



TIONG SENG HOLDINGS LIMITED

(ESTABLISHED SINCE 1959, SINGAPORE)

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FOR IMMEDIATE RELEASE

Tiong Seng's 9 months net profit grew 9% to S\$19.8 million

- *Group revenue jumped 31% to S\$356.7 million on higher revenue from construction contracts*
- *Strong S\$1.29 billion order book as at 30 September 2012 to be fulfilled over the next 12 to 30 months*

S\$'000	3Q2012	3Q2011	Change (%)	9M2012	9M2011	Change (%)
Revenue	123,725	127,250	(3)	356,712	272,710	+31
Net profit attributable to equity holders	5,043	6,823	(26)	19,792	18,182	+9
Earnings per share (cents) *	0.66	0.89	(26)	2.58	2.37	+9

	As at 30 September 2012	As at 31 Dec 2011
Net asset value per share (cents) *	27.92	26.85
Cash & cash equivalents (S\$'000)	25,773	62,004

* Based on 766,039,750 shares, net of non-controlling interests, as at 30 September 2012 and 30 September 2011

SINGAPORE – 12 November 2012 – 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 that its net profit attributable to equity holders for the nine months of FY2012 ended 30 September 2012 (“9M2012”) grew by 9% to S\$19.8 million.

This was achieved on the back of a 31% jump in Group revenue to S\$356.7 million, thanks to higher revenue from construction contracts and sales of Cobiax products.

Segmental review

Revenue breakdown (S\$'000)	3Q2012	3Q2011	Change (%)	9M2012	9M2011	Change (%)
Construction contracts	119,416	75,893	+57	347,642	212,421	+64
Sales of development properties	469	48,045	(99)	469	52,701	(99)
Sales of goods	3,517	3,036	+16	7,564	6,765	+12

Construction Contracts

In 9M2012, revenue from construction contracts grew by 64% to S\$347.6 million due to the increase in work done for new and on-going projects, such as the Hotel at Upper Pickering Street, Tree House, NUS Staff Housing at Kent Vale, Waterway Terraces I and II, Hundred Trees and The Glyndebourne which contributed towards the increase in revenue from **Construction Contracts** by S\$137.1 million. This was offset by a decrease in work done for projects such as The Wharf Residences, Volari, Hilltops and Shelford Suites amounting to an aggregate of S\$27.6 million following their completion.

Sales of development properties

In 9M2012, the Group recorded revenue of S\$469,000 from the sale of 1 unit in Wenchang Broadway in Yangzhou. As at 30 September 2012, remaining 6 units (totaling 891 sqm) of Phase 1 of Sunny International project, 5 units (totaling 835 sqm) of Tianmen Jinwan Building and 4 units (totaling 239 sqm) of Wenchang Broadway in Yangzhou were fully sold, but yet to be recognised as revenue in accordance to our revenue recognition policy.

Sales of goods

Higher sales volume of Cobiax products contributed towards the 12% rise in revenue from Sales of goods to S\$7.5 million in 9M2012.

As at 30 September 2012, Tiong Seng maintained a strong cash position, with net cash and cash equivalents of approximately S\$25.7 million. The Group achieved earnings per share of 2.58 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 27.92 Singapore cents.

Strong Order Book

In 3Q2012, the Group secured a S\$229 million contract from NTUC Fairprice Co-Operatiave Limited for a 16-storey warehouse development at Benoi Road and Joo Koon Circle as well as a S\$137 million contract to Phase 2 of Singapore Institute of Management's campus extension on Clementi Road. With these two projects, Tiong Seng's construction order book as at 30 September 2012 is approximately S\$1.29 billion. These orders are expected to be fulfilled within the next 12 to 30 months.

Subsequent to 30 September 2012, the Group secured a S\$93 million contract from City Development Limited for 97 terrace house in Serangoon Garden Way as well as a S\$413 million joint venture contract from Mediacorp Pte Ltd for the proposed erection of a 12-storey Media Complex at Mediapolis@One North. Our shares in the joint venture is 20%.

In accordance with the Group's revenue recognition policy, work done amounting to approximately S\$39.0 million from newly commenced projects in Singapore have yet to be recognised as revenue in 3Q2012.

Tiong Seng continues to build its property development business in the PRC. As at 30 September 2012, the Group has completed the construction and sales of Phase 1 out of 4 Phases, of the City Residence project (沧州阳光国际) in Cangzhou. The other phases are currently in construction and sales for phase 2 and phase 4 commenced in 3Q2011 and 4Q2011 respectively.

The Group also is currently carrying out construction for Phase 1, Phase 2 and Phase 3 out of 7 phases for the Equinox project, while sales for Phase 1 commenced in 4Q2011. Sales for Phase 2 are expected to commence in 4Q2012. As well, the construction of residential project in Suzhou New District Xushuguan Development Zone is expected to commence towards end of 4Q2012.

Business Prospects

Construction

Singapore's economic growth is expected to be sluggish moving into 2013, in view of the ensuing global economic uncertainty. Singapore's construction industry, however, continues to buck the trend with a strong pipeline of projects from both private and government agencies.

Construction demand in 2012 is slated to remain healthy with projections ranging between S\$21 – S\$27 billion, notwithstanding a dip from S\$32 billion recorded in 2011 a result of lower projected private sector demand. In the next two years, the industry expects a healthy average construction demand of between S\$19 – S\$27 billion per annum¹, fuelled largely by a healthy pipeline of upcoming private and public projects.

However, the Group will continue to face challenges such as rising material costs, the continued clampdown on foreign workers, and margin squeeze from heightening competition from foreign contractors.

Mr Pek Lian Guan (白連源), CEO of Tiong Seng Holdings Limited said, “The way ahead for Tiong Seng and the construction industry as a whole is to keep our focus on improving productivity and efficiency. Recently, we teamed up with RIB Software AG, one of the world’s leading providers of integrated 5D Building Information Modeling (BIM) technical Enterprise Resource Planning (ERP) software solutions for the construction industry. When completed in 3 years, Tiong Seng will be the first company in Singapore across the enterprise level to have the full suite of RIB’s iTWO **Enterprise software** that extends throughout the entire construction project life cycle from pre-tendering to project management. This is in line with the Building and Construction Authority’s call for companies to adopt BIM on a more extensive scale.”

The Group also operates the the first and only automated pre-cast manufacturing facility in Singapore which not only reduces manual labour, but provides cleaner and safer pre-casting conditions off-site for enhanced productivity and efficiency. Its proprietary concrete slab technology, **Cobiax**, which reduces the volume of concrete used in slabs by as much as 30%, has been gaining increasing acceptance in major development projects around Singapore for its green footprint and design flexibility.

Property Development in the PRC

The Chinese government is keeping a tight rein on property sector policies, and although a rebound in home prices is unlikely, home prices in China continued to trend upwards steadily in the last quarter even with new measures such as extending its pilot property tax reforms outside major cities².

Genuine buyer sentiment in the PRC is likely to remain despite the continued tightening, and the Chinese central government has recently pledged five billion yuan of funding to help build public housing projects in its latest move to boost fiscal spending to stimulate growth³.

The PRC's long-term urbanisation rate, which is slated to grow by 1 percentage point every year for the next 20 years to approximately 70% by 2030⁴, will also continue to propel ongoing demand for quality housing in China.

The Group will continue to focus on the sales and development of its multi-phased projects in the PRC meanwhile, and look for more opportunities to acquire suitable land sites where possible.

1 "MAS warns of sluggish growth ahead", The Straits Times, 31 Oct 2012

2 "China to expand new property tax", The Business Times, 22 Sep 2012

3 "China earmarks 5b yuan to build public housing", The Business Times, 9 Oct 2012

4 "Urbanisation to drive China's growth", Chinadaily.com.cn, 26 Mar 2011

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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, as well as one on-going project in Suzhou.