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FOR IMMEDIATE RELEASE

Tiong Seng posts 37.5% increase in net profit for 9M2016 to S$10.1 million driven by both construction and property development segments

- **Bolstered by an increase in construction contracts and sales recognition of property development projects, revenue surges 52.1% to S$551.1 million**
- **Positive cash flow from operations of S$141.0 million improves balance sheet's strength as gearing level lowers to 0.56 (31 Dec 2015: 0.93)**
- **Robust order book size of S$1.2 billion ensures visibility of construction contracts up to 2020**

S$'000	3Q2016	3Q2015	Change (%)	9M2016	9M2015	Change (%)
Revenue	145,921	165,279	(11.7)	551,126	362,392	52.1
Net profit attributable to shareholders	1,880	2,674	(29.7)	10,090	7,340	37.5
Earnings per share (Sing cents)[1]	0.41	0.58	(29.3)	2.21	1.60	38.1

	As at 30 September 2016	As at 31 December 2015
Net asset value per share (Sing cents)[2]	**55.12**	**56.75**
Cash & cash equivalents (S$'000)	**57,769**	**93,210**

[1]*Based on 456,421,637 weighted average number of shares after share consolidation and excluding treasury shares (2015: 459,620,368 shares)*
[2]*Based on 455,053,349 shares, net of non-controlling interests and excluding treasury shares, as at 30 September 2016 (458,535,349 shares as at 31 December 2015)*

SINGAPORE – 2 November 2016 – Mainboard-listed construction group and property developer, **Tiong Seng Holdings Limited (長成控股)** ("Tiong Seng", together with its subsidiaries, "the Group"), today reported a 52.1% year-on-year ("yoy") increase in revenue to S$551.1 million for the nine months ended 30 September 2016 ("9M2016"). The growth was stimulated by revenue recognition of Phase I of the Tranquility project and Phase III of the Sunny International project, as well as a spike in the revenue of the construction segment. Correspondingly, net profit attributable to shareholders rose 37.5% yoy to S$10.1 million for 9M2016.

Mr Pek Lian Guan (白連源), CEO of Tiong Seng Holdings Limited commented, "Amid the challenging construction and property development markets, we have managed to grow both our top and bottom line figures. Apart from a conscientious effort to control costs, we prioritise pursuing high-yielding construction and property development projects. With the progressive recognition of these projects, S$141.0 million of positive operating cash flow was generated. This bolstered our balance sheet strength as our gearing ratio improves substantially to 0.56 from 0.93 as at 31 Dec 2015. Going forward, we remain supported by a robust order book size amounting S$1.2 billion, which extends to 2020.

Galvanised by the government's efforts to promote construction site productivity through technologies such as Design for Manufacturing and Assembly (DfMA) and Building Information Modelling (BIM), we intend to build on our heritage of investing in innovations. This not only expands our suite of construction technologies to offer customers a more comprehensive solution, it also sharpens our competitive edge as we compete on a lower cost base. Apart from our recent participation in the BuildTech Asia exhibition, we aspire to seek even more collaboration opportunities with the Building and Construction Authority (BCA), to further our common goal of developing, adapting, and adopting technologies amid the labour crunch."

Financial Review

Major Business Segments	Revenue & profit/loss breakdown (S$'000)	3Q2016	3Q2015	Change (%)	9M2016	9M2015	Change (%)
Construction Contracts	Revenue	140,613	155,189	(9.4)	428,963	341,357	25.7
	Profit/(loss)	7,709	10,244	(24.7)	21,514	18,972	13.4
Sale of Development Properties	Revenue	4,628	8,013	(42.2)	116,273	13,984	>100
	Profit/(loss)	(1,345)	(1,851)	(27.3)	4,627	(4,702)	N.M.

The core **Construction Contracts** segment, comprising 77.8% of 9M2016's revenue, climbed 25.7% yoy to S$429.0 million. This was due mainly to the varying revenue recognition stages of various construction projects. In accordance with the Group's revenue recognition policy, work done amounting to approximately S$11.5 million from newly commenced projects has yet to be recognised as revenue as at 30 September 2016.

Revenue from the **Sale of Development Properties** segment, comprising 21.1% of revenue, multipled more than seven folds from S$14.0 million for the nine months ended 30 September 2015 ("9M2015") to S$116.3 million for 9M2016. This was largely the result of the sale recognition of 501 units (57,259 square metres ("sqm")) for phase I of the Tranquility project, and 30 units (3,313 sqm) for phases I, II, III, and IV of the Sunny International project. In accordance with the Group's revenue recognition policy, approximately S$102.4 million of gross development value was sold but is yet to be recognised as at 30 September 2016. These projects include: 95 units (20,830 sqm) of Equinox and 54 units (16,620 sqm) of Tranquility Residences.

As at 30 September 2016, the Group's earnings per share stood at 2.21 Singapore cents[1] while net asset value per share was 55.12 Singapore cents[2].

Outlook

Construction

On 14 October 2016, the Ministry of Trade and Industry ("MTI") released advance estimates announcing that the Singapore gross domestic product ("GDP") grew 0.6% yoy in 3Q2016, a decrease from 2.0% growth in the previous quarter. The economy contracted by 4.1% on a seasonally-adjusted quarter-on-quarter ("qoq") annualised basis, a reversal from the annualised 0.2% growth in the preceding quarter[3].

In spite of the overall downturn, the construction industry recorded a growth of 2.6% yoy, expanding at an annualised rate of 0.5%, on a qoq basis.

Property Development in the China

Based on data from the National Statistics Bureau ("NBS"), new home prices in China's 70 major cities witnessed a growth of 11.2% in September yoy, which is 2.0% higher than the preceding month as well as the fastest on record[4]. However, cooling measures, which include buying limits and increased down-payment ratios, were introduced by the Chinese government in late September and early October. They potentially resulted in a decline in price growth by an average of 2.5%, in the first half of October in 15 tier-1 and tier-2 cities. However, from the mid-October findings by the NBS, it appears that since the cooling measures are location-specific, their effects are likewise not uniform across China. For instance, in tier-2 and tier-3 cities such as Zhengzhou and Wuxi, property prices still increased by more than 4.0%. This is in line with experts' opinion that tightening in the major cities may compel buyers to move into smaller cities[5], and that lower tier cities with high inventory will continue to witness the slackening of regulations[6].

Mr Pek concluded, "In spite of the onslaught of the cooling measures in China's property market, we are committed and on track in developing all ongoing projects. Although it appears that the restrictive policies are less smothering in the lower-tier cities where we operate, we remain cognisant of the regulatory measures as we prospect new development opportunities within China and beyond. Looking ahead, our priority lies in risk mitigation through exercising caution and diversification in the selection of our projects."

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[1] Based on 456,421,637 shares after share consolidation and excluding treasury shares
[2] Based on 455,053,349 shares, net of non-controlling interests, as at 30 September 2016
[3] "Singapore's GDP Grew by 0.6 Per Cent in Third Quarter of 2016", Ministry of Trade and Industry, 14 October 2016
[4] China September home prices rise at record rate, stretching affordability further", Reuters, 21 October 2016
[5] "China's housing frenzy starts to calm", Financial Times, 21 October 2016
[6] "Chinese property market sees effects of cooling measures just weeks after record price gains", South China Morning Post, 25 October 2016

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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 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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