Health Partners	S\$270m
4 projects in Papua New Guinea	FPM HRMG	S\$73m

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*Source: Company*

## Property Development

**Focus on the PRC market.** Tiong Seng is a niche developer of private properties in the PRC, focusing on residential and commercial projects in the second- and third-tier cities. The Group has an advantage in its ability to leverage on its construction experience to develop efficient building designs and engage in hands-on project management that would ensure that the projects are completed at competitive costs.

### Completed property developments

**Project track record.** Tiong Seng started its first development project in Suzhou in 2002, the Suzhou Huisheng Yuan, a 166-unit residential development with a small element of commercial units. The project was completed in 2005 in two phases and fully sold. In 2004, the Group ventured into Yangzhou and developed Wenchang Broadway, the first open-air shopping streets in an old city area. Tiong Seng went on to develop a commercial building, Suzhou Shengyang Commercial Building, in 2006.

Recognising the potential growth of the Bohai Economic Rim given the PRC government's efforts to stimulate investment in the area, the Group made its first venture into Tianjin in 2006. Tianjin is one of the four municipal cities under the direct jurisdiction of the PRC central government, and is the largest port city in northern China. The first project it undertook was the Tianmen Jinwan Building, a mixed residential-commercial development situated in the heart of Tianjin city. The development was completed in early 2009.

Figure 6: Completed property development projects I

Project name	Description	Approx GFA (m <sup>2</sup> )	Approx total saleable area (m <sup>2</sup> )
Suzhou Huisheng Yuan	(Phase 1 - 23 units commercial building) (Phase 2 - 166 residential units and 5 commercial units)	43,800	38,900
Wenchang Broadway	Shopping Centre at Yangzhou	32,000	30,000
Suzhou Shengyang Commercial	Commercial Building	10,000	10,000
Tianmen Jinwan Building	(28-storey residential & 4-storey commercial)	66,700	66,100

Source: Company

Figure 7: Completed property development projects II

<p><b>Suzhou Huisheng Yuan</b></p>  <p>Phase 1 - Commercial Building (GFA: 10,900 sqm) Phase 2 - Residential apartment &amp; commercial units (GFA: 33,000 sqm)</p>	<p><b>Suzhou Sheng Yang Commercial Building</b></p>  <p>Commercial Building (GFA: 10,000 sqm)</p>
<p><b>Wenchang Broadway, Yangzhou</b></p>  <p>One of the first open-air shopping streets in Yangzhou (GFA: 33,000 sqm)</p>	<p><b>Tianmen Jinwan Building</b></p>  <p>28 storey high residential with 4 storey commercial development (GFA: 51,100 sqm)</p>

Source: Company

### Current property developments

**Four ongoing projects.** Tiong Seng is currently undertaking four residential and commercial property projects in the rapidly developing Bohai Economic Rim in the PRC. These projects are (i) Sunny International Project, Cangzhou; (ii) The Equinox, Dagang, Guangang Forest Park Project; (iii) Tianjin Eco-city Project; and (iv) Zizhulin Commercial Development Project.

The Tianjin Binhai New Area (TBNA) within the Bohai Economic Rim is one of the most important areas in the PRC's 11th five-year plan for the nation's economic and social development. Under this five-year plan, the TBNA is set to become another asset to regional development following the rise of Shenzhen Special Economic Zone

and Shanghai Pudong New Area. Located in the eastern coast of the country, the TBNA consists of three administrative regions (Tanggu District, Hangu District and Dagang District), eight industry functional zones (under construction) and the Sino-Singapore Tianjin Eco-city. The TBNA has a planning area of 2,270 km<sup>2</sup>, coastline of 153 km and a population of 1.72m people.

Figure 8: Map of Tianjin



Source: Company

**Sunny International Project, Cangzhou.** A four-phase mixed residential-commercial development in Yunhe District, the city centre of Cangzhou, Hebei Province. Sales has commenced for Phase 1, which consists of three residential blocks and a 5-storey commercial building. Phase 1 is expected to be completed by mid-2011. The construction of Phase 2 has commenced in mid-2010, and is expected to be completed by 4Q12. Construction of Phase 3 is scheduled to commence in 2Q11, and is expected to be completed by 4Q13. Construction of Phase 4, which consist two residential blocks and commercial shop houses, is scheduled to commence in 2Q12, and is expected to be completed by 4Q14.

*Estimated total GFA:* Residential Component (141,300m<sup>2</sup>), Commercial Component (18,200m<sup>2</sup>)

*Estimated total saleable GFA:* Residential Component (131,900m<sup>2</sup>), Commercial Component: (18,000m<sup>2</sup>)

Figure 9: Artist impression of the Sunny International project



Source: Company

**The Equinox, Dagang, Guangang Forest Park Project.** Located in Guangang Forest Park, the ecological zone of the TBNA, the project is part of the local authorities' master plan to transform the Dagang district into a leisure and entertainment area by 2014. This project, which consists of landed properties and low rise developments, will be developed in phases. The company has also secured a Rmb300m loan for a tenure of 30 months in Jun 2010 to finance the development of this project.

*Estimated total GFA: 200,000m<sup>2</sup>*

*Estimated total saleable GFA: 200,000m<sup>2</sup>*

*Project Commencement Date: 3Q10*

*Estimated Project Completion Date: 1Q15*

Figure 10: Artist impression of The Equinox, Dagang, Guangang Forest Park project



Source: Company

**Tianjin Eco-city Project.** Tiong Seng works with Sino-Singapore Tianjin Eco-City Investment and Development Co., Ltd (SSTEC) and Mitsui Fudosan Residential Co., Ltd (Mitsui Fudosan) in this project to jointly develop three plots of residential-land (total area of approximately 393,000 sqm) which could generate up to (estimated total gross development value) Rmb4.5bn over the next three years. The land parcels are strategically located in the Sino-Singapore Tianjin Eco-City (Tianjin Eco-City), within the fast-growing TBNA. This project is carried out through a joint-venture company between the three parties, which Tiong Seng owns a 9% equity stake in.

The development of the 3 plots of land will be started and completed in phases commencing December 2009, with the last phase estimated to be completed by the first quarter of 2014. Besides being a co-developer, the Group's participation in the

project also covers construction management, where the Group will expand its construction management services to all the three plots of land, in return for a construction management fee.

*Estimated total GFA: 360,000m<sup>2</sup>*

*Estimated total saleable GFA: 360,000m<sup>2</sup>*

*Project Commencement Date: December 2009*

*Estimated Project Completion Date: In phases; latest completion by 1Q2014*

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Figure 11: Artist impression of the Tianjin Eco-city project



*Source: Company*

**Zizhulin Commercial Development Project** is located in the heart of Tianjin city, approximately 100m from Haihe River and 1km from the high-speed rail link station which links Beijing and Tianjin. In addition to its favourable location, the other unique feature about this site is that its land area consists of retrofitted French barracks built during the colonial times. The Group is currently evaluating various options for developing this site; including building a boutique hotel, commercial or condominium development or selling the site should there be attractive offers.

*Estimated total GFA: 12,000m<sup>2</sup>*

*Estimated total saleable GFA: 12,000 m<sup>2</sup>*

*Estimated Project Commencement Date: To be determined*

*Estimated Project Completion Date: To be determined*

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Figure 12: Artist impression of the Zizhulin Commercial Development project



*Source: Company*

## Competitors

For its construction and civil engineering business in Singapore, the Group faces competition from both domestic and foreign construction companies. For the property development business, Tiong Seng faces competition mainly from local property developers in the PRC. Two lists of competitors in the construction and civil engineering industry, and the PRC property development industry are shown below.

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Figure 13: Competitors

*Construction & Civil Engineering Competitors*

Alpine Bau GMBH  
Dragages Singapore  
Hyundai Engineering & Construction  
Obayashi Corporation  
Penta-Ocean Construction  
Shimizu Corporation  
Woh Hup

*PRC Property Development Competitors*

Beijing Tianxing Jiuzhou Investment  
Glorious Property Holdings  
HongKong Dehao (Yangzhou) Real Estate Development  
Suzhou Suwu Real Estate Development  
Tianjin Biguiyuan Investment & Development  
Tianjin Hanhua Development  
Tianjin Xinyao Investment  
Yangzhou Core Pacific City Development

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*Source: Company*

## Competitive Strengths

**Experienced management team and established track record.** Tiong Seng has more than 50 years of experience as a building contractor and civil engineering firm in the Singapore construction industry, establishing a fine reputation as a reliable builder. The Group has an experienced and dedicated management team, led by Executive Director and CEO, Mr Pek Lian Guan, who has more than 20 years of experience in the construction industry. In addition, Tiong Seng also benefits from the expertise of its founder and Non-Executive Chairman, Mr Pek Ah Tuan, who has more than 50 years of experience in the construction industry. Mr Pek Ah Tuan is one of the early pioneers who ventured into property development in the PRC in the 1980s.

**Ability to handle wide spectrum of projects.** Tiong Seng has successfully completed a wide range of building construction and civil engineering projects in both the private and public sectors over the years. The Group possess capabilities to undertake residential, commercial, industrial, hotels, institutions, infrastructure and various other projects of similar nature. In addition to doing pure construction work, the Group is also capable of taking on design and build projects which provide diversity to its business, while differentiating itself from competition.

**Cost efficient, quality focused and technology driven.** Over the years, the Group has invested in a wide range of machineries and technologies to help keep costs in check during periods of strong construction demand. In particular, Tiong Seng invested in advanced formwork system which could erect structures faster than traditional timber formwork, resulting in better cost efficiency. The advanced formwork system work on a modular panel system which requires shorter time to fix and strike, while its lighter galvanized steel structure also makes erection easier and requires lesser manpower. The use of advanced formwork has also resulted in better finishing quality and higher productivity due to a systematic erection sequence which reduced errors. The less complicated erection sequence also means that less skilled workers are required. Advanced formwork systems are also more environmentally-friendly, as it leaves the construction site cleaner, and also quieter with physical knocking reduced. In addition, these systems also help to reduce potential safety hazards to the workers as they are easier to dismantle and allow panels to be removed individually. Having its own fleet of machinery and equipment reduces the Group's reliance on third parties equipment provider, while its specialised in-house pre-casting capabilities also help to reduce reliance on human labour. Accordingly, the company's investments in productivity enable it to achieve cost competitiveness over its peers. A recent example would be the Group's recent acquisition of a majority stake in Cobiex Technologies AG, a Swiss company known for its innovative and internationally-patented construction method, which produces high-performance lightweight concrete slabs by using up to 30% less concrete, thus reducing 'dead weight' and CO2 emissions.

**Leveraging knowledge across business segments.** As the Group possess extensive experience in both construction and the property development businesses, it is able to review projects from both perspectives. This enables Tiong Seng to pre-empt problems before they arise, and thus take steps to minimize their impact. Its experience as a property developer also enables the Group to provide "solutions" to its customers in the construction business, as opposed to being a pure service provider, which is a critical success factor as a design and build contractor.

## Growth Strategies

**Expanding the construction business in core markets.** Tiong Seng will continue to bid for a wide spectrum of projects in Singapore, which will remain the core market for the Group's construction and civil engineering activities. With its established track record, it intends to continue focusing on larger-scale projects in both the public and private sectors. The Group will leverage on its established track record to secure repeat business from major developers and government bodies, while also continually enhancing its services by working with these customers to refine specifications and provide alternatives to reduce costs.

**Establishing a Prefab Hub.** The use of pre-cast construction is widely regarded as an economical, structurally sound and architecturally versatile form of construction. It reduces the construction time and manpower required, without compromising on the quality of work. By adopting the pre-casting methodology instead of traditional concrete casting, it reduces the amount of time required to complete one floor of building by approximately half. With pre-casting done off-site, labour is only required for installation at the project site, while the finishing of pre-cast concrete is also better than on-site casting, hence requiring less touching up. Both factors lead to reduced labour content for its construction processes, resulting in better cost efficiency. Tiong Seng has commenced the building of a Prefab Hub to increase its pre-casting capacity, expected to be completed by end-2011. The Prefab Hub will allow pre-casting to be done off-site under sheltered conditions such that work would not be disrupted even in events of bad weather condition. The company intends to equip the pre-cast factory with automation, which is expected to reduce the labour requirement for each construction project by approximately 50%-70%. Currently, Tiong Seng's pre-casting service is mainly for internal consumption. With the Prefab Hub, it will be able to sell this service to third party contractors and hence increase its revenue stream. In the long term, the company aims to deploy this portable technology in overseas markets where human resources are scarce.

**Expanding its business through strategic alliances.** The Group has joint ventures (JVs) with international contractors like Samsung and Kajima. Through such JVs, Tiong Seng has enhanced its capabilities in building offices, high-rise luxurious residentials, hotel developments etc, enabling it to secure a wider spectrum of projects of higher values. The Group intends to continue expanding its business through JVs and/or strategic alliances as it believes that this strategy will provide access to new markets and prospective customers, while also giving providing excellent opportunities to learn from its partners.

**Seek out further opportunities for property development in the PRC.** The Group is currently developing properties in Tianjin and other cities in Jiangsu province. Being a niche player in the second- and third-tier cities in the PRC, Tiong Seng intends to continue to focus on actively acquiring land use rights for the development of residential and commercial properties. The company is currently evaluating a few new sites for development, though no firm plans have been made till date.

## Construction sector outlook

**Sustained construction demand expected in 2011.** Thanks to the strong economic growth last year, Singapore's construction demand expanded +14% yoy from S\$22.5bn in 2009 to S\$25.7bn in 2010. According to projections by the Building and Construction Authority (BCA) in Singapore, the country's construction demand for 2011 is projected to come in between S\$22bn and S\$28bn, reflecting a continued and sustained workload. However, BCA estimates that the total construction output (payment made for work done) is expected to moderate from a record high of S\$31bn in 2009 to about S\$27bn in 2010, as a result of the completion of a number of major projects including the two integrated resorts (Resorts World Sentosa and Marina Bay Sands). The level of construction output is projected to range from S\$24bn to S\$26bn in 2011 and from S\$20bn to S\$27bn per year over 2012-13.

**Public sector demand expected to climb significantly.** The BCA projects that public sector demand for construction in 2011 is likely to strengthen to between S\$12bn and S\$15bn (from S\$8.3bn in 2010), contributing about 55% to the overall construction demand. The rebound is anticipated to come mainly from growth in public sector institutional construction demand (e.g. Institute of Technical Education's third regional campus at Ang Mo Kio, development of Jurong General Hospital with a community hospital at Jurong East, redevelopment of Victoria Theatre and Victoria Concert Hall at Empress Place) as well as stronger public sector civil engineering construction demand led by Land Transport Authority's Downtown MRT Line Stage 3 contracts.

**Private sector demand likely to taper off though.** The private sector construction demand is expected to moderate from the 2010's S\$17.4bn to between S\$10bn and S\$13bn in 2011, reflecting more cautious industry sentiments among developers amidst a more moderate economic outlook. Private sector residential construction demand is projected to moderate to between S\$5.1bn and S\$6.1bn, down from 2010's contracts of S\$7.7bn. Private sector commercial construction demand is likely to be backed by a buoyant office space demand and vibrant retail sector, while high-specification and state-of-the-art buildings will dominate the private sector industrial construction sector.

Figure 16: Singapore construction demand & output

Year	Construction Demand (Value of Contracts Awarded)			Construction Output (payment made for work done)
	Public	Private	Total	
2010	\$8.3 billion	\$17.4 billion	\$25.7 billion	\$27 billion
2011	\$12 to 15 billion	\$10 to 13 billion	\$22 to 28 billion	\$24 to 26 billion
2012	\$9 to 12 billion per year	-	\$19 to 26 billion per year	\$20 to 27 billion per year
2013	(65% from building projects & 35% from civil engineering projects)	-		

Source: BCA

Figure 17: Contracts awarded (Excl. Reclamation) by sector & type of work

Billion Dollars

	2008	2009	2010 (Pre liminary Actual)	2011 (Forecast)
<b>Both Sectors</b>	35.7	22.5	25.7	22.0 - 28.0
<b>Building Work</b>	27.1	13.5	23.0	15.0 - 19.5
<i>Residential</i>	11.1	6.7	10.7	7.9 - 9.4
<i>Commercial</i>	8.5	1.6	2.9	2.2 - 3.1
<i>Industrial</i>	3.7	2.0	4.3	2.0 - 3.3
<i>Institutional &amp; Others</i>	3.8	3.1	5.3	3.0 - 3.7
<b>Civil Engineering Work</b>	8.6	9.0	2.7	7.0 - 8.5
<b>Public Sector</b>	15.5	13.9	8.3	12.0 - 15.0
<b>Building Work</b>	7.8	5.7	6.3	5.6 - 7.2
<i>Residential</i>	4.7	2.8	3.0	2.8 - 3.3
<i>Commercial</i>	0.1	0.1	0.1	0.1 - 0.1
<i>Industrial</i>	0.1	0.2	1.0	0.2 - 0.7
<i>Institutional &amp; Others</i>	2.9	2.6	2.2	2.5 - 3.1
<b>Civil Engineering Work</b>	7.7	8.2	2.0	6.4 - 7.8
<b>Private Sector</b>	20.2	8.6	17.4	10.0 - 13.0
<b>Building Work</b>	19.3	7.8	16.7	9.5 - 12.3
<i>Residential</i>	6.4	3.9	7.7	5.1 - 6.1
<i>Commercial</i>	8.3	1.6	2.7	2.1 - 3.0
<i>Industrial</i>	3.7	1.8	3.3	1.8 - 2.6
<i>Institutional &amp; Others</i>	0.9	0.5	3.1	0.5 - 0.6
<b>Civil Engineering Work</b>	0.9	0.8	0.7	0.5 - 0.7

Source: BCA

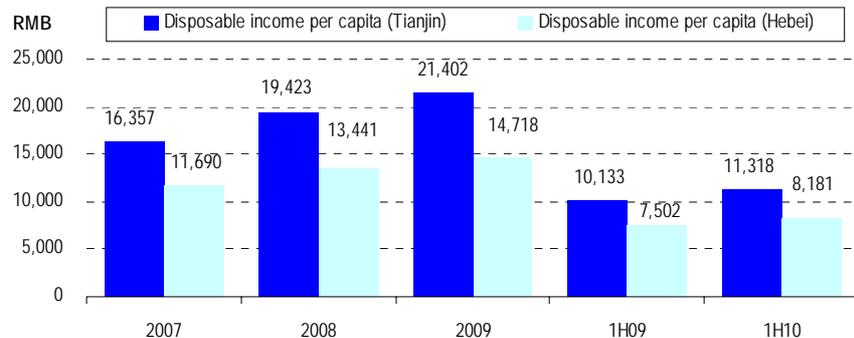
## China property market

**Second and third-tier cities in the PRC.** With land prices appreciating swiftly in first-tier cities coupled with intensified construction of high-speed rail networks, housing demand in second- and third-tier cities in the PRC has also been rising quickly in recent years. Tiong Seng's property development efforts are focused in the second- and third-tier cities in the PRC, with the Bohai Economic Rim a strategic area for this business. The Bohai Economic Rim, with a land area of approximately 1.12m square kilometres, and population of about 260m, is becoming one of the main economic zones in the PRC. At centre of this rim is the Tianjin Binhai New Area (TBNA), one of the most important areas in the PRC's 11th five-year plan for National Economy and Social Development. TBNA is in the same league as the Shenzhen Special Economic Zone and the Shanghai Pudong New Area, and is anticipated to be China's third economic engine and the new growth pole of North China.

**Urbanisation trends in the country to drive demand for housing.** The continuing urbanization process is expected to remain a powerful source of demand for new housing, as well as for urban commercial property and public infrastructure. Due to strong economic growth in the PRC, the local urban population has been steadily growing over the years. According to the China Statistical Yearbook 2008, the urbanisation rate rose to 45.7% as at the end of 2008 from only 36.2% in 2000. The rapid rate of urbanisation is expected to drive the demand for real estate properties in the PRC, particularly in the second and third-tier cities as residents from rural areas migrate into nearby cities in search of new job opportunities.

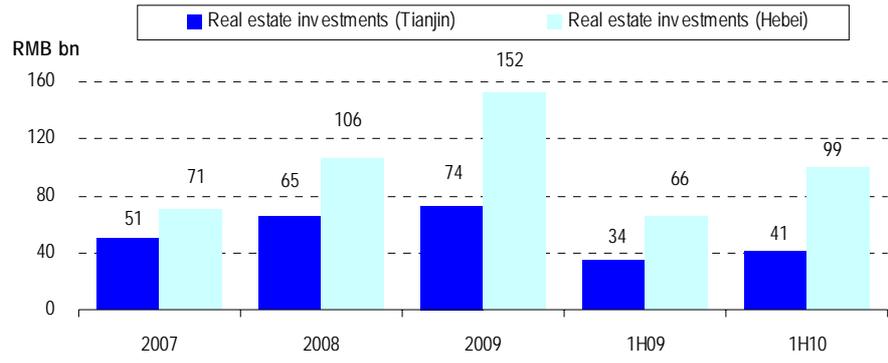
**Rising purchasing power: the other growth driver.** The rapid economic growth in the PRC has resulted in a significant rise in the level of disposable income for urban households. According to the National Bureau of Statistics of China, the per capita annual disposable income of urban households has increased to RMB17,175 in 2009 from merely RMB6,280 in 2000. This rising affluence among urban residents has added to their willingness to improve their housing conditions, driving up demand in the real estate market. In both Tianjin and Hebei where the Group's current projects are located, disposable income per capita has risen 26%-31% over 2007-2009, with the uptrend continuing into 1H10. Real estate investments in both areas have been rising over the same period, consistent with the higher disposable income earned.

Figure 18: Disposable per capita income (Tianjin & Hebei)



Source: CEIC, CIMB Research

Figure 19: Real estate investments (Tianjin & Hebei)



Source: CEIC, CIMB Research

## Company Outlook

**Strong earnings visibility for construction business.** With approximately S\$1.0bn worth of construction projects (as at 31 Dec 10) in the pipeline, Tiong Seng's order book is probably unrivalled in the local construction scene. The bulk of this order book, which represents nearly 3x of its record high Group revenue of S\$375.6m in 2009 (almost 4x of its 2009 construction business revenue), will be recognised over the next 12 to 30 months. Still, this figure does not include anticipated contributions from its property development projects, which will be completed in phases starting as early as 2H11. With all these projects sitting securely in the books, the major risk that remains is perhaps execution risk. However, given its credible track record in both the public and private sectors, we believe that the company's project execution risk should be minimal.

Since it listed on the SGX in April this year, the company has won three contracts worth in aggregate S\$449m. The first is a S\$146m contract awarded by City Developments and Hong Realty to design and build the 429-unit Tree House condominium located on Chestnut Avenue, Upper Bukit Timah Road. The second contract worth PGK65.2m (S\$32.6m) was awarded by the Independent State of Papua New Guinea for the rehabilitation of roads in its Eastern Highlands Province. The last and also its biggest contract win since its listing was a S\$270m contract awarded to its joint venture (JV) company with Samsung C&T Corporation; Tiong Seng owns a 45% stake in the JV. This contract was awarded by the Singapore HealthPartners Pte Ltd for the development of hospital, hotel and medical clinics at Race Course Road. Given the strong contract wins momentum, we expect the Group to continue securing more contracts to replenish its burgeoning order book.

**PRC property development: The other leg of growth.** Like many of its peers in the construction sector, Tiong Seng has ventured into the property development business, which is traditionally more lucrative (better margins) than the construction business. However, the Group differentiates itself by focusing on development of properties in the second- and third-tier cities in the PRC. Premium plots of land remain the key highlight of Tiong Seng's property development business in China. All four of its ongoing development projects are located in strategic cities like Tianjin and Cangzhou (Hebei Province), fast developing economic zones in the PRC. Aside from property development, the Group also provides construction management services in return for a construction management fee.

**Uncompromising focus on productivity provides an edge over competition.** Currently, Tiong Seng saves half the amount of time required to complete one floor of building by using pre-cast concrete instead of traditional concrete which is cast on site. The company plans to build an automated Prefab Hub using its IPO proceeds, which will allow pre-casting work to be done under sheltered conditions; ensuring continuity of work even in events of bad weather condition. The benefits of building this factory is two fold: (i) to reduce labour requirement for each construction project by approximately 50%-70%; and (ii) expand its pre-casting capacity, which will allow output from excess capacities to be sold to external parties. We estimate that external sales of pre-cast concrete could generate additional revenue of up to S\$20m per annum for the Group starting from FY12.

The latest initiative to improve productivity came when the company announced the acquisition of a 90% equity stake in Switzerland-based CobiX Technologies AG. CobiX is known for its innovative construction method for high performance lightweight concrete slabs which is internationally patented. By positioning void formers within concrete slabs, it is able to reduce the volume of concrete used by up to 30%, thereby enabling architects to design larger structures with wider spacing between columns (up to 20 metres apart vs 6 to 10 metres when using conventional concrete slab). This technology not only enables aesthetically stunning structural designs to be built, but also plays a part in keeping the environment clean as the reduced usage of concrete translates into direct reduction in carbon dioxide emissions.

Figure 20: SWOT analysis

<p style="text-align: center;"><b>Strengths</b></p> <ul style="list-style-type: none"><li>• Experienced management team</li><li>• Productivity driven cost efficiency</li><li>• Complementary knowledge of both property development &amp; construction</li><li>• Ability to handle wide spectrum of projects</li></ul>	<p style="text-align: center;"><b>Opportunities</b></p> <ul style="list-style-type: none"><li>• Healthy construction demand in Singapore for the next few years, driven by (i) road and rail infrastructure spending; and (ii) public and private housing.</li><li>• Continued demand for property/housing in second- and third-tier cities in China despite tightening measures by the government.</li></ul>
<p style="text-align: center;"><b>Weaknesses</b></p> <ul style="list-style-type: none"><li>• Both core businesses are capital intensive and require substantial cash outlay at the onset, which is taxing on the balance sheet and financial resources. Potential cash flow problems may arise if projects are mismanaged or delayed due to non-controllable events.</li></ul>	<p style="text-align: center;"><b>Threats</b></p> <ul style="list-style-type: none"><li>• Construction material price fluctuation could erase profitability; especially for crucial imported resources like sand which could be subjected to export bans by the exporting countries.</li><li>• Further tightening measures which may lead to more severe effect on property demand in China.</li></ul>

Source: CIMB Research

## Key Risks

**Reliance on Singapore construction industry.** Tiong Seng derives a significant portion of its revenue from the construction industry in Singapore; about 74%-96% over FY07-09. The construction industry experiences cyclical fluctuations in tandem with the demand in the local property market, which in turn is dependent on the general health of the Singapore economy. With more property development projects due for completion (recognition of revenue) towards the end of FY11, we expect its reliance on the construction sector to gradually ease starting FY11.

**Policy risks in the PRC.** Due to increasing speculative investments in the property market, the PRC government has implemented a series of tightening measures to discourage property speculation and to ensure the availability of affordable housing. These measures could affect the Group through reducing the demand and prices of properties. Some of these policies could reduce the firm's ability to obtain bank loans to finance its property development business, which could impede commencement of new projects and/or the progress of existing projects.

**Material price fluctuation and labour cost risks.** Main materials used in the construction business include concrete, sand, aggregates, cement, tiles, steel and aluminium. Acute price fluctuation and/or unexpected shortage of supply in these materials may result in costs overrun and/or delays in project schedules. For example, the Indonesian government's ban on sand exports to Singapore in 2007 led to an industry-wide shortage of sand supply, resulting in an increase in the Group's cost of materials. Being a labour-intensive business, the supply and costs of labour are important to the Group's construction business; particularly that of foreign workers. For instance, quota on the number of foreign workers and increases to foreign workers' levy imposed by the Ministry of Manpower could increase manpower costs for Tiong Seng.

**Significant capital outlay requirement.** Substantial cash outlay is required during the initial stages of a construction project to purchase materials and for erection of the structural framework. For the property development business, projects also typically require substantial capital outlay during the onset for land use rights acquisition and construction phases. In addition, the Group may be unable to sell units of its property projects at the early stages due to requirements of the PRC laws. It may take one year or longer before positive operating cash flow may be generated through pre-completion sales or sales of a completed property development.

**Revenue and profit volatility.** For the construction business, revenue is recognised in accordance to the percentage of completion method. Hence, delays in the projects' progress could result in a delay in revenue recognised. In addition, there may be a lapse of time between the completion of current projects and the commencement of new projects. This may lead to volatile earnings recognised during these periods.

For the property development business, the company recognises revenue only upon delivery of the completed properties. Delays in the completion of the development projects or in handing over the completed properties may have an adverse impact on revenue and profit recognitions.

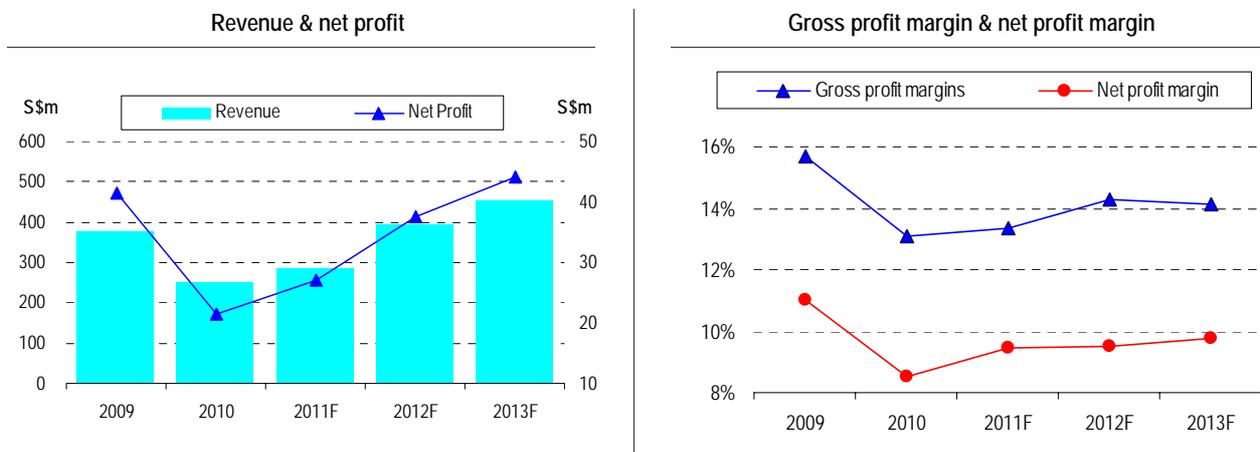
**Foreign exchange risk.** The Group is exposed to foreign currency risk on sales, purchases and borrowings that are denominated in currencies other than the Singapore dollars (SGD). The currencies giving rise to this risk are primarily the United State dollars (USD) and Chinese Yuan (RMB). Revenue from Tiong Seng's construction business is mostly denominated in SGD, while its revenue from the property development business is denominated in RMB. There is some natural hedging for the Group's foreign exchange exposure, as the associated costs and expenses for its projects are generally denominated in the same currency as the revenue they generate. The company currently does not have a formal policy on foreign exchange hedging.

## Financials

**Revenue growth to gather momentum from FY11.** The Group's revenue fell 33% yoy to S\$252m in FY10 on the back of lower contributions from both its construction and property development segments. The decline in revenue can be attributed to (i) lesser construction contracts awarded in 2009; and (ii) lumpy recognition of construction revenue. Turnover in FY09 benefited from contracts for the Sentosa Integrated Resorts, Marina Bay Financial Centre Tower 3 and several condominium projects (awarded prior to 2009), while lesser contracts won in 2009 translated into a lower revenue recognised in FY10. In addition, revenue recognition for construction projects typically mirror a "S" curve, where little revenue is recognised in the early and late phases of the project, while bulk of the revenue accrues over the mid-term. As an example, for design-and-build projects, little or no revenue may be recognised during the first six to twelve months. However, starting from FY11, we expect revenue growth to pick up pace as construction projects in the pipeline enter the intermediate phases where more significant portions of their revenues would be recognised. In addition, the gradual completions of its property development projects in the PRC from 2011 will not only booster its turnover, but also help to reduce volatility in Group revenue. We have projected a 3-year revenue CAGR of 18% over FY11-13, which is backed by an order book of S\$1bn (as at 31 Dec 2010); probably one of the largest order book among local construction firms.

**Margins to recover from FY11.** Revenue from construction projects (lower margin) accounted for nearly 90% of the Group's total turnover in FY10, compared to 9% for revenue from property development. We expect the Group's gross margin to recover in FY11 on the back of (i) higher contributions from property development; and (ii) productivity improvements. We expect the gradual completion of development properties in China (revenue can only be recognised upon completion of construction and handing over of sold units) to boost the Group's gross margin in FY11 (from FY10's GPM of 13.1%) as the segment is expected to account for a larger portion of total sales as compared to FY10. In addition, initiatives to improve productivity (such as building pre-cast factory, acquisition of Cobiax Technologies etc) are also expected to increase construction margins in the med-long term.

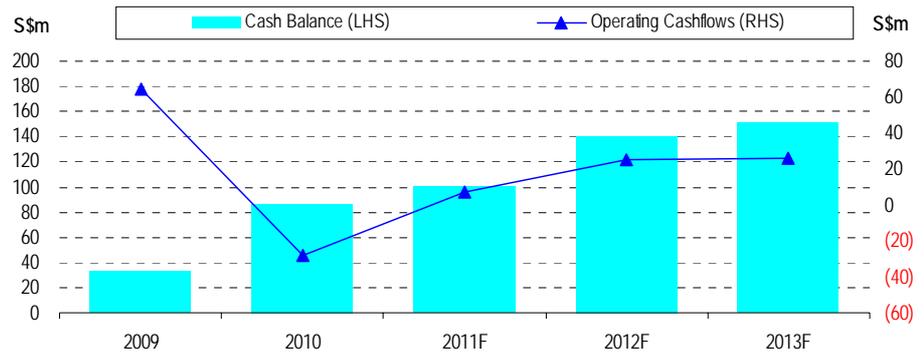
Figure 21: Revenue, net profit and margins



Source: Company, CIMB Research

**Healthy operating cash flows and low gearing.** Operating cash flow was negative in FY10 due to financing requirements for its development properties in China. We expect to see a reversal in trend with new property launches and increased sales of completed units in FY11. We project healthy operating cash flows of S\$7-26m over FY11-13. Prior to its IPO in 2010, the Group's net gearing stood between 0.08x-1.02x (FY06-FY09). Post IPO, the company turned in a net cash position, with net cash per share of 3.9 scts as at end of 2010; mainly a result of in flow from the IPO proceeds. We expect the company to remain in net cash position over FY11-13 as its cash flow position strengthens from increased contributions from operating cash flows.

Figure 22: Cash flow trends



Source: Company, CIMB Research

## Valuation and recommendation

**Valuation basis.** We use a Sum-Of-The-Parts (SOTP) method to value Tiong Seng's construction and property development business segments. We are pegging the value of its construction business to 7.2x CY12 P/E, in line with our target multiple for Lian Beng Group, its closest comparable peer. We peg a 30% discount to RNAV for Tiong Seng's property development segment, which is based on the average discount pegged to residential developers covered by in Singapore.

**Initiate with BUY recommendation and target price of S\$0.36.** We initiate coverage of Tiong Seng with a BUY recommendation and a target price of S\$0.36, based on Sum-Of-The-Parts valuation. Our target price implies an attractive upside of 38%. We like the company for (i) strong earnings visibility for its construction business, backed by a S\$1bn order book; (ii) exposure to property development in second- and third-tier cities in the PRC; and (iii) uncompromising focus on productivity which we believe provides an edge over its competition. Trading below its peer average of 7x CY12 P/E, TSNG's valuation (5.4x CY12 P/E) is undemanding against its superior 3-yr EPS CAGR of 27.2% (Peer avg: 12.3%), in our view.

Figure 23: Sum-Of-The-Parts Valuation

	Target multiple (x)	Net profit attributable (S\$m)	Valuation (S\$m)	
Value of construction business	7.2	24.4	175.7	(1)
PV of development properties (WACC = 10%)			50.3	(2)
Book value of equity (latest reported number)			173.3	(3)
<b>RNAV: (1) + (2) + (3)</b>			<b>399.2</b>	
Discounted @ 30%			279.5	
<b>Target Price (S\$)</b>			<b>0.36</b>	

Source: Company, CIMB Research

Figure 24: Sector comparisons

	Bloomberg ticker	Recom.	Price (Local)	Target price (Local)	Mkt cap (US\$ m)	Core P/E (x) CY2012	3-yr EPS CAGR (%)	P/BV (x) CY2011	ROE (%) CY2011	Div yield (%) CY2011
OKP Holdings	OKP SP	BUY	0.635	0.98	143.6	8.1	6.4	25.4	29.6	8.4
Lian Beng Group	LBG SP	BUY	0.36	0.67	152.7	4.3	3.9	27.8	22.2	2.7
Tat Hong Holdings	TAT SP	N	0.85	1.02	338.0	9.7	8.3	14.6	8.6	4.5
Tiong Woon Corp	TWC SP	U	0.395	0.25	117.5	19.9	10.6	(14.6)	3.2	1.5
Yongnam Holdings	YNH SP	O	0.27	0.40	270.9	5.6	5.4	8.3	22.9	2.2
<b>Simple Avg ex. TSNG</b>						<b>9.5</b>	<b>6.9</b>	<b>12.3</b>	<b>17.3</b>	<b>3.9</b>
Tiong Seng Holdings	TSNG SP	BUY	0.27	0.36	165.6	7.5	5.4	27.2	14.0	3.9
<b>Simple Avg</b>						<b>9.2</b>	<b>6.7</b>	<b>14.8</b>	<b>16.8</b>	<b>3.9</b>

O = Outperform, N = Neutral, U = Underperform, NR = Not Rated, TB = Trading Buy and TS = Trading Sell  
Source: Company, CIMB Research, Bloomberg, Reuters Estimates, XXXX

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## Management biographies

**Mr Pek Ah Tuan**  
*Non-Executive Chairman*

Mr Pek Ah Tuan is the Group's Non-Executive Chairman and also one of the founders of Tiong Seng. Mr Pek has been the managing director of Tiong Seng Contractors, a major subsidiary of the Group since 1964. Mr Pek has approximately 50 years of experience in major earthwork, road and bridge construction, civil engineering and building work, property development and entrepreneurial activities in Singapore, the PRC, Socialist Republic of Vietnam and Lao PDR. By spearheading the venture into various overseas markets such as Lao PDR, Papua New Guinea and the PRC in the earlier years, Mr Pek Ah Tuan played a vital role in charting the corporate direction of the Group.

**Mr Pek Lian Guan**  
*CEO & Executive Director*

Lian Guan has approximately 20 years of experience in project management for civil engineering and building works in Singapore and entrepreneurial activities in the PRC, Socialist Republic of Vietnam, Lao PDR and India. He led the Group to win numerous awards, such as the ISO 9001 certificate since 1995, Singapore Quality Class recognition since 2002, Best Contractor Award by SCAL in 2003, and Best Practice Award by the BCA in 2004. Lian Guan is also well recognised in the construction industry for his business acumen, leadership qualities and entrepreneurial experience and is currently a board member of the BCA and the Singapore Green Building Council. Lian Guan holds a Bachelor of Civil Engineering (First Class Hons) from Loughborough University of Technology, United Kingdom.

**Mr Pay Sim Tee**  
*Executive Director*

Sim Tee, an Executive Director of the Company, started his career in the construction industry as an on-site supervisor at Tiong Seng Contractors from 1977 to 1979. He was promoted to project manager in 1979, before becoming a director in 1989. Sim Tee is primarily in charge of the road construction projects in PNG jointly with the Group's Head of Asset Management, Mr Pek Dien Kee. Sim Tee has more than 30 years of experience in earthwork, road and bridge construction, civil engineering and building work in Singapore, the PRC, Socialist Republic of Vietnam, PNG and Lao PDR. He is also in charge of property development and human resource. In addition, he also manages most of the company's project portfolios in the PRC. Sim Tee obtained his Technician Diploma in Civil Engineering from Singapore Polytechnic in 1980.

**Mr Choo Hong Chun**  
*Financial Controller*

Hong Chun has been the Group's Financial Controller since May 07, and his responsibilities include managing all financial, accounting, tax and banking related matters for Tiong Seng. Hong Chun was with KPMG as an Audit Manager since Jan 01 before joining Tiong Seng in Oct 03 as a finance manager. He also served as the financial controller of Teckwah Industrial Corporation Limited, a company listed on the SGX, from Dec 06 to May 07. Hong Chun graduated from the Nanyang Technological University of Singapore with a Bachelor of Accountancy in 1994. In addition, he has been a Certified Public Accountant recognised by the Institute of Certified Public Accountants of Singapore since 1998.

## Financial tables

<b>PROFIT &amp; LOSS (\$\$ m, FYE Dec)</b>	<b>2009</b>	<b>2010</b>	<b>2011F</b>	<b>2012F</b>	<b>2013F</b>
Revenue	375.6	252.3	284.6	396.0	453.2
Operating expenses	(332.1)	(241.3)	(271.8)	(376.7)	(432.9)
EBITDA	43.5	11.0	12.8	19.4	20.4
Depreciation & amortisation	(18.8)	(8.4)	(8.9)	(9.3)	(9.8)
EBIT	24.7	2.6	4.0	10.1	10.6
Net interest & invt income	7.0	4.6	6.0	7.6	9.5
Associates' contribution	20.0	16.3	19.6	23.5	28.2
Exceptional items	-	-	-	-	-
<b>Pretax profit</b>	<b>51.6</b>	<b>23.5</b>	<b>29.5</b>	<b>41.2</b>	<b>48.3</b>
Tax	(13.9)	(3.7)	(5.2)	(7.3)	(8.5)
Minority interests	(10.2)	(2.0)	(2.5)	(3.6)	(4.2)
<b>Net profit</b>	<b>41.4</b>	<b>21.4</b>	<b>27.0</b>	<b>37.6</b>	<b>44.2</b>
Wt. shares (m)	565.0	715.8	766.0	766.0	766.0
Shares at year-end (m)	565.0	766.0	766.0	766.0	766.0
<b>BALANCE SHEET (\$\$ m, FYE Dec)</b>	<b>2009</b>	<b>2010</b>	<b>2011F</b>	<b>2012F</b>	<b>2013F</b>
Fixed assets	23.1	30.4	36.5	37.2	47.5
Intangible assets	0.3	3.1	3.1	3.1	3.1
Other long-term assets	62.7	50.5	50.5	50.5	50.5
<b>Total non-current assets</b>	<b>86.0</b>	<b>84.0</b>	<b>90.1</b>	<b>90.8</b>	<b>101.0</b>
Cash and equivalents	32.8	86.5	101.0	140.8	151.1
Stocks	-	0.9	-	-	-
Trade debtors	127.1	107.1	27.3	32.6	37.3
Other current assets	121.4	271.1	287.3	275.1	270.6
<b>Total current assets</b>	<b>281.3</b>	<b>465.7</b>	<b>415.6</b>	<b>448.4</b>	<b>458.9</b>
Trade creditors	132.8	199.4	121.6	111.6	106.6
Short-term borrowings	19.5	13.1	17.9	21.9	15.9
Other current liabilities	35.7	64.5	64.5	64.5	64.5
<b>Total current liabilities</b>	<b>188.0</b>	<b>277.1</b>	<b>204.1</b>	<b>198.1</b>	<b>187.1</b>
Long-term borrowings	22.0	44.0	51.2	57.2	48.2
Other long-term liabilities	13.1	6.6	6.6	6.6	6.6
<b>Total long-term liabilities</b>	<b>35.1</b>	<b>50.5</b>	<b>57.7</b>	<b>63.7</b>	<b>54.7</b>
<b>Shareholders' funds</b>	<b>97.6</b>	<b>173.3</b>	<b>192.6</b>	<b>222.6</b>	<b>259.1</b>
<b>CASH FLOW (\$\$ m, FYE Dec)</b>	<b>2009</b>	<b>2010</b>	<b>2011F</b>	<b>2012F</b>	<b>2013F</b>
Pretax profit	47.4	12.6	16.7	26.4	30.0
Depreciation & non-cash adjustments	18.3	5.3	8.9	9.3	9.8
Working capital changes	1.9	(38.0)	(13.3)	(3.1)	(5.1)
Cash tax paid	(4.5)	(7.6)	(5.2)	(7.3)	(8.5)
Others	1.2	-	-	-	-
<b>Cash flow from operations</b>	<b>64.3</b>	<b>(27.8)</b>	<b>7.1</b>	<b>25.4</b>	<b>26.1</b>
Capex	(5.6)	(12.0)	(15.0)	(10.0)	(20.0)
Net investments & sale of FA	3.4	(4.5)	0.2	0.0	1.9
Others	2.1	37.5	10.0	12.0	15.0
<b>Cash flow from investing</b>	<b>(0.1)</b>	<b>21.0</b>	<b>(4.8)</b>	<b>2.0</b>	<b>(3.1)</b>
Debt raised/(repaid)	(20.0)	14.6	12.0	10.0	(15.0)
Equity raised/(repaid)	-	54.7	-	-	-
Dividends paid	(0.0)	(6.0)	(7.7)	(7.7)	(7.7)
Cash interest & others	(7.1)	(1.4)	10.0	10.0	10.0
<b>Cash flow from financing</b>	<b>(27.2)</b>	<b>61.8</b>	<b>14.3</b>	<b>12.3</b>	<b>(12.7)</b>
<b>Change in cash</b>	<b>37.0</b>	<b>55.0</b>	<b>16.6</b>	<b>39.8</b>	<b>10.3</b>
<b>Change in net cash/(debt)</b>	<b>57.0</b>	<b>40.5</b>	<b>4.6</b>	<b>29.8</b>	<b>25.3</b>
<b>Ending net cash/(debt)</b>	<b>(4.7)</b>	<b>35.8</b>	<b>40.4</b>	<b>70.1</b>	<b>95.5</b>
<b>KEY RATIOS (FYE Dec)</b>	<b>2009</b>	<b>2010</b>	<b>2011F</b>	<b>2012F</b>	<b>2013F</b>
Revenue growth (%)	37.9	(32.8)	12.8	39.1	14.4
EBITDA growth (%)	259.1	(74.7)	16.4	51.4	5.0
Pretax margins (%)	13.7	9.3	10.4	10.4	10.7
Net profit margins (%)	11.0	8.5	9.5	9.5	9.7
Interest cover (x)	7.9	3.0	3.4	5.0	5.1
Effective tax rates (%)	26.9	15.9	17.6	17.6	17.6
Net dividend payout (%)	14.5%	33.4%	28.4%	20.4%	26.0%
Debtors turnover (days)	124	155	35	30	30
Stock turnover (days)	0	2	0	0	0
Creditors turnover (days)	153	332	180	120	100

Source: Company, CIMB Research

# Insider Transactions

Updated: 09/04/2011

Stock	Transacted Date	Substantial Shareholder/Director	Buy/Sell/Conv	No of Shs ('000)	Price Per Share \$	Shareholding	
						% Before Change	% After Change
<b>Buy</b>							
Asia Enterprises Hldg	07-Apr-11	Chong Thim Pheng	Buy	345	0.34	4.94	5.06
Leeden Ltd	07-Apr-11	Tham Weng Cheong S	Buy	472	0.4	6.55	6.81
Ho Bee Invest Ltd	06-Apr-11	Ho Bee Hldgs	Buy	439	n.a	65.49	65.55
Ho Bee Invest Ltd	06-Apr-11	Ng Noi Hinoy	* Buy	439	n.a	65.49	65.55
Ho Bee Invest Ltd	06-Apr-11	Chua Kong Chian	* Buy	439	n.a	65.49	65.55
Ho Bee Invest Ltd	06-Apr-11	Chua Thian Poh	* Buy	439	1.47	65.49	65.55
Passion Hldgs Ltd	05-Apr-11	Decorative Arts Hldgs	Buy	2314	n.a	33.62	34.21
Passion Hldgs Ltd	05-Apr-11	Decor Invest Hldgs	* Buy	2314	n.a	33.62	34.21
Passion Hldgs Ltd	05-Apr-11	Citigroup VentureCap Intl	* Buy	2314	n.a	33.62	34.21
Passion Hldgs Ltd	05-Apr-11	Citigroup Inc	* Buy	2314	n.a	33.62	34.21
Reyoung Pharm Hldgs	05-Apr-11	Honco Union Inc	* Buy	11092	n.a	65.74	69.27
Reyoung Pharm Hldgs	05-Apr-11	R&Y Hldgs Ltd	Buy	11092	n.a	65.74	69.27
M Development Ltd	05-Apr-11	Huang Wen-Lai	Buy	24010	0.03	0	8.88
MAP Tech Hldgs	05-Apr-11	Min Aik Tech Co Ltd	Buy	78351	n.a	81.52	85.74
Fortune Reit	04-Apr-11	Lim Hwee Chiang	* Buy	2582	n.a	0.13	0.28
Sound Global Ltd	04-Apr-11	Morgan Stanley	Buy	3419	n.a	4.74	5
United Engineerings	04-Apr-11	OCBC	* Buy	4303	n.a	18.08	19.14
Creative Master Bermuda	04-Apr-11	PPS Capital Pte Ltd	Buy	5000	n.a	3.91	5.87
United Engineerings	04-Apr-11	Great Eastern Hldgs	* Buy	5430	n.a	14.97	15.47
CNA Group Ltd	04-Apr-11	Mitsui & Co Ltd	Buy	35000	0.18	0	12.86
Pacific HC Hldgs	01-Apr-11	Martin Huang Hsiang S	Buy	400	0.12	2.03	2.13
NOL	01-Apr-11	Ronald Dean Widdows	* Buy	553	n.a	0.11	0.13
Jaya Hldgs Ltd	01-Apr-11	Linden Capital L.P	* Buy	566	n.a	0	0.07
Jaya Hldgs Ltd	01-Apr-11	Siu Min Wong	* Buy	567	n.a	18.98	19.05
Jaya Hldgs Ltd	01-Apr-11	Linden GP LLC	* Buy	567	n.a	18.98	19.05
Advance SCT Ltd	01-Apr-11	Sim Chek Tong	* Buy	1250	n.a	0	0.14
LMA Intl N.V	01-Apr-11	William Crothers	* Buy	2500	n.a	0.76	1.24
Passion Hldgs Ltd	01-Apr-11	Citigroup Inc	* Buy	6194	n.a	32.03	33.62
Passion Hldgs Ltd	01-Apr-11	Decor Invest Hldgs	* Buy	6194	n.a	32.03	33.62
Passion Hldgs Ltd	01-Apr-11	Decorative Arts Hldgs	Buy	6194	n.a	32.03	33.62
Financial One Corp	01-Apr-11	Martin Currie Hldgs Ltd	* Buy	6770	n.a	8.17	9.02
Isetan (Singapore) Ltd	01-Apr-11	Mitsukoshi Ltd	Buy	21750	n.a	0	52.73
Ezion Hldgs Ltd	01-Apr-11	Havenport Asset Mgt	* Buy	27949	n.a	2.8	6.72
Ezion Hldgs Ltd	01-Apr-11	Tern Yuh Sheng Joseph	* Buy	27949	n.a	2.8	6.72
Ezion Hldgs Ltd	01-Apr-11	Tan Keng Sin Patrick	* Buy	27949	n.a	2.8	6.72
City Developments	31-Mar-11	Credit Suisse Grp AG	* Buy	304	n.a	17.99	18.03
Carriernet Global Ltd	31-Mar-11	Chan Sing En	Buy	500	0.01	0.6	0.58
New Wave Hldg Ltd	31-Mar-11	Chea Chia Chan	Buy	500	n.a	0	0.03
New Wave Hldg Ltd	31-Mar-11	Jonathan Teo Cher H	Buy	500	n.a	0	0.03
New Wave Hldg Ltd	31-Mar-11	Tan Bon Tan	Buy	500	n.a	0.01	0.05
New Wave Hldg Ltd	31-Mar-11	Chan Teck Wah	Buy	500	n.a	0.06	0.1
CPH Ltd	31-Mar-11	Chong Cheng Whatt	Buy	500	n.a	0	0.05
Nobel Design Hldgs	31-Mar-11	Kho Chuan Thye P	Buy	689	n.a	6.17	6.58
Leeden Ltd	31-Mar-11	Tham Weng Cheong S	Buy	1042	0.4	5.96	6.55
Fortune Reit	31-Mar-11	The Real Return Grp	Buy	3386	3.86	4.9	5.1
Noble Grp Ltd	31-Mar-11	Ricardo Leiman	* Buy	3700	n.a	0.03	0.09
China Kangda Food	31-Mar-11	Zensho Co Ltd	Buy	4572	n.a	8.13	9.19

Source: The Business Times

ST: Shares transfer, IP: Investment purposes, PL: Placement, ST: Shares transfer, IP: Investment purposes, PL: Placement, B/R: Bonus/ Rights, OE: Options Exercise, SA: Share Allotment, \*: Deemed Interests

# Insider Transactions

Updated: 09/04/2011

Stock	Transacted Date	Substantial Shareholder/Director	Buy/Sell/Conv	No of Shs ('000)	Price Per Share \$	Shareholding		
						% Before Change	% After Change	
<b>Sell</b>								
Reyoung Pharm Hldgs	06-Apr-11	Honco Union Inc	*	Sell	10852	n.a	69.27	65.81
Reyoung Pharm Hldgs	06-Apr-11	R&Y Hldgs Ltd		Sell	10852	n.a	69.27	65.81
M Development Ltd	05-Apr-11	Tan Geok Hon		Sell	24010	0.03	8.88	0
Reyoung Pharm Hldgs	04-Apr-11	Honco Union Inc	*	Sell	8250	n.a	68.37	65.74
Reyoung Pharm Hldgs	04-Apr-11	R&Y Hldgs Ltd		Sell	8250	n.a	68.37	65.74
Creative Master Bermuda	04-Apr-11	Anto Anwar	*	Sell	10000	n.a	6.7	2.8
Creative Master Bermuda	04-Apr-11	Winchester Invest Hldgs		Sell	10000	n.a	6.7	2.8
CPH Ltd	01-Apr-11	Choo Tung Kheng	*	Sell	1000	n.a	19.58	19.49
Eucon Hldg Ltd	01-Apr-11	Huang Chuang Shueh-Ou	*	Sell	2720	n.a	7.05	6.57
Eucon Hldg Ltd	01-Apr-11	Huang Shih-An	*	Sell	2720	n.a	6.71	6.24
Eucon Hldg Ltd	01-Apr-11	Europtronic Grp Ltd	*	Sell	2720	n.a	5.37	4.9
Eucon Hldg Ltd	01-Apr-11	Europtronic Investment		Sell	2720	n.a	5.37	4.9
Fortune Reit	01-Apr-11	Schroder Invest Mgt Grp	*	Sell	5051	n.a	10.2	9.9
CPH Ltd	31-Mar-11	Tan Ming		Sell	1000	n.a	12.44	12.35
Hotung Invest Hldgs	31-Mar-11	Overseas Asset Mgt (Cayman)	*	Sell	2157	n.a	7.13	6.93
New Wave Hldg Ltd	31-Mar-11	Tan Ming		Sell	3100	n.a	12.36	12.15
New Wave Hldg Ltd	31-Mar-11	Choo Tung Kheng	*	Sell	3100	n.a	24.46	24.25
New Wave Hldg Ltd	31-Mar-11	Koh Swee Leng		Sell	20000	n.a	5.93	4.55
Thakral Corp Ltd	31-Mar-11	Bikramjit Singh Thakral	*	Sell	65000	n.a	17.21	14.72
Thakral Corp Ltd	31-Mar-11	Prime Trade Enterprises		Sell	65000	n.a	17.21	14.72
MAP Tech Hldgs	31-Mar-11	Ferrel Premier Fund		Sell	132050	n.a	7.11	0
MAP Tech Hldgs	31-Mar-11	Bernard Oppetit	*	Sell	150500	n.a	8.34	0.24
MAP Tech Hldgs	31-Mar-11	Centaurus Global Hldg	*	Sell	150500	n.a	8.34	0.24
MAP Tech Hldgs	31-Mar-11	Centaurus Capital Ltd	*	Sell	150500	n.a	8.34	0.24
MAP Tech Hldgs	31-Mar-11	Centaurus Capital LP	*	Sell	150500	n.a	8.34	0.24
MAP Tech Hldgs	31-Mar-11	Jeanna Chan Meow Khing	*	Sell	170107	n.a	9.16	0
MAP Tech Hldgs	31-Mar-11	David Lee Kuo Chuen	*	Sell	188632	n.a	10.15	0
<b>Others</b>								
China New Town Devt	06-Apr-11	Mao Yiping		OE	495	n.a	0.02	0.03
China New Town Devt	06-Apr-11	Gu Biya		OE	600	n.a	0.02	0.03
China New Town Devt	06-Apr-11	Yang Yonggang		OE	1020	n.a	0.03	0.06
China New Town Devt	06-Apr-11	Li Yao Min		OE	1185	n.a	0.04	0.07
China New Town Devt	06-Apr-11	Yue Wai Leung Stan		OE	1185	n.a	0.02	0.05
Aspial Corp Ltd	04-Apr-11	Ko Lee Meng		B/R	1491	n.a	1.48	1.78
Aspial Corp Ltd	04-Apr-11	Koh Lee Hwee		B/R	1548	n.a	1.54	1.85
Aspial Corp Ltd	04-Apr-11	Tan Su Lan		B/R	3299	n.a	3.28	3.94
Aspial Corp Ltd	04-Apr-11	Koh Wee Seng		B/R	11057	n.a	11	13.2
Aspial Corp Ltd	04-Apr-11	MLHS Hldgs Pte Ltd		B/R	50129	n.a	49.87	59.84
LMA Intl N.V	01-Apr-11	Trevor Swete		ST	9250	n.a	3.81	2.05
Isetan (Singapore) Ltd	01-Apr-11	Isetan Co Ltd		ST	21750	n.a	52.73	0
Swiber Hldgs Ltd	31-Mar-11	Goh Kim Teck		ST	4000	n.a	5.99	5.2
Biosensors Intl Grp	31-Mar-11	Atlantis Invest Mgt (HK)	*	PL	108162	0.93	0	8.11
Biosensors Intl Grp	31-Mar-11	Ever Union Cap Ltd		PL	108162	0.93	0	8.11

Source: The Business Times

ST: Shares transfer, IP: Investment purposes, PL: Placement, ST: Shares transfer, IP: Investment purposes, PL: Placement, B/R: Bonus/ Rights, OE: Options Exercise, SA: Share Allotment, \*: Deemed Interest

# Important Dates

## April 2011

SUN	MON	TUE	WED	THU	FRI	SAT
					1	2
3	4	5	6	7 Mar 11 Intl Reserves	8	9
10	11	12	13 Results: 2Q11 - SPH	14 1Q11 Adv GDP Est* Results: 2Q11 - EOC	15 Feb 11 Retail Sales	16
17	18 Mar 11 Trade Performance Results: 1Q11 - Qian Hu	19 Results: 3Q11 - SGX	20	21	22	23
24	25 Mar 11 CPI 1Q11 Real Estate Info	26 Mar 11 Industrial Production Index Results: 1Q11 - OSIM, Hobe	27 Results: 4Q11 - Flextronics	28 Results: 1Q11- JCNC, Tuan Sing	29 Mar 11 Employment & Unemployment Mar 11 Mfg Production Index 2Q11 Business Expectations Mar11 Central Govt Ops	30

Source: Company, Bloomberg, SGX

\* Not later than

## May 2011

SUN	MON	TUE	WED	THU	FRI	SAT
1	2	3	4	5	6	7
8	9 1Q11 Intl Reserves	10	11	12	13 Mar 11 Retail Sales	14
15	16 Apr11 Merc Trade	17	18 1Q11 Central Gov Debt	19	20 1Q11 Wholesale Trade Index	21
22	23 Apr11 CPI	24	25	26 Apr 11 Industrial Production Index	27 1Q11 GDP* 1Q11 BOP* Apr 11 Producer Price Index 1Q11 Biz Receipts	28
29	30	31 1Q11 Avg Nominal Earnings Apr11 Central Govt Ops				

Source: Company, Bloomberg, SGX

\* Not later than

# Corporate Actions

Updated: 11/04/2011

Company Name	Particulars	Expiry Date	Record Date	Date Paid/ Payable
CIMB FTSE ASEAN40 100	DIVIDEND:USD 0.158	11-Apr-11	13-Apr-11	25-Apr-11
CIMB FTSE ASEAN40 100	DIVIDEND:USD 0.102 TAX EXEMPT	11-Apr-11	13-Apr-11	25-Apr-11
M1 LIMITED	DIVIDEND:SGD 0.035 ONE-TIER TAX	11-Apr-11	13-Apr-11	26-Apr-11
M1 LIMITED	DIVIDEND:SGD 0.077 ONE-TIER TAX	11-Apr-11	13-Apr-11	26-Apr-11
EASTGATE TECHNOLOGY LTD	ENTITL.:SHARE CONSO OFFER OF 1 FOR 100	12-Apr-11	14-Apr-11	
EASTGATE TECHNOLOGY W110911	ENTITL.:WARRANTS CONSO OFFER OF 1 FOR 100	12-Apr-11	14-Apr-11	
EASTGATE TECHNOLOGY W120514	ENTITL.:WARRANTS CONSO OFFER OF 1 FOR 100	12-Apr-11	14-Apr-11	
JTC S\$200M4.826%N121024	INTEREST:241010 - 230411 4.826%	13-Apr-11	15-Apr-11	25-Apr-11
CHINA JISHAN HOLDINGS LIMITED	DIVIDEND:SGD 0.0065 ONE-TIER TAX	14-Apr-11	18-Apr-11	29-Apr-11
CHINA TELECOM ADR 10	DIVIDEND:USD 0.980668	14-Apr-11	18-Apr-11	11-Jul-11
FRAGRANCE GROUP LIMITED	DIVIDEND:SGD 0.005 ONE-TIER TAX	14-Apr-11	18-Apr-11	28-Apr-11
SINGAPORE MEDICAL GROUP LTD	DIVIDEND:SGD 0.0082 ONE-TIER TAX	14-Apr-11	18-Apr-11	28-Apr-11
STRAITS TRADING CO. LTD	DIVIDEND:SGD 0.02 ONE-TIER TAX	14-Apr-11	18-Apr-11	4-May-11
YANZHOU COAL MINING ADR 10	DIVIDEND:USD 0.809303	14-Apr-11	18-Apr-11	
NEPTUNE ORIENT LINES LIMITED	DIVIDEND:SGD 0.046 ONE-TIER TAX	15-Apr-11	19-Apr-11	5-May-11
HUANENG POWER INTL ADR 10	DIVIDEND:USD 1.07736	18-Apr-11	20-Apr-11	
CEI CONTRACT MANUFACTURING LTD	DIVIDEND:SGD 0.00166 ONE-TIER TAX	19-Apr-11	21-Apr-11	9-May-11
CEI CONTRACT MANUFACTURING LTD	DIVIDEND:SGD 0.007 ONE-TIER TAX	19-Apr-11	21-Apr-11	9-May-11
OVERSEA-CHINESE BANKING CORP	DIVIDEND:SCRIPDIVSCHEME SGD 0.15 ONE-TIER TAX	19-Apr-11	21-Apr-11	13-Jun-11
STARHUB LTD	DIVIDEND:SGD 0.05 ONE-TIER TAX	19-Apr-11	21-Apr-11	6-May-11
MEIBAN GROUP LTD	DIVIDEND:SGD 0.01 ONE-TIER TAX	20-Apr-11	25-Apr-11	6-May-11
MEIBAN GROUP LTD	DIVIDEND:SGD 0.01 ONE-TIER TAX	20-Apr-11	25-Apr-11	6-May-11
MINDRAY MEDICAL INTL ADR 10	DIVIDEND:USD 0.26	20-Apr-11	25-Apr-11	
ROKKO HOLDINGS LTD.	DIVIDEND:SGD 0.005 ONE-TIER TAX	20-Apr-11	25-Apr-11	6-May-11
HIAP HOE LIMITED	DIVIDEND:SGD 0.0025 ONE-TIER TAX	21-Apr-11	26-Apr-11	11-May-11
KEPPEL TELE & TRAN	DIVIDEND:SGD 0.035 ONE-TIER TAX	21-Apr-11	26-Apr-11	6-May-11
AZTECH GROUP LTD.	DIVIDEND:SGD 0.003 ONE-TIER TAX	25-Apr-11	27-Apr-11	12-May-11
ROTARY ENGINEERING LIMITED	DIVIDEND:SGD 0.038 ONE-TIER TAX	25-Apr-11	27-Apr-11	12-May-11
SINGAPORE TECH ENGINEERING LTD	DIVIDEND:SGD 0.04 ONE-TIER TAX	25-Apr-11	27-Apr-11	19-May-11
SINGAPORE TECH ENGINEERING LTD	DIVIDEND:SGD 0.0755 ONE-TIER TAX	25-Apr-11	27-Apr-11	19-May-11
CHINA ANIMAL HEALTHCARE LTD.	DIVIDEND:CNY 0.022	26-Apr-11	28-Apr-11	20-May-11
COLEX HOLDINGS LIMITED	DIVIDEND:SGD 0.003 ONE-TIER TAX	26-Apr-11	28-Apr-11	13-May-11
KEPPEL CORPORATION LIMITED	BONUS:OFFER OF 1 FOR 10	26-Apr-11	28-Apr-11	
KEPPEL CORPORATION LIMITED	DIVIDEND:SGD 0.26 ONE-TIER TAX	26-Apr-11	28-Apr-11	10-May-11
KEPPEL LAND LIMITED	DIVIDEND:DIV REINV SCH SGD 0.09 ONE-TIER TAX	26-Apr-11	28-Apr-11	20-Jun-11
KEPPEL LAND LIMITED	DIVIDEND:DIV REINV SCH SGD 0.09 ONE-TIER TAX	26-Apr-11	28-Apr-11	20-Jun-11
NERATELECOMMUNICATIONS LTD	DIVIDEND:SGD 0.04 ONE-TIER TAX	26-Apr-11	28-Apr-11	12-May-11
NORDIC GROUP LIMITED	DIVIDEND:SGD 0.0053 ONE-TIER TAX	26-Apr-11	28-Apr-11	16-May-11
PAN-UNITED CORPORATION LTD	DIVIDEND:SGD 0.015 ONE-TIER TAX	26-Apr-11	28-Apr-11	11-May-11
SEMBCORP INDUSTRIES LTD	DIVIDEND:SGD 0.15 ONE-TIER TAX	26-Apr-11	28-Apr-11	13-May-11
SEMBCORP INDUSTRIES LTD	DIVIDEND:FINAL SGD 0.02 ONE-TIER TAX	26-Apr-11	28-Apr-11	13-May-11
SEMBCORP MARINE LTD	DIVIDEND:SGD 0.06 ONE-TIER TAX	26-Apr-11	28-Apr-11	11-May-11
SEMBCORP MARINE LTD	DIVIDEND:SGD 0.25 ONE-TIER TAX	26-Apr-11	28-Apr-11	11-May-11
TOTAL ACCESS COMM PUB CO LTD	DIVIDEND:THB 3.21 LESS TAX	26-Apr-11	28-Apr-11	19-May-11
BENG KUANG MARINE LIMITED	DIVIDEND:SGD 0.0015 ONE-TIER TAX	27-Apr-11	29-Apr-11	12-May-11
DESIGN STUDIO FURNITURE MFRLTD	DIVIDEND:SGD 0.0125 ONE-TIER TAX	27-Apr-11	29-Apr-11	20-May-11
DYNAMIC COLOURS LIMITED	DIVIDEND:SGD 0.005 ONE-TIER TAX	27-Apr-11	29-Apr-11	18-May-11
ECS HOLDINGS LIMITED	DIVIDEND:SGD 0.036 ONE-TIER TAX	27-Apr-11	29-Apr-11	20-May-11
HERSING CORPORATION LTD	DIVIDEND:SGD 0.01 ONE-TIER TAX	27-Apr-11	29-Apr-11	18-May-11
MUN SIONG ENGINEERING LIMITED	DIVIDEND:SGD 0.01 ONE-TIER TAX	27-Apr-11	29-Apr-11	16-May-11
SBI OFFSHORE LIMITED	DIVIDEND:SGD 0.002 ONE-TIER TAX	27-Apr-11	29-Apr-11	18-May-11
TAN CHONG INT'L LTD	DIVIDEND:HKD 0.05	27-Apr-11	29-Apr-11	18-May-11
TREK 2000 INT'L LTD	DIVIDEND:SGD 0.01 ONE-TIER TAX	27-Apr-11	29-Apr-11	20-May-11

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**HOLD:** The stock's total return is expected to range between +15% and -15% over the next three months.

**SELL:** The stock's total return is expected to be -15% or worse over the next three months.

### SECTOR RECOMMENDATIONS

**OVERWEIGHT:** The industry, as defined by the analyst's coverage universe, has a high number of stocks that are expected to have total returns of +15% or better over the next three months.

**NEUTRAL:** The industry, as defined by the analyst's coverage universe, has either (i) an equal number of stocks that are expected to have total returns of +15% (or better) or -15% (or worse), or (ii) stocks that are predominantly expected to have total returns that will range from +15% to -15%; both over the next three months.

**UNDERWEIGHT:** The industry, as defined by the analyst's coverage universe, has a high number of stocks that are expected to have total returns of -15% or worse over the next three months.