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FOR IMMEDIATE RELEASE

Tiong Seng's FY2013 revenue jumps 28.1% to S$654.9 million, driven by strong contributions from construction contracts and sales of development properties

- **FY2013 net profit of S$8.9 million (FY2012: S$26.4 million), impacted by lower joint venture contribution and one-off tax items**
- **Suite of industry-leading construction technologies key to securing robust order book of S$1.1 billion, stretching to 2017**
- **Backed by strong net operating cash of S$79.8 million, Board of Directors recommends final dividend per share of 0.6 Singapore cent to reward shareholders**

S$'000	FY2013	FY2012	Change (%)
Revenue	654,915	511,427	28.1
Net profit attributable to equity holders	9,321	25,740	(63.8)
Earnings per share (cents) *	1.22	3.36	(63.8)

	As at 31 December 2013	As at 31 December 2012
Net asset value per share (cents) *	**34.55**	**28.90**
Cash & cash equivalents (S$'000)	**79,812**	**66,378**

**Based on 766,039,750 shares, net of non-controlling interests.*

SINGAPORE –**28 February 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 28.1% year-on-year ("yoy") increase in revenue to S$654.9 million for the full year ended 31 December 2013 ("FY2013"), driven by increases in revenue from construction contracts and revenue from sale of development properties.

On the construction business, **Mr Pek Lian Guan (白連源), CEO of Tiong Seng Holdings Limited** remarked, "While we expect the operating environment for construction sector to remain challenging in the year ahead due to the tight labour conditions and rising costs, we continue to focus on our industry-leading construction technologies. The implementation of automation processes within the precast construction technology and advanced formwork not only reduces reliance on labour but also creates a sustainable working environment. This coincides with our relentless push for business excellence by introducing construction technologies that improve productivity and enhance quality standards.”

Despite the growth in revenue, the Group was subjected to one-off tax items totaling S11.4 million due to deferred, corporate taxes and land appreciation tax from recognition of revenue on sale of properties. Together with the increase in net finance expenses and resettlement-related costs for the property projects, net profit registered a 66.4% yoy decline to S$8.9 million in FY2013.

Mr Pek continued, **“**As we face short term challenges to our China’s property development business, we continue to manage our costs prudently and remain optimistic about this business segment on a longer term horizon as dictated by the trend of rising housing prices. In order to reward our shareholders, the Board of Directors recommends a final dividend per share of 0.6 Singapore cent, which equates to a payout ratio of 49%.”

Financial Review

Revenue breakdown (S$’000)	FY2013	FY2012	Change (%)
Construction contracts	576,145	496,412	16.1
Sale of development properties	68,720	3,318	>100
Sale of goods	8,939	10,312	(13.3)

The Group’s **construction contracts**, which contributes 88.0% to the revenue, continues to drive growth as it increases 16.2% yoy to S$576.6 million for FY2013. The gain in revenue was due to an increase in work done for new and on-going projects, being Waterway Terraces I & II, The Glyndebourne, The Archipelago, The Luxurie, Joo Koon Integrated Hub & Fairprice Distribution Centre, SIM HQ campus extension, Haus and Springside which resulted in an aggregated increase in revenue of approximately S$360.1 million as compared to the previous corresponding year. This increase was offset by the work done for projects, being The Wharf Residences, Volari, Hotel at Upper Pickering Street, NUS Staff Housing at Kent Vale, Hundred Trees and Tree House of approximately S$280.5 million. In accordance with the Group’s revenue recognition policy, work done amounting to S$13.0 million from newly commenced projects in Singapore have yet to be recognized as revenue as at 31 December 2013.

The **development properties** business contributed sales revenue of S$68.7 million in FY2013 from the sale recognition of 241 units totaling 36,215sqm and 293 units totaling 33,985 sqm in Sunny International Project, Phase II and IV respectively in Cangzhou. As at 31 December 2013, approximately S$59.8 million of gross development value comprising one unit, totaling 141sqm of Tianmen Jinwan Building, and 143 units, totaling 13,655sqm, of Sunny International project, 88 units, totaling 19,661sqm, of the Equinox and three units totaling 183sqm of Wenchang Broadway in Yangzhou were sold, but yet to be recognised as revenue in accordance to the Group's revenue recognition policy.

The Group's revenue from **sales of goods** decreased 13.3% yoy to S$8.9 million in FY2013 due to a decrease in sales volume for the period.

As at 31 December 2013, the cash and cash equivalents held by the Group stood at S$79.8 million. The Group recorded a net cash inflow from operating activities of S$6.4 million, marking an decrease of S$12.9 million compared to FY2012. This was largely attributable to a decrease in construction work-in-progress, increase in development properties due to recognition of additional PRC property development costs, and increase in trade and other payables in Singapore and PRC.

For the same period, the Group recorded a net cash outflow from investing activities of S$2.7 million, a decrease of S$44.8 million compared to the previous corresponding year. This was due to a reduction in purchase of of property, plant and equipment and an increase in repayment to related parties.

On the Group's financing activities, it registered a net cash outflow of S$4.3 million as at 31 December 2013, as compared to a net cash inflow of S$16.5 million in the previous corresponding year. This was due to proceed from issue of rights, a reduction in net receipts in loans and borrowings obtained and increase in deposits pledged.

Overall, the Group achieved earnings per share of 1.22 Singapore cents (based on the share capital of 766,039,750 shares and net of non-controlling interests) in FY2013. As at 31 December 2013, the Group's net asset value per share was 34.55 Singapore cents.

The Group is also supported by its robust order book size of S$1.1 billion, one of the largest among Singapore contractors, which extends to 2017.

Outlook

Construction

The Ministry of Trade and Industry ("MTI") announced on 20 February 2014 that the Singapore economy grew by 4.1% in 2013[1]. MTI has also maintained that the growth forecast for 2014 at 2.0 to 4.0%. The construction sector grew by 4.8% on a yoy basis in 4Q2013, slower than the 6.6% growth in the preceding quarter, due to a moderation in private sector construction activities.
Meanwhile, the Building & Construction Authority announced on 9 January 2014 that the construction demand for 2014 will remain strong. Driven by strong public housing demand and anticipated higher construction demand for institutional developments and major infrastructure projects, the contracts for the built environment could reach between S$31 billion and S$38 billion in 2014[2]. The private sector is expected to moderate in 2014 as a result of the Government's multi-pronged approach to stabilize the property market.

Tiong Seng expects to benefit from the uptick in demand and is well-positioned to capture a larger market share as the Group focuses on its industry-leading construction technologies to increase productivity and reduces the reliance on labour in its work processes.

The Group will continue to focus investments and introduce complementary offerings to its current suite of construction technologies in order to strengthen its current forerunner position within the industry when it comes to pioneering construction technology.

Property Development in the PRC

In 2013, housing prices and sales in major Chinese cities shot up quickly as homebuyers returned to the market after concluding that the central government was unlikely to impose further property curbs. Total property sales rose 26.3% to 8.14 trillion yuan ($1.34 trillion) in 2013, up from the 10% gain recorded in 2012[3].

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[1] Ministry of Trade and Industry, "MTI maintains 2014 GDP growth forecast at 2.0 to 4.0 per cent", 20 Feb 2014
[2] Building and Construction Authority, "Construction demand for 2014 to remain strong", 9 Jan 2014
[3] The Wall Street Journal, "China's property market fueled growth in 2013", 20 Jan 2014

Standard and Poor Research however forecasted that strong underlying demand driven by increases in urbanization and disposable incomes should continue to support volume and modest price growth for property in China[4].

The industry trend outlined is supported by the China's Prime Minister, Li Keqiang. With people moving from the countryside into cities and cities expanding to engulf smaller communities on the peripheral, China continues to adopt a two-prong approach to drive urbanization in order to create sustainable economic growth[5].

In view of the above macro-catalysts for the China's property market, the property development business continues to be the Group's second engine of growth with the majority of its projects expected to complete over the next two to four years.

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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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[4] As per footnote 3
[5] RBC Wealth Management, via BTInvest, "Global Insight – Special report on China property market", April 2013