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FOR IMMEDIATE RELEASE

Tiong Seng remains resilient as construction business grows 12.2% to S$390.1 million for 9M2013

- **Construction business' gross profit climbs 5.0% to S$40.1 million despite costs pressure from manpower policy and depreciation expenses**
- **Property development business in China impacted by overall industry slowdown and prudent revenue recognition policy**
- **Current order book remains robust at S$1.1 billion for FY2013, stretching to 2015**

S$'000	3Q2013	3Q2012	Change (%)	9M2013	9M2012	Change(%)
Revenue	**146,195**	**123,725**	18.2	424,289	356,712	18.9
Net profit attributable to equity holders	**2,265**	**5,043**	-55.1	16,941	19,792	-14.4
Earnings per share (cents) *	**0.30**	**0.66**	-54.5	2.21	2.58	-14.4

	As at 30 Sep 2013	As at 31 Dec 2012
Net asset value per share (cents) *	**31.14**	**28.90**
Cash & cash equivalents (S$'000)	**44,483**	**66,378**

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

SINGAPORE – **5 November 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 reported a 18.9% yoy increase in revenue to S$424.3 million for the nine months ended 30 September 2013 ("9M2013"). This was mainly due to an increase in revenue from the Group's mainstay construction segment, which grew 12.2% to S$390.1 million.

Despite the tightening manpower situation in Singapore and higher depreciation expenses arising from investments in equipment, the construction segment's gross profit grew 5.0% to S$40.1 million.

Commenting on the performance of the construction segment, **Mr Pek Lian Guan (白連源), CEO of Tiong Seng Holdings Limited** said, "To offset rising labour costs, we continue to focus on implementing industry leading construction technology, particularly precast which improves productivity and optimizes land usage. With our three existing precast plants in Singapore, Malaysia and Myanmar, we seek to leverage on our competitive advantage and expertise in precast designs and niche architectural precast products. This will effectively allow us to tap on the regional growing demand for housing."

The Group's overall profitability however was affected by the holding costs of the property development segment in the PRC, as a result of the challenging policy landscape as well as resettlement-related costs for the Sunny International project. As such, 9M2013 net profit attributable to equity holders moderated by 14.4% yoy to S$16.9 million.

Mr Pek continued, **"**While we are aware of the short term challenges of our China property development business, we believe they are manageable as long as we remain vigilant. From a long-term perspective, we are still optimistic about the potential of this segment to be our second engine of growth as the general trend of housing prices has been on the climb."

Financial Review

Revenue breakdown (S$'000)	3Q2013	3Q2012	Change (%)	9M2013	9M2012	Change(%)
Construction contracts	142,425	119,416	19.3	390,142	347,642	12.2
Sales of development properties	1,002	469	>100	26,412	469	>100
Sales of goods	2,509	3,517	-28.7	6,877	7,564	-9.1

The Group's revenue from **construction contracts** increased 12.2% yoy to S$390.1 million for 9M2013. The gain in revenue was mainly due to increase in work done for new and on-going projects, being Waterway Terraces I & II, The Glyndebourne, The Archipelago, The Luxurie, Joo Koon Integrated Hub & Fairprice Distribution Centre, SIM HQ campus extension and Haus. This caused an aggregated increase in revenue of approximately S$274.3 in 9M2013 compared to the same corresponding period last year. The increase was lowered by the decrease in work done for projects, being The Wharf Residences, Volari, Hotel at Upper Pickering Street, NUS Staff Housing at Kent Vale, Hundred Trees and Tree House of approximately S$225.9 million and decrease in work done for PNG project of approximately S$5.7 million. In accordance with the Group's revenue recognition policy, work done amounting to S$11.4 million from newly commenced projects in Singapore have yet to be recognized as revenue as at 30 September 2013.

The **development properties** business reported sales revenue amounting to S$26.4 million. Revenue from sales of property development in 9M2013 was contributed mainly from the recognition in sales of 237 units totaling 29,214 sqm in Sunny International Project, phase II in Cangzhou. As at 30 September

2013, approximately S$87.7 million of gross development value comprises of one unit, totaling 141 sqm of Tianmen Jinwan Building, and 395 units, totaling 43,708 sqm, of Sunny International project, 76 units, totaling 16,881 sqm, of the Equinox and three units totaling 183 sqm of Wenchang Broadway in Yangzhou were sold, but yet to be recognised as revenue in accordance to our revenue recognition policy.

The Group's revenue from **sales of goods** decreased 9.1% yoy to S$6.9 million for 9M2013 due to decreased sales volume.

As of 30 September 2013, the cash and cash equivalents held by the Group stood at S$44.5 million. Group recorded a net cash inflow from operating activities of S$2.7 million, reversing net cash outflow of S$4.5 million for the same corresponding period last year. This was largely attributable to a decrease in construction work-in-progress, increase in development properties due to recognition of additional PRC property development costs, increase in trade & other receivables and increase in trade & other payables.

For the same period, the Group recorded a decrease of S$25.4 million net cash outflow from investing activities to S$0.8 million, as compared to the same corresponding period last year. This was due to dividend received from joint venture project and proceeds from disposal of investment properties offset by repayment to related parties (non-trade), purchase of property, plant and equipment, and other investments.

For its financing activities, the Group increased net cash outflow by S$23.1 million to S$29.3 million for 9M2013 as compared to the same corresponding period last year. This was due to additional loans and borrowings proceeds obtained, payment of dividends and interest, net cash outflow from balances with related parties, repayment of loan to non-controlling interest and increase in deposits, offset by proceeds from loan from business associate.

The Group achieved earnings per share of 0.30 and 2.21 Singapore cents (based on the share capital of 766,039,750 shares and net of non-controlling interests) in 3Q2013 and 9M2013 respectively. As at 30 September 2013, the Group's net asset value per share was 31.14 Singapore cents.

Outlook

Construction

According to advanced estimates released by the Ministry of Trade and Industry on 14 October 2013, the Singapore economy grew by 5.1% on a year-on-year basis in the third quarter ended 30 September 2013, compared to 4.2% in the previous quarter. The construction sector grew by 3.6% on a year-on-year basis, compared to 6.9% in the previous quarter[1].

The slowdown was due mainly to weaker public sector construction activities, which was partially offset by robust construction activities in the private sector. The construction industry is expected to remain challenging due to the rising labour costs and a shortage of skilled and experienced workers. This is in addition to the restrictions and levies imposed on hiring foreign labour workers in Singapore.

The Group continues its push for productivity with industry leading edge construction technology of precast, Cobiax and formwork systems. Tiong Seng expanded its expertise in precast automation overseas with a construction of a precast plant in the Iskandar region of Johor Bahru, Malaysia on 13 Jun 2013 and a further 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.
With its offering of a suite of advanced construction technologies, Tiong Seng announced on 24 October 2013 that it had successfully secured a S$42.7 million contract from Mapletree Industrial Trust to construct a 7-storey industrial building. It was Tiong Seng's first design and build high specifications industrial building at one-north, bringing its order book to approximately S$1.1 billion for FY2013, stretching to 2015.

Property Development in the PRC

Home prices in China's four major cities jumped the most since January 2011 while 69 out of 70 cities the government tracks also continued to climb. The statistics bureau also reported on 18 October 2013 that the value of home sales rose 34% in September from the previous month[2].

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[1] Ministry of Trade and Industry Report, 14 October 2013
[2] Bloomberg, "China Major Cities Home Prices Jump, Fanning Bubble Concerns", 22 October 2013

In consideration of the long term outlook of the Chinese property market, the Group expects growth momentum to continue for the property development business. There are two main drivers which will lead to significant demand for housing in China over the long term: urbanization and income growth.

As majority of housing are built in China's cities, urbanization in China adopts a two-prong approach with people moving from the countryside into cities and cities expanding to engulf smaller communities on the peripheral. The levels of urbanization vary across developed countries and China's Prime Minister Li Keqiang has emphasized the importance of urbanization to sustain the next leg of Chinese growth[3].

As part of the Chinese government's 12th five-year plan targeting to double per-capita income in China by 2020, it is believed to translate into urbanization, whereby the natural bias will be for house prices in China to continue rising[4].

In view of the above catalysts for the China's property market on the short and long term, the property development business continues to be the Group's second engine of growth with the majority of its projects expected to complete over the next two to four years.

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[3] RBC Wealth Management, via BTInvest, "Global Insight – Special Report on China Property Market", April 2013

[4] As per footnote 3

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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