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**FOR IMMEDIATE RELEASE**

# Tiong Seng records 9.4% gain in net profit to S$4.1 million for 1Q2017

- **Earnings growth was boosted by 25.2% surge in construction revenue to S$194.0 million**
- **Positive cash flow of S$46.2 million generated from operations enables the Group to pare down its debt; balance sheet is strengthened as gearing ratio is improved to 0.49 (31 December 2016: 0.55)**
- **Order book remains robust at approximately S$924 million as at 31 March 2017 extending till year 2020**

| S$'000 | 1Q2017 | 1Q2016 | Change (%) |
|---|---|---|---|
| Revenue | 207,691 | 247,181 | (16.0) |
| Net profit attributable to shareholders | 4,090 | 3,737 | 9.4 |
| Earnings per share (Sing cents)[1] | 0.90 | 0.82 | 9.8 |

| | As at 31 March 2017 | As at 31 December 2016 |
|---|---|---|
| Net asset value per share (Sing cents)[2] | **57.09** | **57.31** |
| Cash & cash equivalents (S$'000) | **97,725** | **92,248** |

*[1]Based on weighted average number of shares outstanding after share consolidation and excluding treasury shares of 453,759,166 (2016: 458,058,817) shares*
*[2]Based on 453,740,249 shares, net of non-controlling interests and excluding treasury shares, as at 31 March 2017 (454,014,149 shares as at 31 December 2016)*

**SINGAPORE – 11 May 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 quarter ended 31 March 2017 ("1Q2017").

Ushering in the new year on a bright note, the Group reported a net profit attributable to shareholders of S$4.1 million for 1Q2017, translating into a 9.4% year-on-year ("yoy") increase. The boost to the bottom-line can be traced to the 25.2% yoy hike in revenue from construction contracts. However, due to the decline in sales of development properties as a result of lower revenue recognition in accordance with the Group's revenue recognition policy, the Group's overall revenue slid by 16.0% yoy to S$207.7 million for 1Q2017.

Nevertheless, with the progressive recognition of its projects, the Group generated positive operating cash flow amounting to S$46.2 million for 1Q2017. With this steady inflow of cash, the Group was able to strategically trim its total loans and borrowings, from S$176.4 million as at 31 December 2016 to S$151.9

million as at 31 March 2017. Consequently, its gearing ratio is improved to 0.49 at the end of the current period, down from 0.55 as at 31 December 2016.

**Mr Pek Lian Guan (白連源), CEO of Tiong Seng Holdings Limited** commented, "The local construction scene continues to experience persistent headwinds even as growth of the overall economy picks up speed on the back of the manufacturing sector. According to the median forecast of economists in the latest quarterly survey by the Monetary Authority of Singapore, the construction sector is poised to deliver lackluster performance, growing at a marginal pace of 0.3 per cent this year.[1] Given this downcast outlook, it is imperative that we maintain a resilient balance sheet that will tide us over this challenging period. As such, we will continue to optimise our gearing level and adopt prudent cost controls."

***Financial Review***

| Major Business Segments | Revenue & profit/loss breakdown (S$'000) | 1Q2017 | 1Q2016 | Change (%) |
|---|---|---|---|---|
| Construction Contracts | Revenue | 193,968 | 154,928 | 25.2 |
| | Profit | 8,286 | 7,459 | 11.1 |
| Sale of Development Properties | Revenue | 13,221 | 91,787 | (85.6) |
| | Profit/(loss) | (939) | 2,597 | n.m. |

Driven by the net increase in work done for new and ongoing projects as a result of differences in stages of the various construction contracts, the core **Construction Contracts** segment delivered revenue amounting to S$194.0 million for 1Q2017, up from S$154.9 million for 1Q2016. This contributed to 93.4% of the Group's overall revenue for the reporting period. In accordance with the Group's revenue recognition policy, work done amounting to approximately S$6.7 million from newly commenced projects has yet to be recognised as revenue as at 31 March 2017. As at 31 March 2017, the Group's order book stands strong at approximately S$924 million, and is expected to extend till 2020.

On the other hand, revenue from the **Sale of Development Properties segment** slipped 85.6% yoy to S$13.2 million for 1Q2017.The revenue was derived from the sale recognition of 16 units (5,661 square metres) from the Equinox Project and one unit (226 square metres) from phase I of the Tranquility project. In accordance with the Group's revenue recognition policy, approximately S$112.5 million of gross development value was sold but is yet to be recognised as at 31 March 2017. These projects include: 93 units (16,718 square metres) of Equinox and 67 units (21,472) of Tranquility Residences.

[1] *"Construction set to remain worst performer"* – The Straits Times, 16 March 2017

As at 31 March 2017, the Group's earnings per share stood at 0.90 Singapore cents[2] while net asset value per share was 57.09 Singapore cents[3].

**Mr. Pek** concluded, "Even in the face of adversity, we remain hopeful that our edge in construction technologies will bolster our competitiveness and sustainability. Our consistent and conscientious efforts to achieve a quantum leap in productivity improvement echo the sentiments of the Building and Construction Authority ("BCA"). In early March, BCA announced the government's introduction of more support to transform the built environment sector and advocate for the adoption of innovative and productive solutions. Such incentives include a S$150 million Public Sector Construction Productivity Fund and an extension of the Land Intensification Allowance scheme to provide firms a tax relief on the capital expenditure incurred in the construction of Integrated Construction and Prefabrication Hubs.[4] Energised by these reinforced endeavours, we will closely review the existing and upcoming schemes to see how we may capitalise on them in both our investments in technology as well as the tendering of prospective projects."

***Outlook***

*Construction*

While the private sector construction demand is expected to remain sluggish due to the slowdown in the property market, the public sector construction demand will be spurred by the strong pipeline of mega infrastructure projects that the government will be releasing over the next few years. The S$700.0 million worth of infrastructure projects include Tengah HDB Town, LTA's Circle Line 6 and Changi Airport Terminal 5. To aid small and medium-sized local firms, the government has called for public agencies to parcel out larger projects into smaller ones where appropriate.[5]

According to BCA's projections, the total value of construction contracts to be awarded in 2017 to reach between S$28.0 billion and S$35.0 billion, with a surge in public sector construction demand from S$15.8 billion last year to S$24.0 billion for 2017.[6]

*Property Development in the China*

In spite of the ever-tightening property controls, new home prices in March were lifted month-on-month in nine of the 15 first and second-tier cities that it closely monitors, according to the data that was recently

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[2] Based on weighted average number of shares outstanding after share consolidation and excluding treasury shares of 453,759,166 shares
[3] Based on 453,740,249 shares, net of non-controlling interests and excluding treasury shares, as at 31 March 2017
[4] *"More support and incentives to transform built environment sector"* – Building and Construction Authority, 7 March 2017
[5] *"More support and incentives to transform built environment sector"* – Building and Construction Authority, 7 March 2017
[6] *"Construction demand projected to grow in 2017: BCA"* – Channel NewsAsia, 6 January 2017

published by National Statistics Bureau ("NBS") data.[7] Furthermore, the average new home price across the 100 cities monitored by the China Index Academy declined 4.4% year-on-year in March.[8]

The aforementioned findings clearly point to the unpredictable effects of China's tightening measures on the overheated property market. Experts have also opined that due to lag effect, the latest round of upgraded curbs, including the increase in down-payment requirements, controls on selling prices, and restrictions on purchases by non-locals and second-home buyers, which were implemented in late-March may only take effect in the later months.[9]

As a result of the above, the Group will vigilantly monitor the situation and carefully assess the impact of the Chinese government's tightening policies on its operations in second and third-tier cities in China.

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

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[7] *"China home prices rise in more cities in March"* – South China Morning Post, 18 April 2017
[8] *"China home prices dip in March despite easing of policies, private surveys show"* – South China Morning Post, 18 April 2017
[9] *"China home prices rise in more cities in March"* – South China Morning Post, 18 April 2017