

# Heading north a logical move for Sembcorp

## Opportunities there for its water and wastewater businesses

By **CHUANG PECK MING**  
SEMBCORP Industries Group has been in China for over a decade, steadily establishing beachheads and expanding in the Chinese markets. Naturally, pushing into north and north-east China is the next step as these regions step up their development.

"We have been building a wastewater treatment plant in the Tianjin Lingang industrial area with an initial capacity of 10,000 cubic metres per day," says Tang Kin Fei, group president of the Singapore-based multi-billion dollar utilities and marine company.

"This is expected to come onstream within the next quarter, and we plan to expand capacity in tandem with the growth in customer demand."

In Shenyang in

north-east China, Sembcorp has entered into a joint venture to acquire, expand, own and operate an industrial water distribution network. The project is sited in the Shenyang Chemical Industrial Park in the Shenyang Economic and Technological Development Zone in Liaoning Province.

"We have also recently signed a Heads of Agreement for an equity joint venture to acquire, expand and own and operate three water works facilities, as well as a water intake system and distribution network within the Shenyang Economic & Technological Development Zone," Mr Tang says.

Tianjin and Shenyang are Sembcorp's latest "beachheads" in China, which is one of the four regional hubs the company has identified to grow its businesses. The others are Shanghai, Nanjing, Zhangjiagang and Wuxi. Sembcorp's next targets are Qinzhou and Guangxi in southern China.



**Mr Tang:** Wastewater treatment plant in Tianjin Lingang area set to come onstream next quarter

"With growing industrialisation and greater environmental awareness, we see strong growth opportunities for our water and wastewater business in (Tina)," Mr Tang says. "In particular, there is a growing demand for our industrial water and wastewater expertise, as well as water re-

cycling expertise. There is also increased interest in our expertise to treat high concentrated wastewater from industries."

He notes that the Chinese government recently announced its focus on revitalising north and north-east China. "In line with this, new chemical industrial parks are being developed in the area," he says. "In addition, north and north-east China are water-stressed regions which have a compelling need for effective and reliable water supply, treatment and recycling solutions. These factors strengthen the opportunities there for Sembcorp's water and wastewater businesses."

Sembcorp's first move in China was an investment in the country's largest co-generation plant in the Shanghai Chemical Industrial Park. "We saw in this an opportunity to grow our portfolio in energy as well as a chance to replicate our centralised utilities business model in the industrial site," Mr Tang recalls. "De-

spite initial challenges, the fundamentals of this project still remain very sound and our partnership with leading China industrial players has helped increase Sembcorp's standing in China."

Apart from China and Singapore, Sembcorp also provides centralised utilities, energy, water services and wastewater treatment to key sites and customers in the United Kingdom, Vietnam and the Middle East. The company is also a global leader in marine and offshore engineering as well as a provider of environmental and industrial park management services in Asia.

Boasting assets of over \$9 billion and a workforce of more than 7,000, Sembcorp turned in profits of \$525 million on sales of \$8.6 billion last year. Over half of the profits were derived from overseas operations. "This signals to us that our strategy of growing beachheads in overseas markets is paying off," Mr Tang says.

# EtonHouse takes its success to Liaoning

By **CHUANG PECK MING**

SINGAPORE-BASED EtonHouse International only stepped into north-east China last month, with plans to set up an international pre-school with a Singapore partner.

But the provider of educational services is not a newcomer to China. It first set foot in the country in 2003, when it first ventured out of Singapore.

After five years and opening seven schools in China, EtonHouse has built "a strong foothold" there, says the company's founder and managing director Ng Gim Choo.

Indeed, according to her, EtonHouse — which operates 17 schools in Singapore, China and Indonesia — has become such an established name for world-class international education that Chinese officials have welcomed the company and used its schools to attract foreign investments.

"In some cases this involves the provinces actually building the school premises for our use," Mrs Ng says.

The latest move into north-east China, in Liaoning province, is EtonHouse's attempt to build on its early success — and the strong partnership it has forged in the country, according to her.

"The school will be located in the Singapore City @ Shenyang that will replicate the Singapore experience in terms of lifestyle, buildings and facilities," Mrs Ng says. "Shenyang is an important industrial centre in China and the transportation and commercial centre of China's north-eastern region."

The nearly \$1 million school project in Shenyang will be a joint venture between EtonHouse and Singapore Exchange-listed con-



**Mrs Ng:** The demand for quality schools is so high that we are only limited by our own bandwidth

struction company Brothers Holdings, with EtonHouse holding a 70 per cent stake and Brothers 30 per cent.

"Brothers have strong relationships and contacts in Liaoning province," Mrs Ng says. "We hope this project with Brothers will lead to further business opportunities in the province, especially in Shenyang which is the provincial capital of Liaoning."

The school, housed in a three-storey building with state-of-the-art facilities, will have room for 280 students. While EtonHouse will have a say in the curriculum and education, Brothers will provide support on administration.

"We also have some other projects in the pipeline that will address the need for quality education in north China," Mrs Ng says. "However, these are in the early stages of discussion and it's a little too premature to talk about them."

EtonHouse's plan is to expand and gain a strong foothold in the region which Mrs Ng says is "an

under-served sector and there is a demand and supply gap that needs to be addressed in international education".

China is not only EtonHouse's first overseas market, but also its biggest market outside Singapore. Together with Indonesia, the overseas markets account for a quarter of EtonHouse's annual turnover of \$30 million.

"But considering the rapid expansion plans we have set in motion, this percentage will increase exponentially in the next 3-5 years," Mrs Ng says.

In China, locals have also joined expatriates in demanding international education for their children, according to her.

"In fact, the demand for quality international schools is so high that we are only limited by our own bandwidth," Mrs Ng says. "We just started pre-schools for local Chinese in Chengdu and the overwhelming response to this demonstrates the pent-up demand for such schools."

While EtonHouse is not an upstart in the Chinese market, "the cultural differences, societal nuances and expectations" in China are still challenging for the company to tackle, according to Mrs Ng.

"It is also challenging to attract the right international staff for our schools since China offers a totally different life from what they are used to," she says.

"We involve recruitment specialists to identify the right staff who are open to multi-cultural experience. We also have a well thought out induction policy that involves mentoring and inculcating language skills wherein we help settle our international staff so that they are comfortable with their lifestyle in a different

# Excel Marco hopes to make it big in China

By **CHUANG PECK MING**

EXCEL Marco has taken the first step towards a presence in China. And the Singapore-based company is hopeful of clinching "significant" projects there this year that will provide a launch pad for the future.

"With the size of the potential market, we are confident China will contribute tremendously to our business in the near future," says the company's assistant manager for marketing and administration Michelle Ong.

China is Excel's second stop after the Middle East, where it ventured just two years ago.

In the Middle East, it supplied instrumentation, control and communications packages for two jack-up rigs built by a United Arab Emirates (UAE) company and is setting up a branch office in Abu Dhabi.

In China, it is offering process automation and safety systems to the oil and gas industry and has opened a representative office in Shanghai.

"The Abu Dhabi office will market our services and support on-going projects in the Middle East," says Ms Ong. "Within a year, we expect to venture into upstream (offshore) projects in the region."

"In China, we are chasing marine and offshore projects, especially in the north-east in places like Dalian and Yantai, including Nantong."

Almost half of Excel's

business comes from overseas, and this is expected to grow to more than half by year-end.

The UAE is the company's biggest overseas market, but Excel hopes to make it big in China too.

"These are high-demand growth areas, with more yards moving from marine to offshore," says Ms Ong. "The UAE has capital, while China is able to attract capital and major market players."

The marine and offshore markets in north and north-east China are not to be missed out on, she says. "We set up our representative office in 2007 in Shanghai just for them."

Excel anticipates stiff competition in China — as it faces in the Middle East — but says coping with this is part of the education of venturing abroad.

"There is always fierce

competition," says Ms Ong. "We are on a steep learning curve, but getting better every day. We are confident of winning significant projects this year."

Excel's strategy is not only to be cost-competitive but also to provide high value-added services and strong customer support.

"We aspire to develop partnerships rather than vendor-client relationships," says Ms Ong. "Win-win as they say."

Because China is such a huge market, Excel plans to take a niche approach and is eyeing a few selected shipyards, she says.

"We will be focusing on the Jiang Su Nantong area where new players are setting up or relocating yards. And when the time is ripe, we will also set up an engineering, design and system assembly centre of excellence locally."

# China a key contributor to Keppel Land's profits

## Its main focus there is on building premier residential properties and townships

By **CHUANG PECK MING**

OVERSEAS operations account for about half of Keppel Land's profits — and China is the main contributor.

The property arm of Singapore-based Keppel Group, Keppel Land, first ventured into China in the 1990s as part of its regionalisation drive which also covered Vietnam and Indonesia. There, it has focused on developing premier residential properties, townships and waterfront lifestyle projects. Evergo, Keppel's China-focused subsidiary, has a land bank of 4.5 million square metres in Chinese second-tier cities.

"At present, we have more than 60,000 residential and township homes spread across Asia," a Keppel spokeswoman says. "Our current focus is on the key regional economies of China, Vietnam, India and Indonesia as we believe these markets have substantial growth potential, with sustain-

able demand for quality housing underpinned by strong economic fundamentals, urbanisation and favourable demographic trends."

Keppel Land, which posted sales turnover of \$459 million in the first half of this year, has operations in the northern Chinese cities of Beijing, Tianjin and Shenyang.

"We entered these markets in 2002, 2005 and 2007 respectively," the spokeswoman says. "Beijing is the capital of China and a key gateway city. We began our northern operations here to bring the Keppel hallmark of quality and innovation to the Beijing market."

She notes that Tianjin, China's third largest city, is one of the four autonomous municipalities along with Beijing, Shanghai and Chongqing. "Under China's national strategic development plan, Tianjin is poised to become the centre of the Huan Bohai Economic Rim and serve as the next engine of growth."

Shenyang, the capital city of Liaoning Province, is an important economic, industrial, commerce and transportation centre in north-east China. "As

the Chinese government implements its plan to revitalise the north-east, the fast track economic and income growth in Shenyang will continue to spur housing demand," the spokeswoman says.

She says the city offers a good market not just because of its healthy economic growth, but also its business-friendly environment. "More importantly, we believe we have a competitive edge in this market."

The Chinese market is challenging — and it requires some good local insights and understanding, especially for north China, according to her.

"Relationships are also very important," she says. "A successful business deal here is highly dependent on good connections between transacting parties."

On Keppel's venture into Shenyang last year, the spokeswoman says: "We need to quickly understand it and incorporate requirements which are different from those in our current projects in Beijing, Shanghai, etc. We are doing so by localising our management and operational team with staff that are familiar with such extreme

cold weather environment as well as the unique local industry practices."

Being a newcomer, Keppel Land has to build up connections and experience from scratch. But the spokeswoman adds: "We are (also) leveraging on the good brand equity of Singapore and Keppel Group's network with the local government authorities and business community."

Keppel currently has a staff of about 50 on its payroll in Beijing, where the company has sold out 1,859 residential units in a housing project. It has around 40 employees in Tianjin where Sembcorp is developing its first 168-unit villa project. More than half of the units launched has been sold, according to the Keppel Land spokeswoman.

As for Shenyang, the company has begun assembling a core team. Its present staff is about 30-strong. "Piling work has just started last month and we are looking forward to clinching more projects in Shenyang," the spokeswoman says.

Keppel will continue to explore new opportunities in north China, especially in key cities and growth zones in the

Huan Bohai region, according to her. The company will focus on "city in-fill" and township developments.

Keppel is also gearing up for the Eco-City project in Tianjin. In November 2007, Singapore and China inked a framework agreement to build an Eco-City in Tianjin. The project covers 30 sq km within a designated resort and recreation zone in Tianjin Binhai New Area. The latest green technology and environmentally friendly systems in water recycling and waste treatment will be used in constructing Eco-City.

Upon completion in 10-15 years, Eco-City will be a showcase for sustainable development and a model for other Chinese cities striving to balance rapid economic growth and environmental protection.

"The Eco-City will be developed by consortia from Singapore and China, with Keppel Corporation playing a lead role," the spokeswoman says. "Keppel Land, as part of the Keppel Group, will be involved in the development of this Eco-City."

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