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FOR IMMEDIATE RELEASE

Tiong Seng posts 16% increase in operating profit to S$4.3million for 2Q2013 due to better gross margin

- **2Q2013 revenue remained stable at S$131.6 million as decline in construction contracts was compensated by increase in sales of development properties**
- **Net profit dropped 78% to S$2.1million in 2Q2013 due to lower share of profit of joint ventures**
- **Robust order book of S$1.26 billion to be fulfilled over the next 12 to 30 months**

S$'000	2Q2013	2Q2012	Change (%)	1H2013	1H2012	Change(%)
Revenue	**131,585**	**129,978**	1	278,094	232,987	19
Net profit attributable to equity holders	**3,402**	**9,740**	-65	14,676	14,749	0
Earnings per share (cents) *	**0.44**	**1.27**	-65	1.92	1.93	-1

	As at 30 Jun 2013	As at 31 Dec 2012
Net asset value per share (cents) *	**31.07**	**28.90**
Cash & cash equivalents (S$'000)	**49,553**	**66,378**

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

SINGAPORE – **13 August 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 relatively flat growth of 1% in revenue year on year (yoy) to S$131.6 million due to a decline in revenue from construction contracts for the three months ended 30 June 2013 (2Q2013). This was however compensated by an increase in revenue from sales of development properties. Operating profit rose 16% to S$4.3 million mainly due to an improvement in gross profit margin from 9.5% to 11.8%. For the same period reported, net profit attributable to equity holders fell by 65% to S$3.4 million.

For the six months ended 30 June 2013 (1H2013), the Group reported a 19% gain in revenue to S$278.1 million and net profit attributable to equity holders stayed flat at S$14.7 million.

Financial Review

Revenue breakdown (S$'000)	2Q2013	2Q2012	Change (%)	1H2013	1H2012	Change(%)
Construction contracts	103,668	127,068	-18	247,717	228,226	9
Sales of development properties	25,095	-	>100	25,410	-	>100
Sales of goods	2,525	2,572	-2	4,368	4,047	8

The Group's revenue from **construction contracts** rose 9% yoy to S$247.7 million in 1H2013. 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. As of 30 June 2013, approximately S$11.1 million of work done from newly commenced projects in Singapore were yet to be recognized as revenue due to the Group's revenue recognition policy. The Group's gross profit margin improved from 8.6% to 13.6% in 2Q2013 and 10.5% to 11.1% for 1H2013.

The **development properties** business reported sales revenue amounting to S$25.4 million in 1H2013 from the sale of 230 units totaling 28,217 sqm in Sunny International in Cangzhou. As of 30 June 2013, the remaining 1 unit, totaling 141 sqm, of Tianmen Jinwan Building, 250 units, totaling 29,901 sqm, of Sunny International Project and 3 units, totaling 183 sqm, of Wenchang Broadway in Yangzhou were fully sold, but yet to be recognized as revenue in accordance to the Group's revenue recognition policy.

The Group's revenue from **sales of goods** declined slightly by 2% to S$2.5 million as sales volume remained stable.

As of 30 June 2013, the cash and cash equivalents held by the Group stood at S$49.6 million. Net cash outflow from operating activities decreased to S$4.0 million, which was largely attributable to an increase in construction work-in-progress due mainly to current projects' work-in-progress costs, net decrease in sales of development properties and net decrease in trade and other payables. The Group recorded a net cash inflow from investing activities of S$7.7 million compared to a S$17.5 million outflow in the previous year. This was mainly due to the dividend received from joint venture projects amounting to S$11.0 million and S$8.4 million in proceeds from sales of investment properties. There was an increase in net cash outflow from financing activities to S$25.6 million due to additional loans and borrowings proceeds, payment of dividends and interest paid.

The Group achieved earnings per share of 0.44 and 1.92 Singapore cents (based on the share capital of 766,039,750 shares and net of non-controlling interests) in 2Q2013 and 1H2013 respectively. As at 30 June 2013, the Group's net asset value per share was 31.07 Singapore cents.

Outlook

Construction

Based on advance estimates, the Ministry of Trade and Industry announced that the Singapore economy grew 3.7% year-on-year (yoy) and the construction sector grew 5.6% yoy in the second quarter of 2013[1] . 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].

As labour costs and restrictions on foreign labour remain industry-wide concerns, the Group continues its push for productivity. During the quarter, Tiong Seng ramped up its precast capabilities by investing in precast facilities in Iskandar, Malaysia, as well as Myanmar.

Commenting on the Group's construction business, **Mr Pek Lian Guan (白連源), CEO of Tiong Seng Holdings Limited** said, "Precast is an important and growing part of our business. Including the new facilities in Malaysia and Myanmar, we now have three precast plants in Asia. We hope to leverage on our competitive strengths in precast designs and niche architectural precast products to improve our productivity and tap on the regional demand for housing."

On 13 June 2013, Tiong Seng announced the construction of a precast plant in the Iskandar region of Johor Bahru, Malaysia. The Group's expansion into Malaysia serves to feed the rising demand for housing in Singapore and Malaysia. According to the Singapore Government's White Paper, up to 700,000 new homes will be constructed by 2030[3], with a large part of these new homes likely to be HDB flats. Likewise, Malaysia's 1Malaysia People Housing Programme (PR1MA) is expected to fuel the

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[1] Ministry of Trade and Industry Report, 12 July 2013
[2] "Public sector projects to boost construction demand in 2013", Building and Construction Authority, 16 Jan 2013
[3] Population White Paper, National Population and Talent Division, Jan 2013

demand for precast, with an additional 80,000 new affordable homes to be built as part of the Government's development plans.

On 12 July 2013, the Group also formalized a joint venture to set up a precast plant in Myanmar with the wholly-owned subsidiary of Shwe Taung, a construction giant and one of the most prominent conglomerates in Myanmar. Through the joint venture, Tiong Seng expects to tap on the Myanmar Ministry of Construction's plans to build an average of 50,000 homes annually over the next 20 years[4]. Residential construction accounts for 51%, or US$1.5 billion, of Myanmar's total construction output. In Yangon alone, the demand for affordable housing is 200,000 units every year, whereas only 20,000 units are supplied every year[5].

As at 30 June 2013, the Group's construction order book remains strong at approximately S$1.26 billion.

Property Development in the PRC

Property sales in China slowed but remained relatively robust, growing by 43.2% from January to May 2013, versus 52.8% previously, as a result of strong housing demand[6].

Land markets in tier-1 China cities, typically a prelude to increases in home prices, also showed signs of buoyancy, reflecting expectations of higher prices going forward[7]. This was reinforced by a survey of property developers, where more than 70% of the respondents believed that home prices in second- and third-tier Chinese cities were set to rise by 10% in the second half of the year[8].

Mr Pek concluded, "We believe that the demand for housing in second- and third-tier Chinese cities will remain strong, given that the recent property curbs have been less stringent than the market's expectations. This is supported by the tightening supply of housing in top Chinese cities."

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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[4] The Irrawaddy, "Burma to build 1 million houses in 20 years", January 2013
[5] New Crossroads Asia, Myanmar Research Series, September 2012
[6] "UPDATE 1-China property investment slows slightly in first half", Reuters, 14 July 2013
[7] "UPDATE 1-China property investment slows slightly in first half", Reuters, 14 July 2013
[8] "Property Developers Estimate 10 Percent Rise in Home Price in Second- and Third-Tier Cities", China Scope Financial, 23 July 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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