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FOR IMMEDIATE RELEASE

Tiong Seng's 1Q2013 net profit more than doubles to S$11.3 mil on strong construction growth

- **Revenue from construction contracts surge 42%; gross margins stable on a qoq basis as usage of construction technology partially offsets rising labour costs**
- **Group to expand precast capabilities locally and regionally**
- **S$223.4 million of new construction contracts secured in 1Q2013; strong S$1.4 billion order book to be fulfilled over the next 12 to 30 months**

S$'000	1Q2013	1Q2012	Change (%)
Revenue	**146,509**	**103,009**	42
Net profit attributable to equity holders	**11,274**	**5,009**	>100
Earnings per share (cents) *	**1.47**	**0.65**	>100

	As at 31 Mar 2013	As at 31 Dec 2012
Net asset value per share (cents) *	**30.80**	**28.90**
Cash & cash equivalents (S$'000)	**45,347**	**66,378**

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

SINGAPORE – **14 May 2013** – Mainboard-listed construction group and property developer, **Tiong Seng Holdings Limited (長成控股)** ("Tiong Seng", together with its subsidiaries, "the Group"), today announced a 42% year-on-year (yoy) rise in revenue to S$146.5 million and a 125% yoy surge in net profit attributable to equity holders (net profit) to S$11.3 million for the three months ended 31 March 2013 (1Q2013). During the quarter, the Group achieved higher revenue from construction contracts, property development and sales of goods, and costs were generally kept in line with the increase in revenue. Helped by a gain on disposal of an investment property, the Group's net profit more than doubled that of the previous year.

In 1Q2013, the construction sector was buoyant. The Group secured S$223.4 million worth of new private residential contracts. The contracts were for the construction of Eco Sanctuary, a condominium project, and The Springside, a terrace housing project. The Group's construction order book as at 31 March 2013 remains robust with a strong pipeline of orders valued at approximately S$1.4 billion.

Financial Review

Revenue breakdown (S$'000)	1Q2013	1Q2012	Change (%)
Construction contracts	144,049	101,158	42
Sales of development properties	315	-	>100
Sales of goods	1,843	1,475	25

The Group's revenue from construction contracts jumped 42% yoy to S$144.0 million. This was largely attributable to an increase in work done for new and ongoing projects, namely Waterway Terraces I & II, The Glyndebourne, The Archipelago, The Luxurie, Joo Koon Integrated Hub & Fairprice Distribution Centre and SIM HQ campus extension. The increase was offset by a decrease in work done for The Wharf Residences, Volari, Hotel at Upper Pickering Street, NUS Staff Housing at Kent Vale, Hundred Trees and Tree House. In accordance to the Group's revenue recognition policy, approximately S$4.0 million of work done for newly commenced projects in Singapore has yet to be recognized this quarter.

The Group's construction margin maintained at 9.3% on a quarter-on-quarter (qoq) basis, as the use of construction technologies partially offset the increase in labour costs which arose from the increase in foreign worker levies.

On the **development properties** front, revenue from sales of property development was S$315k, resulting from the sale of 1 commercial unit of 56 sqm in Wenchang Broadway in Yang Zhou.

As at 31 March 2013, the remaining 1 unit, totaling 141 sqm, of Tianmen Jinwan Building, 312 units, totaling 37,321 sqm, of Sunny International Project and 3 units, totaling 183 sqm, of Wenchang Broadway in Yangzhou were fully 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** increased 25% to S$1.8 million on the back of higher sales volumes in 1Q2013.

As at 31 March 2013, Tiong Seng's cash and cash equivalents stood at S$45.3 million. The Group recorded a net cash outflow from operating activities of S$48.9 million, which was largely attributable to an increase in development properties and net increase in trade and other receivables. In 1Q2013, the

Group recorded a net cash inflow from investing activities of S$4.0 million, mainly due to the disposal of investment property of S$8.4 million. A net cash inflow from financing activities of S$19.5 million was recorded in 1Q2013, primarily due to additional loans and borrowings.

The Group achieved earnings per share of 1.47 Singapore cents (based on the share capital of 766,039,750 shares and net of non-controlling interests) and net asset value per share of 30.80 Singapore cents.

Outlook

Construction

Based on advance estimates, the Ministry of Trade and Industry announced that the Singapore economy contracted by 0.6% yoy in the first quarter of 2013. The construction sector, however, grew 7.0% yoy, compared to 5.8% in the preceding year[1]. This was primarily due to the recovery in private sector building activities. The growth in the construction sector is in line with the Building Construction Authority's ("BCA") forecasts for construction demand in 2013, which is expected to range between S$26 billion and S$32 billion[2].

Commenting on the outlook for the construction sector, **Mr Pek Lian Guan (白連源), CEO of Tiong Seng Holdings Limited** said, "Policies on labour costs and foreign labour will inevitably affect players in the construction sector in the short term. As the government continues to push for productivity, the use of advanced technologies such as precast will become a necessity. Having adopted precast in most of our projects, we will continue to expand our capabilities both locally and regionally."

In April 2013, the Group signed a Memorandum of Understanding with Shwe Taung, a construction giant in Myanmar, to explore the setting up of a precast plant. The proposed joint venture seeks to cater to the rising demand for affordable housing in Myanmar. Closer to home, the Group is also exploring a second precast plant in Malaysia, to serve the growing demand for precast.

Alongside its drive for productivity, the Group will continue to promote the use of environmentally-friendly construction methods. Its proprietary cutting-edge concrete slab technology, Cobiax, reduces the volume of concrete used in slabs by as much as 30%, and has increasingly gained acceptance within the Singapore construction sector.

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[1] Ministry of Trade and Industry Report, 12 Apr 2013
[2] Public sector projects to boost construction demand in 2013", Building and Construction Authority, 16 Jan 2013

Property Development in the PRC

In the first quarter of 2013, China's home sales rose 69% as buyers rushed into the market in anticipation of property curbs to be implemented by local governments. The value of homes sold climbed to 1.2 trillion yuan, and posted the biggest first-quarter increase in three years[3].

35 city governments have issued details of property measures by the government's April 1 deadline. In response, home sales fell in April, but the decline was not as big as analysts had expected and the impact on prices was modest. Looking ahead, sales in May are projected to be higher than in April, while prices will continue to rise albeit at a slower pace[4], supported by urbanization and favorable mortgage financing for first-time homebuyers[5].

Mr Pek concluded, "Despite the property curbs in China, the fundamental demand for housing remains strong as sales and prices continue to grow at a moderate pace. We remain committed to our strategy of focusing on second and third tier cities, as we ride on the urbanisation trend in China. We are confident that our quality properties will serve the needs of China's growing urban population."

The Group views its property development business as its second engine of growth. The majority of its property development projects are expected to complete over the next two to four years.

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[3] "China Home Sales Have Biggest First-Quarter Gain in 3 Years (1)", Bloomberg, 15 Apr 2013
[4] "Cooling measures cut China home sales", South China Morning Post, 6 May 2013
[5] "China Home Sales Growth to Slow on Property Curbs, Moody's Says", Bloomberg, 8 May 2013

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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