**TIONG SENG HOLDINGS LIMITED**

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**FOR IMMEDIATE RELEASE**

# Tiong Seng posts net profit of S$3.1 million in Q12010 on revenue of S$54.2 million

- ***Strong order book of approximately S$954.0 million as at 31 May 2010***

| S$'000 | Q12010 | Q12009 | Change (%) |
|---|---|---|---|
| **Revenue** | 54,195 | 122,836 | -56 |
| **Net profit attributable to equity holders** | 3,072 | 5,206 | -41 |
| **Earnings per share*** (cents) | 0.54 | 0.92 | - |
| | **As at 31 Mar 2010** | **As at 31 Dec 2009** | |
| **Net asset value per share*** (cents) | 18.17 | 17.27 | - |
| **Cash & cash equivalents** | 28,048 | 32,841 | |

** Based on the pre-invitation share capital of 564,995,750 shares*

**SINGAPORE** – **2 June 2010** – 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 for the 3 months ended 31 March 2010 ("Q12010") of S$3.1 million, from S$5.2 million a year ago ("Q12009").

The lower net profit for Q12010 resulted from a decline in the Group's revenue to S$54.2 million, from S$122.8 million in Q12009. This was due mainly to a year-on-year decrease in revenue from completed development properties in the PRC, as the Group completed and recognized the profits for the pre-sold units in Tianmen Jinwan Building in Tianjin in March 2009. In line with its accounting policy, all units sold since the commencement of sales in October 2007 till its completion were recognised in Q12009. For Q12010, revenue from property development comprised only the sale of some of the remaining units in Tianmen Jinwan Building between January and March 2010.

Revenue from construction contracts was also lower in Q12010 due to a proportionately smaller percentage of work done for projects that were close to completion, such as Tribeca, The Wilkie and the Sentosa Integrated Resorts.

The Group's share of profits from joint ventures rose by approximately S$0.8 million, due mainly to an increase in share of profit from its joint venture projects with Kajima Overseas Asia Pte Ltd.

Mr Pek Lian Guan (白連源), CEO of Tiong Seng Holdings Limited, said: "Excluding the sales recorded from the Tianmen Jinwan project in Q12009, which comprised pre-completion sales from earlier periods, the Group has performed relatively well. We are still seeing strong construction demand in Singapore and have recently secured the Kent Vale NUS Staff Housing project in Q12010. We have also recently more than doubled our scope in the Tianjin Eco-City project in the PRC, which is worth RMB4.5 billion. We remain upbeat that the demand for quality construction services, such as ours, will remain firm."

Based on the pre-invitation share capital of 564,995,750 shares, the Group's earnings per share for Q12010 stood at 0.54 Singapore cents, compared to 0.92 Singapore cents for Q12009. Net asset value per share as at 31 March 2010 was 18.17 Singapore cents, versus 17.27 Singapore cents as at 31 December 2009.

***Segmental Review***

| **S$'000** | **Q12010** | **Q12009** | **Change (%)** |
|---|---|---|---|
| **Revenue from construction contracts** | 48,869 | 57,460 | -15 |
| **Revenue from sales of development properties** | 5,149 | 65,090 | -92 |

During the quarter in review, revenue from the Group's construction contracts decreased by S$8.6 million to S$48.9 million. Projects which were close to completion and some of which were completed, such as Tribeca, Wilkie and Integrated Resorts Sentosa resulted in lower work activity levels, hence lower revenue recognised. This was partially offset by the increase in work activities for local on-going projects such as Sky@Eleven, Hilltops and Shelford Suites, as well as road upgrading works in Papua New Guinea, totaling approximately S$18.8 million.

For sale of development properties, revenue for this segment in Q12010 was derived only from the sale of some of the remaining units in Tianmen Jinwan Building in Tianjin. In comparison, this was the main revenue contributor for this segment in Q12009 as the project was completed in March 2009 and the revenue from all pre-sold units was recorded in Q12009.

**Balance Sheet & Cash Flow Statement**

The Group's financial position as at 31 March 2010 remains healthy, with a strong cash balance of approximately S$28.0 million.

***Strong Order Book***

The Group was awarded a contract of approximately S$150 million from the National University of Singapore for the construction of its Kent Vale NUS staff housing in March 2010. This boosts the Group's order book for construction and civil engineering projects based on secured contracts to approximately S$954.0 million as at 31 May 2010. Tiong Seng expects majority of these orders to be fulfilled over the next 12 to 30 months.

***Expanded Scope In Tianjin Eco-City Project***

On 20 May 2010, the Group announced that it signed a RMB4.5 billion agreement to expand its scope in the project to jointly develop two plots of land (Plot 12a and Plot 5) in Tianjin Eco-City, together with Sino-Singapore Tianjin Eco-city Investment and Development Co., Ltd. and Japanese real estate developer, Mitsui Fudosan Residential Co., Ltd. The parties are also working on a possible partnership on a third plot of land (Plot 6) which will feature the first high-end riverfront eco-neighbourhood. With the possible partnership on Plot 6, the total development area would potentially increase to more than 360,000 sqm over the next three years.

In addition, Tiong Seng's scope of the construction management contract has also been expanded to manage the construction works, particularly in the strategic areas of green and quality systems, on all three plots of land.

***Looking Ahead***

Looking ahead, Tiong Seng remains optimistic about securing new opportunities in the Singapore market for construction and civil engineering activities due to its established track record.

"We believe that the Singapore construction industry will continue to see an uptrend due to the increase in the demand for construction services, particularly in the public sector. Whilst the global economy is experiencing some recovery, costs are expected to remain stable or increase slightly for the coming periods."

"The recent increase in foreign workers' levy is expected to raise costs in the construction industry. However, as we have been actively investing in and using technologies to increase our cost efficiencies and productivity, we expect to be able to favourably manage the impact of the increased levy," said Mr Pek.

Since the beginning of 2010, the Group has also observed a slight increase in the prices of steel, concrete and aluminium as well as an increase in land prices in the PRC. Nonetheless, the overall demand for raw materials in the PRC is expected to remain relatively stable in 2010.

"In the PRC, the government's current focus is to develop the second- and third-tier cities, and we expect price trends for residential and commercial units in second- and third-tier cities to remain constant or increase in 2010. Further, we expect prices for residential units in Tianjin to increase in the coming years due to a projected sustained demand and the fast growing Tianjin Binhai New Area, which continues to attract high demand."

"These factors bode well for Tiong Seng's position as a niche developer in the PRC," Mr Pek concluded.

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***About Tiong Seng Holdings***

*Tiong Seng is principally engaged in building construction and civil engineering in Singapore, as well as 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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*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.*