TIONG SENG HOLDINGS LIMITED
(ESTABLISHED SINCE 1959, SINGAPORE)
510 Thomson Road • #08-00 • SLF Building • Singapore 298135 • T: +65 6356 0822 • F: +65 6356 0688

FOR IMMEDIATE RELEASE

Tiong Seng reports 14.7% growth in 9M2014 revenue supported by higher construction activity

- **Net loss attributable to equity holders of S$4.9 million, reversing net profit of S$16.9 million reported in 9M2013**
- **Property development business continues to weigh on bottom line with an allowance for diminution in value of development properties of S$18.5 million**
- **Current order book of S$1.4 billion expected to be completed substantially by 2020**

S$'000	3Q2014	3Q2013	Change (%)	9M2014	9M2013	Change (%)
Revenue	161,523	146,195	10.5	486,657	424,289	14.7
Net profit attributable to equity holders	(7,918)	2,265	(>100)	(4,896)	16,941	(>100)
Earnings per share (cents) *	(0.86)	0.29	(>100)	(0.53)	2.17	(>100)

	As at 30 September 2014	As at 31 December 2013
Net asset value per share (cents)#	**27.48**	**34.55**
Cash & cash equivalents (S$'000)	**78,788**	**79,812**

**Based on 919,247,700 shares as at 3Q and 9M 2014, and weighted average number of ordinary shares outstanding of 781,932,691 as at 3Q and 9M 2013*
#Based on 919,247,700 shares as at 30 September 2014 and 766,039,750 shares as at 31 December 2013, net of non-controlling interests

SINGAPORE –6 November 2014 – 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 14.7% year-on-year ("yoy") increase in revenue to S$486.7 million for the 9 months ended 30 September 2014 ("9M2014") from S$424.3 million in the 9 months ended 30 September 2013 ("9M2013") mainly due to higher construction activity.

On the construction business, **Mr Pek Lian Guan (白連源), CEO of Tiong Seng Holdings Limited** remarked, "Our construction business continues to grow and we are encouraged by the number of projects we have successfully secured over the past few months. We remain optimistic about the construction sector in Singapore, in particular the public sector, buoyed by LTA's MRT S$60 billion expansion plan that is expected to boost the construction industry over the next five years. As such, we will continue to concentrate our efforts on our strength in construction technology while seeking new opportunities to further grow our order book."

Despite the growth in revenue, the Group registered a net loss attributable to equity holders for 9M2014 of S$4.9 million, reversing a net profit attributable to equity holders of S$16.9 million in 9M2013. The Group also registered a net loss from operating activities of S$8.0 million, a reversal compared to net profit from operating activities of S$19.1 million in 9M2013. Excluding a one-time gain from the disposal of investment properties of S$8.1 million in 9M2013 and the allowance for diminution in value of S$18.5 million for development properties in 9M2014, the Group's profit from operating activities decreased marginally by S$0.5 million to S$10.5 million from S$11.0 million in 9M2013.

Financial Review

Major Business Segments	Revenue & profit/loss breakdown (S$'000)	3Q2014	3Q2013	Change (%)	9M2014	9M2013	Change (%)
Construction contracts	Revenue	131,544	142,425	(7.6)	450,205	390,142	15.4
	Profit/(loss)	9,221	5,799	59.0	18,926	21,530	(12.1)
Sale of development properties	Revenue	27,319	1,002	>100	30,236	26,412	14.5
	Profit/(loss)	(20,348)	(4,864)	>100	(24,244)	(7,680)	>100
Sale of goods	Revenue	2,351	2,509	(6.3)	5,303	6,877	(22.9)
	Profit/(loss)	(391)	(287)	36.2	(1,352)	(798)	69.4

The Group's **construction contracts** contributed to 92.5% of 9M2014 revenue with a 15.4% increase yoy to S$450.2 million due to an increase in work done for new, on-going and completed projects. In accordance to the Group's revenue recognition policy, work done amounting to approximately S$34.8 million from newly commenced projects have yet to be recognized as revenue as at 30 September 2014.

The **development properties segment** registered an increase in revenue of 14.5% in 9M2014, amounting to S$30.2 million as compared to S$26.4 million in 9M2013. This was mainly due to the sale recognition of 66 units (12,659 sqm) of terrace from Equinox and 24 units (3,466 sqm) of residential from Sunny International Project respectively. As at 30 September 2014, approximately S$64.7 million of gross development value were sold but yet to be recognized in accordance to our revenue recognition policy. These projects include: 205 units (20,104 sqm) of Sunny International, 39 units (11,388 sqm) of Equinox, 41 units (5,006 sqm) of Tranquility Residences, 3 units (183 sqm) of Wenchang Baihui and 1 unit (141 sqm) of Tianmen Jinwan. Despite the rise in revenue in 9M2014, the Group made an allowance for diminution in value of development properties of S$18.5 million due to the slowdown in residential property sales growth, high inventory levels and liquidity crunch in the Chinese property market.

The Group's revenue from **sales of goods** decreased by S$1.6 million from S$6.9 million to S$5.3 million in 9M2014 due to a decrease in sales volume.

The Group held cash and cash equivalents of S$78.8 million as at 30 September 2014. Net cash outflow from operating activities stood at S$12.1 million, reversing a net cash inflow of S$2.7 million as compared to 9M2013. Net cash outflow from operating activities are mostly to support working capital of the Group which was largely attributable to three factors: 1) decrease in construction work-in-progress by S$14.7 million due to the different stages of construction of the various projects, 2) increase in development properties by S$38.1 million due to additional property development costs and partially offset by units sold, and 3) decrease in trade and other payables by S$16.3 million.

The Group recorded a net cash outflow from investing activities of S$3.9 million, an increase of S$3.0 million as compared to S$0.8 million in 9M2013. This was mainly due to the purchase of plant, property and equipment worth S$8.5 million, partially offset by a dividend of S$3.8 million received from joint venture project and proceeds from sale of investment property worth S$2.0 million.

In the same period, the Group recorded a net cash inflow from financing activities of S$8.9 million, reversing a net cash outflow of S$29.3 million in 9M2013. This was due to cash inflow from net proceeds from the issue of a multicurrency medium term note of S$73.5 million, proceeds of a rights issue of S$10.0 million, while partially offset by a cash outflow from an increase in deposits pledged of S$19.1 million, net repayment of loans and borrowings of S$41.4 million, dividend payment of S$5.6 million and interest paid of S$5.8 million in 9M2014.

Overall, the Group achieved negative earnings per share of 0.53 Singapore cents (based on the share capital of 919,247,700 shares and net of non-controlling interests) in 9M2014. As at 30 September 2014, the Group's net asset value per share was 27.48 Singapore cents.

Outlook

<u>Construction</u>

Ministry of Trade and Industry released advance estimates on 14 October 2014 stating that the Singapore economy has grown 2.4% on a year-on-year ("yoy") basis in the third quarter of 2014, matching growth in the previous quarter. The construction sector grew by 1.4% on a yoy basis, compared to 4.1% in the preceding quarter largely due to a slowdown in private sector construction activities.

The construction sector continues to be affected by the tight labour market and as such Tiong Seng continues to emphasize its focus on employing productivity-enhancing construction technologies. The Group recently secured a S$276.6 million contract from MCL Land Limited for the construction of an Executive Condominium at Choa Chu Kang Grove. This updates Tiong Seng's current order book to approximately S$1.4 billion. The project will utilize an extensive amount of precast[1] capabilities, such as Precast Bathroom Units (PBU), Cobiax[2] green technology and advanced formwork[3].

The Building and Construction Authority (BCA) has also been actively working on encouraging the implementation of sustainability and productivity initiatives in the Construction sector. The Green Mark Scheme was launched in 2005 to drive Construction players to build more environmentally-friendly buildings while the S$250 million Construction Productivity and Capability Fund (CPCF) was launched in 2014 to encourage improvement in worksite productivity and technology adoption.

Property Development in the PRC

According to a report by Moody's Investor Service[4] on 17 September 2014, property developers in China can expect stronger results in 2H2014 as compared to the first half of this year. The report mentioned that revenue recognition and EBITDA of Chinese property developers should rise with the launch of more housing projects, higher contracted sales and faster cash collection. The report, however, stated that developers' profit margins are expected to continue to be weak mainly due to an oversupply of new project launches in 2H2014.

Mr Pek added, "We continue to see depressed margins in our property development segment this quarter as we are still faced with regulatory and macroeconomic challenges affecting the Chinese property market. However, with the government loosening credit and removing housing purchase restrictions in most Chinese cities, we are cautious but optimistic about the outlook for the rest of 2014.

1 Precast allows casting of concrete in a controlled environment which is subsequently transported to the construction site. This improves productivity with automation and optimizes land usage
2 Concrete slab technology which reduces carbon emissions and improves structural efficiencies by removing unnecessary deadweight of concrete slabs by up to 30 per cent without modifying flexural strength.
3 The formwork system can be easily configured to suit different layout through the use of modular parts and the lightweight system is also easy to transfer from one area to the next construction area, without relying on heavy carnage.
4"Chinese property developers can expect stronger results in 2H2014", Moody's Investors Services, 17September 2014

In the meantime, we strive to focus on implementing cost-cutting strategies that will benefit our efforts to improve our financial performance in property development."

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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.

Issued on behalf of Tiong Seng Holdings by: Financial PR Pte Ltd

Financial PR Pte Ltd
Mr Gabriel Tan/ Ms Stephanie Chong
Investor Relations Consultants
Tel: (65) 6438 2990 | Fax: (65) 6438 0064
Email: staff@financialpr.com.sg