TIONG SENG GROUP 长成控股

21 Fan Yoong Road
Singapore 629796
T: +65 6356 0822
F: +65 6356 0688

FOR IMMEDIATE RELEASE

Tiong Seng post net profit attributable to shareholders of S$1.3 million for 1Q2019

- **Group generates healthy operating cash flows of S$22.6 million for 1Q2019, with net gearing ratio improving to 0.17# (As at 31 December 2018: 0.23#)**
- **Construction order book increases to approximately S$661.6 million extending to 2023**
- **Driven by its Engineering Solutions segment, the Group intends to position itself abroad as a one-stop solution engineering solutions provider**

S$'000	1Q2019	1Q2018	Change (%)
Revenue	89,273	140,754	(36.6)
Net profit attributable to shareholders	1.3	4.9	(73.5)
Earnings per share (Sing cents)[1]	0.30	1.10	(72.7)

	As at 31 March 2019	As at 31 December 2018
Net asset value per share (Sing cents)[2]	**60.96**	**60.35**
Cash & cash equivalents (S$'000)	**58,952**	**39,975**

[1]The earnings per share net of non-controlling interests has been calculated based on 444,785,349 (2018: 447,497,105) weighted average number of shares outstanding excluding treasury shares.
[2]The net asset value per ordinary share net of controlling interests and excluding treasury shares has been calculated based on 444,785,349 shares as at 31 March 2019 and 31 December 2018.

SINGAPORE – 13 May 2019 – Mainboard-listed construction group and property developer, **Tiong Seng Holdings Limited (長成控股)** ("**Tiong Seng**", together with its subsidiaries, "**the Group**"), has announced its financial results for the first quarter ("**1Q2019**") ended 31 March 2019.

Amidst industry headwinds and competitive pressures, the Group's revenue decreased 36.6% year-on-year ("**yoy**") to S$89.3 million for 1Q2019. In spite of these external pressures, the Group's prudent bidding approach and value engineering efforts lifted profit margins, as the construction segment recorded a 3.5 percentage point increase in gross profit margin to 13.5% for 1Q2019.

Supported by healthy operating cash flow of S$22.6 million for 1Q2019, the Group's net gearing ratio contracted to 0.17# as at 31 March 2019, improving from 0.23# as at 31 December 2018.

Net gearing ratio calculated using net debt figures: [(Total Outstanding Debt – Cash and Cash Equivalents)/Total Equity]

Mr Pek Lian Guan (白連源), CEO of Tiong Seng Holdings Limited commented, *"Faced with an increasingly competitive construction landscape, we acknowledge the need to balance between offering competitive prices and maintaining our profit margins to ensure earnings resiliency. In a bid to differentiate ourselves from industry peers and improve project hit rate, we choose to adopt a competitive pricing strategy and tap on our extensive range of construction solutions to create value-add for our customers. Apart from growing our order book, we will continue to engage in value engineering and cost optimisation to enhance the profitability of our projects."*

Financial Review

Major Business Segments	Revenue & profit/loss breakdown (S$'000)	1Q2019	1Q2018	Change (%)
Construction Contracts	Revenue	81,567	131,831	(38.1)
	Operating Profit	3,884	6,962	(44.2)
Sale of Development Properties	Revenue	7,263	8,430	(13.8)
	Operating Profit/(loss)	352	(281)	N.M.

As newer projects coming onboard were not significant vis-a-vis older projects that were completed, the Group's core **Construction** segment revenue declined to S$81.6 million for 1Q2019. As at 31 March 2019, the Group maintains an order book of approximately S$661.6 million which is expected to extend till 2023.

Revenue from the Group's secondary **Property Development** segment registered a 13.8% yoy decline to S$7.3 million for 1Q2019, mainly due to the timing of revenue recognition. In line with the Group's revenue recognition policy, approximately S$26.4 million of gross development value was sold but has yet to be recognised as at 31 March 2019. These projects include 49 units (8,059 sqm) of the Equinox Project and 2 units (722 sqm) of the Tranquility Residences project.

Outlook

Construction

Driven mainly by an improvement in private sector construction activities, the construction sector logged its first quarter of positive growth in 2019 following ten consecutive quarters of decline[1]. While residential construction activities are expected to remain sluggish, impetus from a healthy pipeline of industrial building construction and major infrastructure works during the year is expected to gradually boost

[1] "Singapore's GDP growth slows to 1.3% in Q1: MTI advance estimates", Channel NewsAsia, 12 April 2019

construction activity. In view of this projected ramp up in public sector construction activity, industry observers expect an improved showing for the sector in the coming quarters.

<u>Property Development in China and Singapore</u>

China

Home prices in China are expected to rise more this year than predicted as the government urges banks to ramp up lending and lower interest rates to boost the slowing economy[2]. In addition, some smaller cities have also quietly loosened home purchase restrictions to prop up sentiment and demand. More recently, the Chinese government announced a scheme to ease residency curbs in small cities – known as *hukou* – amid a renewed push to accelerate urbanisation. Many industry observers believe this scheme would enable more out-of-towners to buy properties in the city, thereby boosting property demand in mid-to-small cities near a large hub[3].

Singapore

Private home prices in Singapore continued its gradual decline into the first quarter of the year, as cooling measures implemented in mid-2018 continued to bite and developers launched more properties than they sold[4]. With the passing of the festive Lunar New Year in February, developers have been eager to resume launches. This led to 10 new private residential projects and 1,812 units being launched for sale in March, as compared with the 614 units launched in the same period the year before[5]. While these aggressive launches resulted in 1,054 units sold, the overall take-up rate of 58.2 per cent reflects the mismatch between supply and demand. In light of these prevailing trends, buyers are expected to adopt a wait-and-see approach given the plethora of launches scheduled this year and next[6].

In conclusion, **Mr Pek** added, "*While we are cautiously optimistic of a lift in local construction demand from public sector projects, we remain mindful of opportunities abroad that will allow us to diversify our revenue streams and increase the return on investment of our construction technologies. Leading the way in our overseas drive, our Engineering Solutions segment has embarked on plans to establish itself as a one-stop engineering solutions provider. Leveraging on our broad spectrum of technologically-driven capabilities and established track record, we are confident of garnering greater interest abroad as we chart new avenues of growth for the long-term.*"

# # #

[2] "China's home prices rise faster in March aided by policy support", The Straits Times, 16 April 2019
[3] "China's easing of residency requirements could boost cooling property market", The Business Times, 8 April 2019
[4] "Private property prices dip slightly in Q1: URA", Channel NewsAsia, 26 April 2019
[5] "New private home sales jump 47% in March as developers roll out multiple projects", Channel NewsAsia, 15 April 2019
[6] "As another mega condo launches, will there be enough demand in Singapore's property market?", Channel NewsAsia, 15 March 2019

About Tiong Seng Holdings Ltd.

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

With an established track record of close to 60 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.

Issued on behalf of Tiong Seng Holdings Ltd. by:
Financial PR
Mr. Kamal Samuel / Mr. Jonathan Wee
Investor Relations Consultants
Tel: (65) 6438 2990 | Fax: (65) 6438 0064
Email: tiongseng@financialpr.com.sg