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FOR IMMEDIATE RELEASE

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Tiong Seng records S$27.2 million net profit on S$414.5 million revenue in FY2011

- **First and final dividend of 1 cent per ordinary share declared**
- **S$784 million in construction contracts secured during year in review**
- ***Strong S$1.4 billion order book to be fulfilled over the next 12 to 30 months***

S$'000	FY2011	FY2010 (Restated)	Change (%)
Revenue	**414,511**	252,304	+64
Other income	**9,246**	13,918	-34
Net profit attributable to equity holders	**27,176**	28,835	-6
Earnings per share (cents) *	**3.55**	4.03	-12

	As at 31 Dec 2011	As at 31 Dec 2010
Net asset value per share (cents) *	**26.85**	25.24
Cash & cash equivalents (S$'000)	**79,845**	86,547

* *Based on 766,039,750 shares, net of non-controlling interests and weighted average 715,778,750 shares, net of non-controlling interests as at 31 December 2010.*

SINGAPORE – **20 February 2012** – 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 net profit attributable to equity holders of S$27.2 million for the full year ended 31 December 2011 ("FY2011").

Group revenue soared 64% year-on-year to S$414.5 million in FY2011 compared to S$252.3 million in the same period a year ago due to higher revenue contributions from all business segments. The construction contracts segment recorded a 55% increase in revenue to S$350.7 million, while revenue from sales of development properties more than doubled to S$53.8 million. The Group's sales of goods segment performed well too with a fivefold increase in revenue to S$8.8 million.

Other income and correspondingly, net profit attributable to shareholders, declined by 34% to S$9.2 million and 6% to $27.2 million respectively in FY2011 largely due to an one-timed gain on bargain purchase of S$9.9 million arising from the acquisition of Cobiax Group in 3Q2010. This gain of S$9.9 million, out of which approximately S$2.3 million has been provisionally recorded in FY2010 results, has been recorded under other income in the Group's restated FY2010 results following the finalization of the acquisition accounting in accordance with the Singapore Financial Reporting Standards ("SFRS"). Excluding the net effect of the one-timed gain on bargain purchase, profit for FY2010 would have been approximately S$21.2 million, resulting in an increase of S$5.7 million or 26.3% in profit for FY2011 as compared to FY2010.

Segmental review

Revenue breakdown (S$'000)	FY2011	FY2010	Change (%)
Construction contracts	**350,685**	226,785	+ 55
Sales of development properties	**53,828**	22,885	>100
Sales of goods	**8,806**	1,679	>100

For FY2011, revenue from **construction contracts** was higher at S$350.7 million**,** mainly due to an aggregate of S$245.8 million generated from more work done for new and on-going projects, such as The Wharf Residences, The Volari, Hotel at Upper Pickering Street, Hundred Trees, Treehouse, NUS Staff Housing at Kent Vale, Waterway Terraces I and the Glyndebourne. This was offset against an aggregate of S$155 million due to less work for completed and almost completed projects in Papua New Guinea and Singapore, namely Tribeca, Wilkie Studio, Sky @ Eleven, Hilltops, Shelford Suites and Raffles City Shopping Mall.

In accordance with the Group's revenue recognition policy, work done amounting to approximately S$6 million from newly commenced projects in Singapore and PNG have yet to be recognised as revenue in FY2011.

The Group's revenue from **sales of development properties** in China more than doubled to S$53.8 million in FY2011, due to the sale of 443 units of Phase 1 of the City Residence project (沧州阳光国际) in Cangzhou totaling 52,472 sqm, and sale of 13 units of Tianmen Jinwan Building in Tianjin totaling 2,896 sqm; compared to the sale of 55 units of Tianmen Jinwan Building totaling 10,988 sqm in the same period a year ago.

As at 31 December 2011, 6 remaining units of Phase 1 of the City Residence project (沧州阳光国际) totaling 891 sqm and 5 units of the Tianmen Jinwan Building totaling 822 sqm are fully sold, but revenue has yet to be recognised as those units have not been handed over to the buyers.

Revenue from the **sales of goods** segment surged fivefold to S$8.8 million largely due to the growing business of Cobiax Technologies AG, which started contributing to the Group's topline from 3Q2010 since its acquisition by Tiong Seng in August 2010.

As at 31 December 2011, Tiong Seng holds a stable financial position with cash and cash equivalents of approximately S$79.8 million.

Based on 766,039,750 shares net of non-controlling interests, the Group achieved earnings per share ("EPS") of 3.55 Singapore cents for FY2011. Net Asset Value ("NAV") per share (excluding Treasury Shares) was 26.85 Singapore cents as at 31 December 2011

Strong Order Book

The Group's project pipeline remains strong with an order book of approximately S$1.4 billion, comprising construction and civil engineering projects based on secured contracts, of which majority are expected to be fulfilled over the next 12 to 30 months.

During the year, Tiong Seng further boosted its order book with construction projects worth $784 million, comprising the following:

- A 622-unit prime residential project named The Luxurie at Sengkang Square worth S$151 million
- A proposed condominium development at Bedok awarded by United Venture Development (Bedok) Pte Ltd worth S$190 million
- The Housing Development Board's ("HDB") eco-town development of Waterway Terraces I and II in Punggol totalling 1,876 units and collectively worth S$339 million
- A 150-unit freehold luxury condominium *The Glyndebourne* off Dunearn Road worth S$104 million

As at 31 December 2011, the Group has completed the construction and sales of Phase 1 out of 4 Phases, of the Sunny International project. The other phases are currently in construction and sales for phase 2 and phase 4 commenced in 2Q2011 and 4Q2011 respectively. In addition, the Group is currently carrying out construction for Phase 1, Phase 2 and Phase 3 out of 7 phases for the Equinox project in Guangang, while sales for Phase I commenced in 4Q2011. Sales for Phase 2 and Phase 3 are expected to commence in 2Q2012.

The Group is expected to commence construction for a high end residential project in Suzhou New District Xu Shu Guan Development Zone (浒墅关开发区) in 2Q2012 which is expected to yield approximately 630 units totaling 87,000 sqm.

The Road Ahead

Construction

This year, total construction demand is projected to range between S$21 billion - S$27 billion as compared to the 16% year-on-year increase to S$32 billion recorded in 2011. The expected softening is largely due to lower projected demand from the private sector of between S$8 billion - S$12 billion amid the global economic uncertainty and a slowdown in the Singapore economy. For 2013 and 2014, the average construction demand is projected to range between S$19 billion - S$27 billion per annum, of which, about 56% - 63% is expected to come from the public sector[1].

Commenting on the outlook for the construction sector, Mr Pek Lian Guan (白連源), CEO of Tiong Seng Holdings Limited said, "The landscape is expected to remain challenging, with higher construction costs, higher material costs and foreign workers' levies, reduction in the number of foreign workers, and stiff competition from large foreign contractors. However, the Group remains in good stead for the long haul given our investments to raise productivity and efficiency, and our ability to consistently fill our order book."

The Group's investments in technology such as pre-cast construction, automation, and training enhances productivity and efficiency, while its advanced formwork systems reduce its reliance on labour as well as increase cost efficiencies. Its cutting-edge green construction technology, Cobiax, not only raises its edge in green construction but also elevates overall efficiency through savings in concrete used (by as much as 30%) in reinforcement concrete slabs.

Added Mr Pek, "By mid 2012, we will raise our competitive edge further with the completion of the 'Tiong Seng Prefab Hub' which houses advanced facilities for automating the manufacture of pre-cast building components, thereby doubling our current output to more than 100,000m^3 of precast components annually and at the same time reducing labour requirements by 50 to 70%."

Property Development in the PRC

The Chinese property market continued its downward correction with the government's series of measures[2] to cool the property market over the last year. The authorities have put in place further tightening measures such as higher down-payments for mortages, price caps on real estate[2], and home purchase restrictions in more cities, and these measures are expected to be maintained in the immediate term[3]. The government is also boosting housing supply by constructing 10 million affordable housing units.

Faced with liquidity pressures and tighter credit controls, developers have also started reducing selling prices of residential units during the last quarter of 2011. Some property developers have started cutting prices by 20% to 30% on some projects in coastal cities such as Shanghai. Going forward, sales volume is expected to decline this year in view of lacklustre demand in the tier-one and tier-two markets[2].

In the longer term, PRC's urbanisation is expected to continue to drive demand for quality housing in China. Its current urbanisation rate of 47% still lags behind the 85%[4] in developed countries, and therefore has more room to grow by an expected 1 percentage point every year for the next 20 years to approximately 70% by 2030[5].

Added Mr Pek, "The Chinese property market has responded to the government's cooling measures but we believe that the demand for quality housing will continue to grow in the long-term due to China's relatively lower urbanisation rate. We'll continue to monitor policy changes closely and focus on the sales and development of our projects in China, and look for more opportunities to build its development land bank where possible."

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1 "Public sector projects to sustain construction demand in 2012", Building and Construction Authority, 16 Jan 2012
2 "China should maintain property curbs: Vice Premier", The Business Times, 29 November 2011
3 "China November home price in biggest drop this year", Today, 2 December 2011
4 "China's urbanisation rate to reach 50% by 2020", Chinadaily.com.cn, quoting the 2009 City Development Report of China, 5 Dec 2010.
5 "Urbanisation to drive China's growth", Chinadaily.com.cn, 26 Mar 2011

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.
