



August Consulting

Foo Yiting – yiting@august.com.sg

Melissa Yee – melissa@august.com.sg

Tel: 6733 8873 Fax: 6733 9913

Tiong Seng Holdings, a leading construction group in Singapore, seeks SGX Main Board listing

- *Offering of 189 million New Shares at S\$0.28 each*
 - *Strong order book of S\$953.0 million*

SINGAPORE – 7 April 2010 – Singapore-based construction group and property developer, **Tiong Seng Holdings Limited (长成控股有限公司)** (“**Tiong Seng**”, together with its subsidiaries, “**the Group**”), announced its initial public offering (“**IPO**”) of 189 million New Shares at S\$0.28 each, in conjunction with its listing on the Main Board of the Singapore Exchange Securities Trading Limited (“**SGX-ST**”).

DBS Bank Ltd is the Manager, Underwriter and Placement Agent for Tiong Seng’s IPO.

The Invitation

The Invitation comprises 189 million New Shares representing approximately 25.1% of Tiong Seng’s enlarged share capital of approximately 754 million Shares. In connection with the IPO, there will be an over-allotment option of up to 28.35 million Additional New Shares, representing not more than 15% of the New Shares.

Of the total 189 million New Shares, 15 million New Shares are available for public subscription, while 174 million New Shares are by way of placement.

The public offer will open at 9.00 am on 8 April 2010 and closes at 12 noon on 14 April 2010. Trading of Tiong Seng’s shares is expected to commence on a “ready” basis on 16 April 2010.

Corporate Profile

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.

Construction and Civil Engineering Business

The main focus of the Group’s construction and civil engineering business is in Singapore, where it acts as the main contractor in construction projects for both the private and public sectors. The Group also undertakes civil engineering projects in Papua New Guinea.

Some of its major completed construction projects are Home Team Academy, One Marina Boulevard, Capella, St Regis Hotel and Residential Development (JV project), Guilin View, Parc Emily and Riveredge Condominium. Tiong Seng had also undertaken foundation/piling works for the Marina Bay Financial Centre.

Tiong Seng’s major on-going projects include several private residential projects such as Tribeca, Sky @ Eleven, Shelford Suites, Hilltops, The Wilkie, The Wharf, The Volari and Hundred Trees, as well as a hotel project at Upper Pickering Street. Together with its joint venture partner, Kajima Overseas Asia Pte Ltd, the Group had also secured several major projects such as the Sentosa Integrated Resorts, Marina Bay Financial Centre (commercial component) and Central Boulevard Office Building. For civil engineering, Tiong Seng had also, in partnership with GS Engineering and Construction Corporation, secured a contract worth S\$430 million to design and construct stations and tunnels at Hillview and Cashew for stage 2 of the Downtown Line.

Over the years, the Group has received numerous awards and accolades in recognition of its quality management, safety track record and environmentally-friendly efforts.

Strong Order Book

As at 17 February 2010, Tiong Seng's order book for construction and civil engineering projects based on secured contracts amounted to approximately S\$953.0 million, majority of which are expected to be fulfilled over the next 12 to 30 months. In March 2010, the Group was awarded another contract of approximately S\$150 million from the National University of Singapore for the construction of its Kent Vale NUS staff housing.

Property Development Business in the PRC

Another engine of growth for the Group is its property development business, focusing on developing residential and commercial properties in various second- and third-tier cities in the PRC.

Tiong Seng first ventured into the PRC in 1994, when it was a passive investor in certain property development projects in Suzhou. In 2001, the Group constructed the five-star Meritus Hotel in Shantou which received the Construction Excellence Award, and in 2002, it commenced Suzhou Huisheng Yuan, its first property development project, in Suzhou. In 2004, the Group developed Wenchang Broadway, a shopping centre in Yangzhou followed by Suzhou Shengyang Commercial Building, another commercial project in Suzhou in 2006.

Recognising the PRC government's efforts to stimulate investments in the Bohai Economic Rim, Tiong Seng ventured into Tianjin in 2006 with the development of a residential cum commercial project in the heart of Tianjin City. To tap into the rapid development of the Bohai Economic Rim, the Group currently has four on-going projects in the region, including a joint venture project in the Sino-Singapore Tianjin Eco-City.

Competitive Strengths

With over 50 years of track record in building construction and civil engineering, Tiong Seng has established itself as a reliable builder. With its reliable services, technical expertise and ability to deliver quality projects on time at competitive costs, Tiong Seng has earned repeat business, recommendations and referrals from its customers.

Over the years, the Group has invested in a wide range of machinery and equipment, which not only keeps costs in check during periods of high rental costs arising from strong construction demand, but is also in line with its strategy of improving cost efficiencies and providing quality service to customers. Having its own fleet of machinery and equipment also reduces reliance on external third parties and ensures available resources to meet project commitments.

In particular, the Group has invested in several advanced formwork systems, or modular panel systems which are lighter, more cost efficient and faster to erect than traditional timber formwork, requiring a shorter time for fixing and striking.

Through the use of pre-casting techniques and these advanced formwork systems, the Group is able to shorten the construction time and reduce reliance on human labour, resulting in higher productivity and cost efficiencies.

As one of the leading contractors in Singapore, the Group's ability to undertake a wide range of projects of various sizes and nature, including residential apartments, commercial properties, warehouses, institutions and high-end hotels, as well as civil engineering projects, enables it to be less affected by adverse market conditions as it is not overly dependent on a single project category.

Moreover, as the Group possesses extensive experience in both its business segments, it is therefore able to review projects from both the perspective of a main contractor as well as that of a property developer and leverage on experiences across these complementary business segments.

Business Prospects

BCA has projected that construction demand in Singapore will reach between S\$21 billion and S\$27 billion in 2010, and between S\$18 billion and S\$25 billion in each of 2011 and 2012. Public sector construction demand is supported by the expansion of the Rapid Transit System network and road developments in Singapore whilst private sector construction activities are expected to increase with improved market sentiments.

In the PRC, increased urbanisation and purchasing power in the PRC will continue to drive demand for real estate properties in the second- and third-tier cities. For instance, within the fast growing Bohai Economic Rim is the Tianjin Binhai New Area ("TBNA"), one of the most important areas in

the PRC's 11th five-year plan for National Economy and Social Development. TBNA is in the same league as the Shenzhen Special Economic Zone in the 1980s and the Shanghai Pudong New Area in the 1990s, and it is anticipated that TBNA will be "China's third economic engine" and the "new growth pole" of North China. The Group is well-positioned to take advantage of the TBNA's promising potential, having secured projects in the Tianjin eco-city and Dagang area.

Looking Ahead

Mr Pek Lian Guan (白連源), Tiong Seng's Chief Executive Officer said: "Construction demand in Singapore remains strong and Singapore will continue to be our core market for construction and civil engineering activities. With our established track record of more than 50 years, coupled with our experience in large-scale projects such as the Sentosa Integrated Resorts, we will continue to focus on securing larger-scale construction projects in both the public and private sectors."

"With the Singapore Government's recent initiatives to improve productivity, we believe that we are well-positioned to cope with the new measures such as the increase in foreign workers' levy as we have been actively investing in and using technologies such as pre-casting and advanced formwork systems which reduce the labour required and increase our cost efficiencies. We intend to use part of the IPO proceeds to construct an automated pre-cast factory, which will further strengthen our competitive position."

"In the PRC, we are a niche developer and will continue to focus on actively acquiring land use rights to develop residential and commercial properties in the second- and third-tier cities," Mr Pek said.

Commenting on DBS Bank's role in supporting Tiong Seng's growth in the past 20 years, Mr Tan Teck Long (陈德隆), Managing Director and Sector Head, Institutional Banking Group (Real Estate) of DBS Bank, said: "We are pleased to have played a pivotal role in Tiong Seng's growth domestically and regionally. As an Asian bank, we aim to support the expansion of Asian enterprises regionally, leveraging on our Asian network. Building lasting relationships is part of our belief in banking the Asian way. We share Tiong Seng's pride in their achievements and success and we congratulate them on reaching this corporate milestone. We look forward to deepening our long-standing relationship with Tiong Seng as the company moves into the next phase of growth."

Use of Proceeds

The Group plans to use the net proceeds of approximately S\$48 million raised from the IPO as follows:

- Construction of pre-casting facilities: S\$20 million
- Expansion of property development business in the PRC: S\$17 million
- Repayment of loans from affiliated corporations: S\$9 million
- Working capital: S\$2 million

Financial Highlights

From FY2006 to FY2008, Tiong Seng's revenue rose by a compounded annual growth rate ("CAGR") of 43.2%, from S\$132.8 million in FY2006 to S\$272.3 million in FY2008. The Group recorded net profit of S\$9.7 million, S\$10.3 million and S\$9.3 million in FY2006, FY2007 and FY2008 respectively.

In the first nine months of FY2009 ("FP2009"), the Group's net profit surged to \$29.2 million on revenue of S\$301.7 million, mainly due to the increase in contribution from its property development segment as the Group completed a significant project, Tianmen Jinwan Building, in Tianjin in March 2009.

###

Any offer of securities will be made in or accompanied by a final prospectus issued by Tiong Seng Holdings Limited and registered with the Monetary Authority of Singapore (the "Prospectus"). Copies of the Prospectus and Application Forms may be obtained on request, subject to availability, during office hours from DBS Bank Ltd., 6 Shenton Way #36-01, DBS Building Tower One, Singapore 068809. A copy of the Prospectus is also available on the website of the Singapore Exchange Securities Trading Limited at <http://www.sgx.com.sg> and the website of the Monetary Authority of Singapore at <http://masnet.mas.gov.sg/opera/sdrprosp.nsf>. Parties wishing to subscribe for the New Shares will need to make an application in the manner set out in the Prospectus.