TIONG SENG HOLDINGS LIMITED

August Consulting
Foo Yiting – yiting@august.com.sg
Boo Puay Yang – puayyang@august.com.sg
Tel: 6733 8873   Fax: 6733 9913

FOR IMMEDIATE RELEASE

Tiong Seng posts FY2010 net profit of S$21.4 million

- ***Recommends final cash dividend of 1 cent per share in FY2010***
- ***Strong $1.0 billion order book to be fulfilled over the next 12 to 30 months***

S$'000	FY2010	FY2009	Change (%)
Revenue	252,304	375,625	-33
Net profit attributable to equity holders	21,445	41,402	-48
Earnings per share (cents)	2.80*	7.33**	-62

S$'000	As at 31 Dec 2010	As at 31 Dec 2009
Net asset value per share (cents)	22.62*	17.27**
Cash & cash equivalents	86,547	32,841

**   Based on 766,039,750 shares, net of non-controlling interests*
*** Based on share capital of 766,039,750 as at 31 December 2010; pre-invitation 564,995,750 shares as at 31 December 2009*

SINGAPORE – **23 February 2011** – Singapore-based 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$21.4 million on revenue of S$252.3 million for the full-year ended 31 December 2010 ("FY2010").

The Group's lower revenue was mainly due to a higher proportion of projects that were completed or close to completion in Singapore such as Capella, Tribeca, Wilkie, Sky @ Eleven, Marina Bay Financial Centre Tower 3 and Sentosa Integrated Resorts, resulting in a decrease in construction contract revenue of approximately S$165.8 million. However, this was offset by the increase in work carried out for on-going projects: Raffles City Shopping Mall, Hilltops, Shelford Suites, Wharf, The Volari and Hotel at Upper Pickering Street, as well as projects in Papua New Guinea totaling some S$114.2 million.

In accordance with the Group's revenue recognition policy, work done amounting to approximately S$34.6 million from newly commenced projects, Hundred Trees, Tree House and NUS Staff Housing at Kent Vale, have yet to be recognised as revenue as at 31 December 2010.

Its property development business in China similarly posted a decrease in revenue of S$72.6 million as most of the revenue from its Tianmen Jinwan Building in Tianjin, which was completed in March 2009, were booked in 1Q2009. The revenue generated from this project in FY2010 was derived from sales of the remaining completed units in Tianmen Jinwan. Share of profit from joint ventures also dipped by approximately S$3.7 million in FY2010 due to project completion of certain joint venture project.

In addition, revenue from the direct sales and licensing segment, arising from the acquisition of a majority stake in Cobiax Technologies AG in August 2010, contributed approximately S$1.7 million in FY2010.

Commanding Order Book

Notwithstanding, the Group's pipeline of projects continues to be very strong, with its order book for construction and civil engineering projects based on secured contracts standing at approximately S$1.0 billion as at 31 December 2010. The Group expects majority of these orders to be fulfilled over the next 12 to 30 months.

Said Mr Pek Lian Guan (白連源), CEO of Tiong Seng Holdings Limited: "This year, we completed many large-scale, complex and notable projects in Singapore. With our strong foothold as a reputable builder, we are more than ready to tackle the year ahead with a continued focus on building efficiency. We believe that with first-mover position in developing sustainable and eco-building solutions, such as Cobiax and our upcoming automated Prefab Hub which will produce pre-cast components under factory conditions, we will be able to achieve even better productivity with all our projects moving forward."

Based on its latest full-year results, the Group achieved earnings per share of 2.80 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 22.62 Singapore cents (as at 31 December 2010).

Dividend

The Group is recommending a final cash dividend of 1 cent per share for FY2010. Book closure and payment dates will be announced later.

Looking Ahead

Construction

Backed by strong economic growth, Singapore's construction demand increased by 14% year-on-year from $22.5 billion in 2009 to $25.7 billion in 2010, according to the Building Construction Authority (BCA). In 2011, Singapore's construction sector outlook continues to be promising, and BCA has projected that construction demand will sustain between $22 billion and $28 billion. In keeping with this positive outlook, the Group managed to maintain a solid order book of approximately $1.0 billion

Rising costs in building materials and foreign workers' levies will continue to be of concern to construction companies in Singapore. Added Mr Pek, "The government's recent initiative to increase foreign workers' levy reinforces the critical need to employ the latest technologies to enhance cost efficiencies and productivity. To cushion this impact, the Group will continue to explore investments in automation, training and other measures to improve productivity, and at the same time, utilise the government's new initiative for higher tax allowances for such productivity investments."

"We believe we are ready to meet the challenges ahead given our investments in technologies such as pre-casting and advanced formwork systems to reduce our reliance on labour and also increase our cost efficiencies."

Said Mr Pek, "We are looking forward to the completion of our Prefabrication Hub in 3Q2011 which will revolutionise the automated production of pre-cast building components, thereby enhancing productivity at all levels. Our acquisition of a majority stake in Switzerland-based Cobiax Technologies AG also will give us a strong edge in driving efficiency and productivity by cutting the volume of concrete used in reinforcement concrete slab by as much as 30%."

The entry of a number of large foreign contractors in Singapore in 2010 has increased the competition for the Group. However, given our established track record and experience in enhancing productivity, efficiency and construction quality, the Group is reasonably confident that it will meet the challenges in its stride.

Property Development in the PRC

The PRC Government's continual measures to cool and regulate the property market will likely have a short-term impact on property inflation, but it is expected that the PRC property market will continue to see good growth momentum in the longer term[1].

In addition, the Group still feels optimistic about the increasing rate of urbanization which invariably would boost demand for quality housing in China's cities. Due to its strong economic growth in the past several years, China's urbanization rate has grown from 36.2% in 2000 to 45.7% in 2008[2]. It has been estimated that by 2020, almost 50% of the population will live in cities, and by 2050, this number will grow to 75%. Currently, China's urbanization still lags behind the 85% achieved in developed countries, and has, therefore, more room to grow[3].

"The PRC government's focus and initiatives to develop the second- and third-tier cities beyond the first-tier cities have not ceased. We anticipate that price trends for residential and commercial units in second- and third-tier cities are likely to remain at least stable in 2011 and the near medium term. This will be more the case in Tianjin, where the Tianjin Binhai New Area ("TBNA") is viewed as a new driving force in the PRC economy," concluded Mr Pek.

# # #

[1] The Business Times (Singapore): China hikes rates, moves to cool property further, 9 Feb 2011
[2] China Statistical Yearbook 2008
[3] "China's urbanization rate to reach 50% by 2020" (Chinadaily.com.cn, 5 Dec 2010) quoting the 2009 City Development Report of China.

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.

DBS Bank Ltd. ("DBS") was the Issue Manager, Underwriter and Placement Agent for Tiong Seng's listing on the SGX-ST. DBS assumes no responsibility for the contents of this announcement.