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FOR IMMEDIATE RELEASE

Tiong Seng's 1H2014 revenue grows 16.9% to S$325.1 million on robust construction activity

- **Net profit falls S$11.8 million to S$1.6 million, impacted by higher construction costs and one-time disposal gain in 1H2013**
- **Cash and cash equivalents of S$69.2 million to mitigate business uncertainties**
- **Order book of S$1.22 billion expected to be completed substantially by 2020**

S$'000	2Q2014	2Q2013	Change (%)	1H2014	1H2013	Change (%)
Revenue	155,127	131,585	17.9	325,134	278,094	16.9
Net profit attributable to equity holders	1,383	3,402	(59.3)	3,022	14,676	(79.4)
Earnings per share (cents) *	0.15	0.44	(65.9)	0.33	1.88	(82.4)

	As at 30 June 2014	As at 31 December 2013
Net asset value per share (cents)#	**27.88**	**34.55**
Cash & cash equivalents (S$'000)	**69,164**	**79,812**

**Based on 919,247,700 shares as at 2Q and 1H 2014, and, weighted average number of ordinary shares outstanding of 781,932,691 as at 2Q and 1H 2013.*
#Based on 919,247,700 shares as at 30 June 2014 and 766,039,750 shares as at 31 December 2013.

SINGAPORE –14 Aug 2014 – Mainboard-listed construction group and property developer, **Tiong Seng Holdings Limited (長成控股)** ("Tiong Seng", together with its subsidiaries, "the Group"), today reported a 16.9% year-on-year ("yoy") increase in revenue to S$325.1 million for the six months ended 30 June 2014 ("1H2014") mainly due to a S$70.9 million increase in revenue from construction contracts.

On the construction business, **Mr. Pek Lian Guan (白連源), CEO of Tiong Seng Holdings Limited** remarked, "Our mainstay construction business remains the key growth driver for the Group, marking a strong testament to our construction and precast capabilities. In order to tackle the various challenges affecting the construction industry, we aim to consistently stay at the forefront of construction technology to improve productivity. While our necessary investment into various technologies has increased our cost structure over the short term, we expect cost benefits and competitive advantages to accrue over the mid to long term."

Despite the growth in revenue, net profit for 1H2014 decreased 87.9% yoy to S$1.6 million from S$13.4 million. This was mainly due to higher construction costs and a one-time disposal gain in 1H2013. The Group's profit from operating activities decreased by 61.1% to S$3.7 million in 1H2014, excluding a one-off gain of S$8.1 million in 1H2013.

Financial Review

Major Business Segments	Revenue & profit/loss breakdown (S$'000)	2Q2014	2Q2013	Change (%)	1H2014	1H2013	Change (%)
Construction contracts	Revenue	151,663	103,668	46.3	318,661	247,717	28.6
	Profit/(loss)	2,387	7,678	(68.9)	9,705	15,731	(38.3)
Sale of development properties	Revenue	1,629	25,095	(93.5)	2,917	25,410	(88.5)
	Profit/(loss)	(1,163)	(1,494)	(22.2)	(3,896)	(2,816)	(38.4)
Sale of goods	Revenue	1,544	2,525	(38.9)	2,952	4,368	(32.4)
	Profit/(loss)	(446)	(132)	(>100)	(961)	(511)	(88.0)

The Group's **construction contracts** contributed to 98.0% of 1H2014 revenue with a 28.6% increase yoy to S$318.7 million. The rise in revenue was due to a net increase in work done for new and on-going projects.

The revenue from sales of **development properties** in 1H2014 amounted to S$2.9 million. The main contribution came from sale recognition of 8 units (1,325 sqm) and 13 units (1,566 sqm) of Phase II and IV from Sunny International Project respectively. As at 30 June 2014, approximately S$83.2 million of gross development value were sold, but yet to be recognised as revenue in accordance to the Group's revenue recognition policy. These projects include: 193 units, totaling 19,016 sqm of Sunny International, 100 units, totaling 22,914 sqm, of Equinox, 33 units, totaling 4,009 sqm, of the Tranquility Residences, 3 units, totaling 183 sqm, of Wenchang Baihui and one unit totaling 141 sqm of Tianmen Jinwan.

The Group's revenue from **sales of goods** decreased by S$1.4 million to S$3.0 million in 1H2014 due to a decrease in sales volume.

The cash and cash equivalents held by the Group stood at S$69.2 million as at 30 June 2014. The Group recorded a net cash outflow from operating activities of S$9.8 million, an increase of S$5.8 million compared to 1H2013. This was largely attributable to an increase in development properties due to additional property development costs.

For the same period, the Group recorded a net cash outflow from investing activities of S$4.2 million, compared to the net cash inflow of S$7.7 million in 1H2013. This was mainly due to the purchase of property, plant and equipment worth S$7.9 million in 1H2014 and the absence of proceeds from sales of investment properties of S$8.5 million in 1H2013.

The Group recorded a net cash inflow from financing activities of S$21.2 million, reversing a net cash outflow of S$25.6 million in 1H2013. This was due to cash inflow from proceeds of rights issue, reduction in deposits pledged and net receipts from loans and borrowings.

Overall, the Group achieved earnings per share of 0.33 Singapore cents (based on the share capital of 919,247,700 shares and net of non-controlling interests) in 1H2014. As at 30 June 2014, the Group's net asset value per share was 27.88 Singapore cents.

Outlook

<u>Construction</u>

Ministry of Trade and Industry Singapore released advanced estimates on 14 July 2014 stating that the Singapore economy has grown 2.1% on a yoy basis in the second quarter of 2014, as compared to 4.7% in 2Q2013. The construction sector grew by 5.0% on a yoy basis, compared to 6.4% in the preceding quarter largely due to a slowdown in private sector construction activities.

As the construction sector remains affected by high labour costs and restrictions on foreign labour, Tiong Seng continues to focus its efforts on productivity. On 11 June 2014, Tiong Seng entered into a S$14.5 million, 44:51:5 Joint Venture Agreement ("JVA") with Geostr Corporation ("Geostr") and Marubeni-Itochu Steel Pte Ltd ("Marubeni") to produce and distribute precast tunnel segments for the Singapore and Malaysia markets. The joint venture company's manufacturing facility will be set up on Robin Village's existing precast plant in Iskandar, Malaysia.

This joint venture aims to not only expand Tiong Seng's precast capabilities, but to also tap on Singapore's Ministry of Transport's plan to expand the MRT network. The Ministry of Transport expects to double the length of Singapore's rail network to 278 km from 138 km in 2008 at a cost of S$60 billion over the next decade[1]. The proposed expansion of the MRT network will boost the construction industry over the next five years, including support industries such as the precast tunnel segment.

In May 2014, the Group was also awarded a S$316 million joint venture contract by the Land Transport Authority for the construction of Great World Station and tunnels for the Thomson Line. Order book as at 30 June 2014 stands at S$1.22 billion, expected to extend till 2020.

Property Development in the PRC

Moody's Investor Service[2] revised its outlook in May 2014 for China's property industry from stable to negative following expectations of a slowdown in residential property sales growth, high inventory levels and lower liquidity over the next 12 months. The research house expects the sector to grow 0 - 5% yoy, significantly lower than the 26.6% yoy increase in contracted sales in FY2013. However property developers with relatively good liquidity and access to funding will be less affected by the industry contraction.

Mr. Pek added, "As we continue to face regulatory and economic challenges to our property development segment in China, we have put in place prudent cost management strategies to reduce the negative financial impact. In view of the urbanization trend and overall increase in disposable income, we expect the challenges to ride out from a mid to long term perspective. As such, we remain positive but cautious going forward."

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[1]Ministry of Transport; Expansion of Rail Network(http://app.mot.gov.sg/Land_Transport/Making_Public_Transport_a_Choice_Mode/Rail.aspx)
[2]"Moody's revises outlook for China property sector to negative", Moody's Investors Services, 21 May 2014

About Tiong Seng Holdings

Tiong Seng is principally engaged in building construction and civil engineering in Singapore, and property development in the PRC.

With an established track record of over 50 years, Tiong Seng is one of the leading building construction and civil engineering contractors in Singapore. It holds the highest grading of A1 from the Building Construction Authority of Singapore (BCA) for both general building and civil engineering, which qualifies the Group to undertake public sector construction projects with unlimited contract value.

Tiong Seng's property development business focuses on developing residential and commercial projects in various second- and third-tier cities in the PRC. The Group has successfully developed properties in Tianjin, Suzhou and Yangzhou and it currently has four on-going projects in the Bohai Economic Rim, which is one of the main economic zones in the PRC.

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