

USE OF RIGHTS PROCEEDS AND CHANGE IN USE

The Board of Directors (“**Board**”) of Tiong Seng Holdings Limited (“**Tiong Seng**” or the “**Company**” and together with its subsidiaries, the “**Group**”) refers to the Company’s Offer Information Statement (“**OIS**”) dated 9 December 2013 issued in connection with the Company’s rights issue in Singapore and the Company’s results announcement for third quarter of 2014 dated 6 November 2014.

The net proceeds from the rights issue were approximately S\$27.4 million, of which approximately S\$26.1 million remains unutilised as of 6 November 2014, as summarised below:

Use of proceeds	Intended amount to be used (S\$’000)	Amount utilised (S\$’000)	Balance (S\$’ million)
Expansion of the Group’s property development & pre-casting businesses	13,000	880	12,120
Repayment of loans	14,000	-	14,000
General working capital requirements	400	400	-
Total	27,400	1,280	26,120

The Board wishes to announce the following:

1. At the time of the rights issue, it was intended that part of the proceeds to be used to expand the Group’s property development & pre-casting businesses. However, due to the continuing lacklustre property market in the People’s Republic of China (“**PRC**”) and challenging business landscape in both the PRC and Singapore, our expansion plan has been stalled and the amount set aside for this purpose has not been utilised to the full extent.
2. In view of the current economic climate and uncertainty, our Board is of the view that it will be more cost efficient and prudent to re-deploy S\$10.14 million of the unused portion of the rights proceeds designated for the usage as mentioned in the preceding paragraph, towards the repayment of existing borrowings and to lower the Groups overall borrowing costs.
3. The Audit Committee of the Company has considered the impact of this proposed change in the usage of proceeds on the Group’s business and is of the view that such a change would not have a detrimental effect and is in the best interest of the Group.
4. In accordance with the use of proceeds described in the OIS, the Company has utilised approximately S\$14.0 million to repay the loan owed to the Northern International Trust & Investment Co., Ltd.

5. The Company will continue to make further announcements via SGXNET as and when the remaining net proceeds of S\$1.98 million from the Company's rights issue are materially disbursed.

BY ORDER OF THE BOARD
TIONG SENG HOLDINGS LIMITED

Pek Lian Guan
Executive Director and CEO
17 December 2014