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FOR IMMEDIATE RELEASE

Tiong Seng posts 49.4% jump in net profit to S$15.3 million for FY2016 driven by both construction and property development businesses

- **Revenue surged 37.3% to record S$774.3 million due to higher revenue recognition of construction contracts and property development projects**
- **Higher operating cash flow strengthens balance sheet and improves gearing ratio to 0.55 (31 December 2015: 0.93)**
- **Creation of a new civil engineering business unit to target public sector projects; Construction order book remains robust at approximately S$1.0 billion extending till year 2020**
- **In view of the improved financial performance, Board of Directors propose first and final dividend to 0.8 Sing cents per share (FY2015: 0.5 Sing cents) to reward shareholders**

S$'000	FY2016	FY2015	Change (%)
Revenue	774,258	563,800	37.3
Net profit attributable to shareholders	15,289	10,237	49.4
Earnings per share (Sing cents)[1]	3.35	2.23	50.2

	As at 31 December 2016	As at 31 December 2015
Net asset value per share (Sing cents)[2]	**57.31**	**56.75**
Cash & cash equivalents (S$'000)	**92,248**	**93,210**

(1)Based on 455,989,038 weighted average number of shares outstanding after share consolidation and excluding treasury shares (2015: 459,476,562 shares)
(2)Based on 454,014,149 shares, net of non-controlling interests and excluding treasury shares, as at 31 December 2016 (458,535,349 shares as at 31 December 2015)

SINGAPORE – 24 February 2017 – Mainboard-listed construction group and property developer, **Tiong Seng Holdings Limited (長成控股)** ("Tiong Seng", together with its subsidiaries, "the Group"), today announced its financial results for the fourth quarter and full year ended 31 December 2016 ("4Q2016" and "FY2016").

Amid challenging market conditions, the Group ended the year on a high note with a 37.3% year-on-year ("yoy") spike in revenue to a record S$774.3 million for FY2016. This growth can be attributed to stronger contribution from both its construction and property development segments. Correspondingly, net profit attributable to shareholders rose 49.4% yoy to S$15.3 million for FY2016.

On the Group's performance, **Mr Pek Lian Guan (白連源), CEO of Tiong Seng Holdings Limited** said, "Our FY2016 results are a reflection of our continued resilience amidst the dampened market sentiments. This achievement is a good testament to our correct strategy of continuing evolvement to stay abreast of the industry's trends and achieve sustainable growth. Our creation of a civil engineering line of business within our construction segment in response to the surge in public-sector projects is a good example of this strategy. In 2016, we secured two contracts from Public Utilities Board and the Ministry of Home Affairs for the supply and installation of a water transmission pipeline and the construction of Selarang Park Complex respectively. Given the Building and Construction Authority's (BCA) projection for the value of public-sector construction contracts to be awarded in 2017 to grow between S$20.0 billion and S$24.0 billion (up from S$15.8 billion in 2016)[1], our civil engineering business is well-positioned to gain traction.

Besides injecting the industry with more public-sector work to give it a boost, the government has urged for the adoption of construction capabilities, particularly the Design for Manufacturing and Assembly (DfMA) concept, to reap productivity gains. As a pioneer practitioner of DfMA in the local construction scene, we had adopted and systemised innovations such as Prefabricated Prefinished Volumetric Construction (PPVC) and Prefabricated Bathroom Unit (PBU). As more government land sales sites stipulate the use of DfMA[2], we find ourselves in an increasingly favourable position to capitalise on our competitive edge."

Financial Review

Major Business Segments	Revenue & profit/loss breakdown (S$'000)	FY2016	FY2015	Change (%)
Construction Contracts	Revenue	629,442	482,220	30.5
	Profit	29,935	29,339	2.0
Sale of Development Properties	Revenue	137,821	71,784	92.0
	Profit	5,439	6,271	(13.3)

The Group's core **Construction Contracts** segment reported revenue of S$629.4 million for FY2016, up from S$482.2 million for FY2015. This comprises 81.3% of the Group's FY2016 revenue and translates into a 30.5% yoy growth. The growth transpired due to differences in stages of revenue recognition for the Group's various construction projects. In accordance with the Group's revenue recognition policy, work done amounting to approximately S$17.0 million from newly commenced projects has yet to be recognised as revenue as at 31 December 2016.

[1] "Public sector projects worth up to $24b to boost construction sector this year", The Straits Times, 6 January 2017
[2] Ibid.

Similarly, revenue from the **Sale of Development Properties** segment rose 92.0% yoy to S$137.8 million for FY2016, and contributed 17.8% of the Group's FY2016 revenue. Revenue from sales of development properties in FY2016 amounted to S$137.8 million contributed mainly from the sale recognition of 503 units (57,530 sqm) from phase I of the Tranquility Project and 31 units (3,847 sqm) from the Sunny International Project and 40 units (7,823 sqm) from Equinox Project. As at 31 December 2016, approximately S$82.8 million of gross development value ("GDV") was sold but is yet to be recognised as revenue in accordance to the Group's revenue recognition policy. The GDV includes 63 units (13,158 sqm) of Equinox and 52 units (16,350 sqm) of Tranquility Residences.

As at 31 December 2016, the Group's balance sheet remained resilient with cash and cash equivalents of S$92.2 million, bolstered by strong operating cash flow amounting to S$165.8 million. The management has therefore pared down its loans and borrowings, lowering the Group's gearing level to 0.55, from 0.93, as at 31 December 2016.

Within the same period, The Group's earnings per share stood at 3.35 Singapore cents[3] while net asset value per share was 57.31 Singapore cents[4].

Outlook

Construction

According to BCA's forecasts, construction demand is projected to increase to between S$28.0 billion and S$35.0 billion, with approximately 70% of the demand to originate from the public sector[5]. In particular, public-sector demand is fuelled by key mega-infrastructure projects including the second phase of the Deep Tunnel Sewerage System, North-South Corridor, and Circle Line 6[6].

In contrast, demand from the private sector remains sluggish, with the forecasted value of contracts to be awarded to range between S$8 billion and S$11 billion[7]. The Group will remain vigilant about the prevailing industry trends and allocate its internal resources accordingly.

Property Development in the China

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[3] Based on 455,989,038 weighted average number of shares outstanding after share consolidation and excluding treasury shares (2015: 459,476,562 shares)
[4] Based on 454,014,149 shares, net of non-controlling interests and excluding treasury shares, as at 31 December 2016 (458,535,349 shares as at 31 December 2015)
[5] "Public sector projects worth up to $24b to boost construction sector this year", The Straits Times, 6 January 2017
[6] "Public-sector work to give construction firms a boost", The Straits Times, 7 January 2017
[7] "Public sector projects worth up to $24b to boost construction sector this year", The Straits Times, 6 January 2017

On the property development front, the market outlook in the People's Republic of China ("China") is assailed by risks in the form of government policies. Since the implementation of cooling measures to curb the overheated property market beginning in late-September, China's property sales have plunged. According to the National Statistics Bureau, 46 of the 70 Chinese cities tracked reported price increases in December, compared to 55 the month before. In addition, average new home prices in China's four biggest cities remained unchanged in December, slowing from a 0.1 per cent increase in November.[8]

Ceteris paribus, China's home prices are still expected to rise in 2017 due to expectations of further yuan depreciation, more US rate hikes[9], and the growth of real demand.

Mr Pek concluded, "In spite of the tightening measures in China's property market, we maintain a cautiously optimistic outlook seeing that they are location-specific and appear to be less restrictive in the lower-tier cities where we operate. Furthermore, tightening in the major cities may compel buyers to move into smaller cities, and lower-tier cities with high inventory may continue to witness the slackening of regulations. Nevertheless, we are committed and on track for the development of all our existing projects.

In appreciation of our shareholders' unwavering trust in our judgment and supported by the improved financial performance, the Board of Directors would like to recommend a final dividend of 0.8 Sing cents per share, representing a hike from 0.5 Sing cents per share issued last year."

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[8] "China property developers cut new home prices in compliance with government curbs designed to cool market", South China Morning Post, 13 February 2017
[9] "China home prices, property investment likely to rise in 2017", The Business Times, 7 January 2017

About Tiong Seng Holdings Ltd.

Tiong Seng is principally engaged in building construction and civil engineering in Singapore, and property development in the China.

With an established track record of over 57 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 China. 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 China.

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