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FOR IMMEDIATE RELEASE

Tiong Seng's 1Q2014 revenue rises 16.0% to S$170.0 million driven by contributions from construction contracts

- **Net profit declines 85.5% to S$1.6 million, mainly due to one-time disposal gain on investment properties in 1Q2013**
- **Strong balance sheet with cash and cash equivalents of S$73.0 million to mitigate challenging business conditions**
- **Robust order book of S$1.17 billion expected to extend till 2017; testament to the Group's expertise in construction technology**

S$'000	1Q2014	1Q2013	Change (%)
Revenue	170,007	146,509	16.0
Net profit attributable to equity holders	1,639	11,274	(85.5)
Earnings per share (cents) *	0.18	1.44	(87.5)

	As at 31 March 2014	As at 31 December 2013
Net asset value per share (cents) #	**28.31**	**34.55**
Cash & cash equivalents (S$'000)	**73,031**	**79,812**

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

SINGAPORE – **14 May 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 16.0% year-on-year ("yoy") increase in revenue to S$170.0 million for the first quarter ended 31 March 2014 ("1Q2014") largely due to a S$22.9 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, "The changing construction landscape in Singapore has proven a challenge to the industry but our continued focus on construction technologies has enabled us to improve productivity and better address the rising concerns of manpower crunch and difficult operating business conditions effectively."

Despite the growth in revenue, net profit fell 85.5% to S$1.6 million from S$11.3 million in 1Q2013. This was mainly due to losses in the property development segment and lower profit in the rental segment. Excluding the one-off gain of S$8.1 million from the disposal of investment properties in 1Q2013 in the rental segment, the Group's profit from operating activities decreased by S$2.2 million to S$3.0 million in 1Q2014.

Financial Review

Revenue breakdown (S$'000)	1Q2014	1Q2013	Change (%)
Construction contracts	166,998	144,049	15.9
Sale of development properties	1,288	315	>100
Sale of goods	1,408	1,843	(23.6)

The Group's **construction contracts**, which contributes 98.2% to the revenue, continues to be the main growth driver with an increase of 15.9% yoy to S$167.0 million for 1Q2014. The rise in revenue was due to an increase in work done for new and on-going projects. These projects include Waterway Terraces I & II, The Archipelago, The Luxurie, SIM HQ campus extension, Haus, Springside, Equinix and Eco Sanctuary and contributed to aggregated increase in revenue of approximately S$75.1 million as compared to 1Q2013. This increase was offset by the work done for The Glyndebourne, Joo Koon Integrated Hub & Fairprice Distribution Centre, Shelford, Hundred Trees and Tree House of approximately S$54.2 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 March 2014.

The revenue from **development properties** business was contributed mainly from the recognition of sale of 6 units (971 sqm) and 3 units (318 sqm) of Phase II and IV from Sunny International Project respectively in Cangzhou. As at 31 March 2014, approximately S$66.6 million of gross development value comprising 1 unit, totaling 141 sqm of Tianmen Jinwan Building, and 154 units, totaling 14,913 sqm, of Sunny International project, 93 units, totaling 21,030 sqm, of the Equinox, 5 units, totaling 672 sqm, of Tranquility Residences and 3 units totaling 183 sqm of Wenchang Baihui 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 by S$0.4 million to S$1.4 million in 1Q2014 due to a decrease in sales volume in the period.

As at 31 March 2014, the cash and cash equivalents held by the Group stood at S$73.0 million. The Group recorded a net cash outflow from operating activities of S$13.3 million, a decrease of S$35.6 million compared to 1Q2013. This was largely attributable to an increase in development properties due to additional property costs in PRC.

For the same period, the Group recorded a net cash outflow from investing activities of S$5.6 million, a decrease of S$9.6 million compared to the net cash inflow of S$4.0 million in the previous corresponding year. This was due to the proceeds from sales of the investment properties in 1Q2013.

On the Group's financing activities, it registered a net cash inflow of S$29.7 million as at 31 March 2014, as compared to a net cash inflow of S$19.5 million in the previous corresponding year. This was due to cash inflow from a reduction in deposits pledged, proceeds of rights issue and net receipts from loans and borrowings.

Overall, the Group achieved earnings per share of 0.18 Singapore cents (based on the number of ordinary shares outstanding of 919,247,700 shares and net of non-controlling interests) in 1Q2014. As at 31 March 2014, the Group's net asset value per share was 28.31 Singapore cents.

The Group also maintains a robust order book size of S$1.17 billion, one of the largest among Singapore contractors, which extends to 2017.

Outlook

Construction

Based on the estimates announced by the Ministry of Trade and Industry Singapore on 14 April 2014, the Singapore economy grew by 5.1% on a yoy basis in the first quarter of 2014, compared to 5.5% in 1Q2013. The construction sector grew by 6.5%, compared to 4.8% in the preceding quarter largely due to stronger expansion in public sector construction activities.

The construction sector remains challenging due to foreign competition and rising labour costs due to the manpower crunch. As such, we expect to see cost pressures for the year ahead. In order to effectively address the difficult industry operating conditions, the Group is leveraging on its core construction competencies in pre-cast construction technology, Cobiax and advanced formwork systems to improve productivity and reduce reliance on labour.

As part of the Group's efforts to explore developments beyond Singapore, Tiong Seng partnered IE Singapore in its Global Company Partnership Programme and expanded regionally. The Group first announced its investment in a precast plant in Iskandar, Malaysia in June 2013 and had recently commenced operations in April 2014. In addition, the Group's third precast plant in Asia, a joint-venture with subsidiary of Myanmar's construction giant Shwe Taung is also expected to commence operations in 3Q2014.

Property Development in the PRC

Despite the property-cooling measures implemented by the Chinese government, the sale prices of residential buildings in 70 medium and large-sized cities continue to be on the upward trend with 56 cities reporting an increase in sale prices[1].

Moody's Investors Service expects the outlook for China's property sector to remain stable as sales growth continues at a moderate pace[2]. The central government is likely to continue the urbanization process, which should support the stable development of China's property sector.

Mr Pek added, "At present, we have three projects in China, namely Sunny International Project in Cangzhou,The Equinox in Tianjin and the Tranquility Residences in Suzhou that we are looking to sell over the near and mid-term.

We expect to complete our projects within our property development business over the next two to four years and remain positive that this business segment will be our second engine of growth."

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About Tiong Seng Holdings

[1] "Sales prices of residential buildings in 70 medium and large-sized cities in March 2014", National Bureau of Statistics of China, 22 April 2014
[2] "Stable outlook for China's property developers", Moody's Investors Services, 18 November 2013

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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