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FOR IMMEDIATE RELEASE

Tiong Seng posts net profit to shareholders of S$4.0 million for 9M2019

- **Supported by strong operating cash flows of S$27.2 million, the Group's cash position strengthened to S$52.9 million as at 30 September 2019 (30 September 2018: S$37.8 million)**
- **Balance sheet remains resilient with a reduced net gearing ratio of 0.15 as at 30 September 2019 (31 December 2018: 0.23)**
- **Construction order book increases to approximately S$991.9 million extending to 2023**

S$'000	3Q2019	3Q2018	Change (%)	9M2019	9M2018	Change(%)
Revenue	94,754	77,962	21.5	264,566	274,645	(3.7)
Net profit attributable to shareholders	1,270	767	65.6	4,006	6,821	(41.3)
Earnings per share (Sing cents)[i]	0.29	0.17	70.6	0.90	1.53	(41.2)

	As at 30 September 2019	As at 31 December 2018
Net asset value per share (Sing cents)[ii]	**58.34**	**60.35**
Cash & cash equivalents (S$'000)	**53,745**	**39,975**

i) The earnings per share net of non-controlling interests has been calculated based on 444,785,349 (2018: 445,764,292) weighted average number of shares outstanding excluding treasury shares.
ii) 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 30 September 2019 and as at 31 December 2018.

SINGAPORE – 12 November 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 third quarter ("3Q2019") and nine months ended 30 September 2019 ("9M2019").

The Group's revenue recorded a 3.7% year-on-year ("yoy") decrease to S$264.6 million for 9M2019, mainly attributable to a net decrease in work performed for the construction segment and lower revenue recognised for its property segment. As a result of competitive pressures and an aggressive pricing market for the construction sector, the Group's gross profit margin narrowed by 3.7 percentage points to 10.4% for 9M2019. Overall, net profit attributable to shareholders declined 41.3% yoy to SS4.0 million for 9M2019.

Supported by improved operating cash flow generation of S$27.2 million for 9M2019, the Group's net gearing ratio contracted to 0.15[1] as at 30 September 2019, improving from 0.23[1] as at 31 December 2018. The Group's balance sheet remains resilient with cash equivalents amounting to S$53.7 million as at 30 September 2019 (As at 31 December 2018: S$40.0 million).

Financial Review

Major Business Segments	Revenue & profit/loss breakdown (S$'000)	9M2019	9M2018	Change (%)
Construction Contracts	Revenue	248,240	254,722	(2.5)
	Operating Profit	5,732	13,705	(58.2)
Sale of Development Properties	Revenue	15,424	18,487	(16.6)
	Operating Profit/(Loss)	1,370	(745)	N.M.

While newer projects coming onboard were not significant vis-a-vis older projects that were completed, the Group's core **Construction** segment revenue declined marginally by 2.5% yoy to S$248.2 million for 9M2019. As at 30 September 2019, the Group maintains an order book of approximately S$991.9 million which is expected to extend till 2023.

Revenue from the Group's secondary **Property Development** segment registered a 16.6% yoy decline to S$15.4 million for 9M2019, mainly due to the timing of revenue recognition. In line with the Group's revenue recognition policy, approximately S$42.1 million of gross development value was sold but has yet to be recognised as at 30 September 2019. These projects include 57 units (9,311 sqm) of the Equinox Project and 13 units (4,098 sqm) of the Tranquility Residences project.

Outlook

Construction

While Singapore's construction sector has swung back into growth mode in 2019 following two-and-a-half-years of contraction, heightened competitive pressures for projects and a shrinking foreign labour pool have kept industry margins slim. According to the Building & Construction Authority (BCA), tender prices in the second quarter of 2019 declined by 0.4 per cent quarter-on-quarter ("qoq")[2]. Singapore's weak demographic outlook, with population growth set to fall below 1 per cent per annum over the next five

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[1] Net gearing ratio calculated using net debt figures: [(Total Outstanding Debt – Cash and Cash Equivalents)/Total Equity]
[2] "Construction Demand, Tender Price Index, & Construction Materials", Building & Construction Authority (BCA)

years, will also act as a drag on construction in the long-run[3]. Nonetheless, increased investment in health and education buildings is expected to have a positive impact on the sector, with government expenditure increasing in response to an ageing society and technological disruption. Furthermore, the tender market could also improve when mega projects such as Changi Airport Terminal 5, Johor Bahru-Singapore Rapid Transit System (RTS) Link and the Jurong Regional Line (JRL) roll out progressively. However, economists emphasised that the recovery will be modest when compared historically, with weak demographic trends and softening residential price growth weighing on activity.

Property Development in China and Singapore

China

Growth in property transactions slowed during China's "Golden September" peak season for new home sales, hurt by persistent pressures in the sector as a crackdown on speculators have shown little signs of subsiding. Property sales by floor area, a leading indicator of demand, rose 2.9 per cent yoy in September, down from 4.7 per cent yoy growth recorded in August[4]. On the contrary, a frenzied luxury home sale in Shenzhen has locked up nearly RMB14.0 billion in deposits from more than 2,700 interested buyers – the largest in the city's history[5]. The subscription underscores continued demand for high-end housing in parts of the country, even as the market in Chinese mega cities such as Beijing and Shanghai have cooled under strict price curbs.

Singapore

Private home prices rose 1.3 per cent qoq in the third quarter of 2019, attributable to the highest number of new homes sold in a single quarter in more than six years[6]. Industry experts have indicated that the trend was underpinned by strong pent-up demand from both local and foreign buyers, displaying that the private property market had come to terms with the cooling measures imposed in July 2018. Other market observers believe current property prices does not reflect the true state of the market. Based on URA data for the third quarter of 2019, there was an estimated total supply of about 54,686 uncompleted private residential units in the pipeline with planning approvals[7]. Of this number, 34,089 units remained unsold.

In conclusion, **Mr Pek** added, "*As we enter our 60-year anniversary milestone in November, we remain cognisant of the challenging market conditions and competitive pressures that we face in the industry today. In response to these headwinds, we intend to consolidate our various business units and strengthen our core competencies in harnessing cutting-edge construction technologies, so as to reinforce*

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[3] "Asean construction sector feeling effects of US-China trade war", The Business Times, 27 August 2019
[4] "China's Sept property investment resilient, buoyed by new construction", The Business Times, 19 October 2019
[5] "Shenzhen property sale lottery locks up US$2 billion in deposits – the largest in the city's history", South China Morning Post, 28 October 2019
[6] "Strong private home sales, prices point to stabilising property market", The Straits Times, 26 October 2019
[7] "Release of 3rd Quarter 2019 real estate statistics", Urban Redevelopment Authority (URA), 25 October 2019

our reputation as a one-stop construction and engineering solutions provider. Operationally, we will continue to engage in value engineering and cost optimisation to drive earnings resiliency and ultimately generate long-term value for our shareholders. As a long-standing company with an established track record in the built environment and property development space, we are confident that we have the capabilities, determination and appropriate strategies in place to overcome industry headwinds, market difficulties and thrive in the next 60 years ahead."

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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 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 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. On top of its projects in China, the Group has also made headway in the Singapore property market with the acquisition of landbanks in the prime districts 9 and 10.

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