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FOR IMMEDIATE RELEASE

Tiong Seng posts stable revenue of S$668.7 million for FY2014 supported by strong construction activity

- **Net loss attributable to shareholders of S$15.3 million, including impairment provision of S$34.6 million for property development segment**
- **Secured record high S$932.0 million of construction contracts bringing order book to S$1.4 billion expected to be completed substantially by 2020**
- **Board of Directors proposes a final dividend of 0.2 Singapore cents per share to reward shareholders**

S$'000	FY2014	FY2013	Change (%)
Revenue	668,754	654,915	2.1
Net profit/(loss) attributable to shareholders	(15,279)	9,321	n.m.
Earnings per share (cents) *	(1.66)	1.19	n.m.

	As at 31 December 2014	As at 31 December 2013
Net asset value per share (cents) #	**27.34**	**34.55**
Cash & cash equivalents (S$'000)	**94,974**	**79,812**

**Based on 919,247,700 shares, net of non-controlling interests, as at 31 December 2014 and weighted average number of ordinary shares outstanding of 783,401,988 as at 31 December 2013*
#Based on 919,247,700 shares, as at 31 December 2014 and 766,039,750 shares as at 31 December 2013, net of non-controlling interests

SINGAPORE –25 February 2015 – 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 marginal increase in revenue of 2.1% year-on-year ("yoy") to S$668.7 million for the 12 months ended 31 December 2014 ("FY2014") led mainly by increased contributions from the construction business. As appreciation to shareholders for their continuous support, the Group has proposed a final dividend of 0.2 Singapore cents per share.

Mr Pek Lian Guan (白連源), CEO of Tiong Seng Holdings Limited commented, "We were successful in securing a record S$932 million worth of construction projects in FY2014. These projects ranged from industrial, residential, commercial and civil engineering works which are testament to our expertise in a wide variety of construction projects. While we continue to secure building projects, we are also in line with the industry's increasing focus on civil engineering projects as we secured two such projects amounting to S$424 million. Our versatility has allowed us to weather the challenging industry conditions as we remain committed to developing our capabilities over a diversified spectrum of construction segments."

Conversely, the Group registered a net loss attributable to shareholders of S$15.3 million in FY2014, reversing a net profit attributable to shareholders of S$9.3 million in FY2013. The Group's profit from operating activities was S$13.8 million in FY2014, excluding a 1) one-time gain from the disposal of investment properties of S$8.1 million in FY2013, 2) an allowance for diminution in value of S$34.6 million for property development and 3) an one-off impairment on intangible assets of S$1.6 million in FY2014. This is a marginal decrease of S$1.1 million from S$14.9 million in FY2013.

Financial Review

Major Business Segments	Revenue & operating profit/loss breakdown (S$'000)	FY2014	FY2013	Change (%)
Construction contracts	Revenue	627,480	576,145	8.9
	Profit/(loss)	24,961	24,680	1.1
Sale of development properties	Revenue	31,968	68,720	(53.5)
	Profit/(loss)	(42,381)	(4,253)	(>100)
Sale of goods	Revenue	8,000	8,939	(10.5)
	Profit/(loss)	(3,281)	60	n.m

The Group's **construction contracts** made up 93.8% of FY2014 revenue with an increase of 8.9% yoy to S$627.5 million due to an increase in work done for new, on-going and completed projects. In accordance with the Group's revenue recognition policy, work done amounting to approximately S$14.3 million from newly commenced projects have yet to be recognized as revenue as at 31 December 2014.

Revenue from the Group's **development properties segment** declined 53.5% yoy in FY2014 to S$32.0 million from S$68.7 million in FY2013. Revenue was contributed mainly by the recognition of the sale of 70 units (13,403 sqm) of development properties from Equinox and 28 units (4,193 sqm) from Sunny International Project respectively. As at 31 December 2014, approximately S$75.7 million of gross development value were sold but yet to be recognized in accordance with the Group's revenue recognition policy. These projects include: 243 units (23,766 sqm) of Sunny International, 50 units (13,490 sqm) of Equinox, 51 units (6,288 sqm) of Tranquility Residences, one unit (59 sqm) of WenchangBaihui and one unit (141 sqm) of Tianmen Jinwan. In FY2014, the Group made an allowance for diminution in value of development properties of S$34.6 million, resulting in a net loss of S$42.4 million this year.

Sales of goods, comprising licensing income and component sales from patented Cobiax[1] products decreased 10.5% yoy from S$8.9 million in FY2013 to S$8.0 million. The decline is mainly attributed to a lower transacted volume and licensing income from the patented Cobiax[1] products.

Cash and cash equivalents as at 31 December 2014 stood at S$95.0 million. Net cash outflow from operating activities as at 31 December 2014 stood at S$1.7 million compared to a net cash inflow of S$6.4 million as at 31 December 2013. Net cash outflow from operating activities are mostly to support working capital of the Group which was largely attributable to three factors: 1) increase in development properties by S$64.8 million, due mainly to additional property development costs for Equinox, Sunny International and Tranquility Residences projects, partially offset by units sold, 2) decrease in trade and other receivables by S$28.3 million, due mainly to a decrease in accrued receivables from on-going projects partially offset by an increase in retention sum receivables and 3) increase in trade and other payables by S$11.7 million, due mainly to increase in receipts in advance, accrued trade payables and retention sum payables, partially offset by a decrease in trade payables, accrued operating expenses and other payables, following the completion and finalization of accounts for a few construction projects.

For the year ended 31 December 2014, the Group registered a net cash outflow from investing activities of S$8.3 million, an increase of S$7.5 million as compared to the year ended 31 December 2013. This was attributed mainly to an increase in amount due from related parties of S$4.0 million and the S$9.6 million purchase of plant, property and equipment, partially offset by a dividend received from joint venture project of S$3.8 million as well as the proceeds from sale of investment property worth S$2.0 million.

Additionally, the Group recorded a net cash inflow from financing activities of S$19.6 million, a reversal of net cash outflow of S$10.5 million in the year ended 31 December 2013. This was due to cash inflow from net proceeds from the issue of a multicurrency medium term note of S$73.5 million, balance net proceeds of a rights issue of S$10.0 million, partially offset by cash outflow from an increase in deposits pledged of S$17.8 million, net repayment of loans and borrowing in FY2014 of S$27.9 million and interest paid of S$10.0 million.

[1]Concrete slab technology which reduces carbon emissions and improves structural efficiencies by removing unnecessary deadweight of concrete slabs by up to 30 per cent without modifying flexural strength.

As at 31 December 2014, the Group registered negative earnings per share of 1.66 Singapore cents and net asset value per share of 27.34 Singapore cents (based on the share capital of 919,247,700 shares and net of non-controlling interests).

Outlook

<u>Construction</u>

Ministry of Trade and Industry ("MTI") released official figures on 17 February 2015 showing that the Singapore economy grew by 2.9% in FY2014 as compared to 4.4% in FY2013. Growth in the construction sector for FY2014 slowed down to 3.0% on a yoy basis compared to 6.3% in FY2013, mainly attributed to lower private sector construction activities[2].

Separately, the Building & Construction Authority ("BCA") announced on 8 January 2015 that overall construction demand for 2015 is expected to fall to between S$29.0 billion to S$36.0 billion. Although this forecast for 2015 is a decline compared to the historical high of S$37.7 billion achieved in 2014, a steady supply of public sector projects are expected to account for an estimated 60.0% or S$18.0 billion to S$21.0 billion of total construction activity in 2015. Of these public sector projects, demand for industrial, institutional and civil engineering works is expected to continue growing in 2015. On the other hand, weak private home sales along with uncertainties in the global economy continue to weigh on private sector construction activity, and demand is estimated fall to between S$11.0 billion to S$15.0 billion in 2015 as compared to S$18.0 billion in 2014[3].

The construction sector continues to face a challenging tender landscape as well as manpower shortages and as such the Group will focus on diversifying its construction technologies and capabilities in order to maintain its competitive edge. In anticipation of the growth in demand for institutional and civil engineering projects in FY2014, the Group has expanded its focus to include projects within those fields. As a result, more than a third of total contract value won in FY2014 was attributed to civil engineering projects, including a S$107.7 million contract for the construction of the Stamford Diversion Canal and a S$316.0 million contract for the construction of Great World MRT Station and tunnels for the Thomson MRT Line.

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[2]Ministry of Trade and Industry, "MTI maintains 2015 GDP growth forecast at 2.0 to 4.0 per cent", 17 Feb 2015
[3]Build and Construction Authority, "Public sector projects to sustain construction demand in 2015", 8 Jan 2015

As at 31 December 2014, the Group's order book stands at S$1.4 billion, expected to extend till 2020.

Property Development in the PRC

In FY2014, 41 out of 45 cities that had implemented housing purchase restrictions lifted this restriction in order to stimulate buying demand. Real estate owners applying for a loan on a second home will be allowed lower down payments and mortgage rates, so long as they have paid off their first mortgage. Mortgage restrictions will also be eased for those seeking to buy a third home as well[4].

Mr Pek added, "In the short term, we expect the market to take some time to adjust to the regulatory changes and as such remain cautious about the real estate sector in China. As a result, we made a total impairment loss of S$34.6 million in FY2014 for the property development projects. Moving forward, we continue to take proactive measures to better position us for business uncertainties and adopt prudent cost-management policies as we prepare for a rebound in the real estate sector in the mid to long term."

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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] "China eases property restrictions amid growth concern", Bloomberg, October 1, 2014