

FOR IMMEDIATE RELEASE
Tiong Seng posts increase in net profit to S\$4.9 million for 1Q2018

- Order book improves to approximately S\$594.8 million extending to 2020 on the back of two recent contracts secured for a total value of S\$103.8 million
- Balance sheet strengthens as the Group continues to pare down debt; gearing ratio improves to 0.21 as at 31 March 2018 (31 December 2017: 0.41)

S\$'000	1Q2018	1Q2017 (Restated)	Change(%)
Revenue	140,754	166,205	(15.3)
Net profit attributable to shareholders	4,941	1,017	385.8
Earnings per share (Sing cents) ⁱ	1.10	0.22	400.0

	As at 31 March 2018	As at 31 December 2017 (Restated)
Net asset value per share (Sing cents) ⁱⁱ	62.58	60.57
Cash & cash equivalents (S\$'000)	34,549	143,715

i) The earnings per share net of non-controlling interests has been calculated based on 447,497,105 (2017: 453,759,166) 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 445,287,549 shares and 448,381,449 shares as at 31 March 2018 and as at 31 December 2017 respectively.

SINGAPORE – 14 May 2018 – Mainboard-listed construction group and property developer, **Tiong Seng Holdings Limited (长成控股)** (“Tiong Seng”, together with its subsidiaries, “the Group”), has announced its financial results for the first quarter (“**1Q2018**”) ended 31 March 2018.

For 1Q2018, the Group posted upwards a more than threefold year-on-year (“**yoy**”) increase in earnings attributable to shareholders of S\$4.9 million following an increase in profitability of its construction segment. Favourable earnings growth was partly attributable to improving gross profit margins for the construction segment as it increased 3.9 percentage points to 10.0% for 1Q2018, mainly due to differences in the project mix of the construction segment recognised over 1Q2018 as compared to the previous year’s quarter.

The Group posted a net cash outflow of S\$44.5 million for 1Q2018 on the back of differences in the timing in collection of construction revenue and payment of construction costs. However, the Group continued to pare down debt as its gearing ratio improved to 0.21 as at 31 March 2018 (31 December 2017: 0.41).

Mr Pek Lian Guan (白連源), CEO of Tiong Seng Holdings Limited commented, “Amidst a steadily improving construction landscape, we remain encouraged as our mainstay Construction segment continues to contribute positively towards our bottom line for 1Q2018. Setting our sights on the second half of 2018, we will continue to prospect selectively for projects while taking a disciplined approach towards cost controls so as to sustain our gross margins.”

Financial Review

Major Business Segments	Revenue & profit/loss breakdown (S\$'000)	1Q2018	1Q2017 (Restated)	Change (%)
Construction Contracts	Revenue	131,831	150,314	(12.3)
	Operating Profit	6,962	3,595	93.7
Sale of Development Properties	Revenue	8,430	15,389	(45.2)
	Operating Profit/(loss)	(281)	1,492	(118.8)

The Group’s core **Construction** segment produced revenue amounting S\$131.8 million for 1Q2018, representing a 12.3% yoy decline. In line with management’s objective to conserve profit margins in order to ensure earnings resiliency, profit contribution from the Group’s construction segment rose 93.7% yoy to S\$7.0 million for 1Q2018. This was driven mainly by an improvement in profit margins as a result of differences in the profile and profitability of construction projects recognised for 1Q2018 as compared to 1Q2017.

Revenue from the Group’s secondary **Property Development** segment registered a 45.2% yoy decline to S\$8.4 million for 1Q2018, mainly due to the timing of revenue recognition. Revenue for the segment was derived from the recognition of 3 units (900 sqm) from the Tranquility Residences Project and 7 units (2,038 sqm) from the Equinox Project. In line with the Group’s revenue recognition policy, approximately S\$57.3 million of gross development value was sold but has yet to be recognised as at 31 March 2018. These projects include 102 units (18,073 sqm) of the Equinox Project and 1 unit (299 sqm) of the Tranquility Residences project.

Outlook

Construction

In contrast to sluggish market conditions for the construction sector in 2017, proposed inflows of government infrastructure projects and private sector construction demand promises greener pastures as the year progresses into the remainder of 2018. Industry observers indicated that construction companies

are generally positive on taking on more construction projects in 2018 in view of the slew of en-bloc projects that could be relaunched as well as upcoming mega infrastructure projects, including the North-South Corridor, Changi Airport Terminal 5 and KL-Singapore High-Speed Rail (HSR)¹.

With the Building and Construction Authority's (BCA) value of construction contracts awarded this year projected to rise to between S\$26.0-S\$31.0 billion, construction companies are largely optimistic on replenishing their order books toward the second half of 2018².

Property Development in China and Singapore

Despite persistent curbs to dampen speculative demand, China's new home prices rose for their 35th consecutive month in March, with more cities reporting growth as the government supported demand from first-time buyers³. While many expect tightening measures to be gradually extended to smaller cities at risk of overheating, China's drive to get rid of shanty towns - offering money and resettlement to squatters - may continue to counter cooling demand this year⁴.

Buoyed by the stronger-than-expected economic growth outlook, buyer sentiment in the property market in Singapore has continued to improve significantly. Property sales were off to a good start in January as total transactions in both primary and secondary markets doubled compared to a year ago. While the bullishness ensues, the market has also displayed signs of fatigue, especially when most of the recently concluded deals were sold through a private treaty after an unsuccessful public tender. In addition, developers are also becoming more cautious in their pricing strategy after more land sites were awarded at reserve price levels rather than at a premium⁵. These developments may potentially translate into lower upward pressure on final selling prices when projects are launched going forward.

In conclusion, **Mr Pek** added, *"We are heartened to note that our investments into construction technologies, particularly our Prefabricated Pre-finished Volumetric Construction ("PPVC") capabilities, have served us well as we secured our two recent contracts. With these new additions, the Group marked an improvement in order book size to approximately S\$594.8 million which is expected to extend till 2020. Moving forward into the remainder of 2018, we adopt a cautiously optimistic stance as we anticipate a spike in construction demand that is projected to come into play towards the second half of the year. Leveraging on our broad spectrum of construction capabilities, we are confident that our innovative*

¹ "Construction to benefit from improving demand & shorter cash cycles this year: CIMB", The Edge Singapore, 10 April 2018

² "Construction bosses bullish on higher orders in 2018", Singapore Business Review, 10 April 2018

³ "China's new home prices edge up, gains extend to larger cities", Reuters, 18 April 2018

⁴ "China's home prices expected to rise in 2018 on falling inventories: poll", The Business Times, 4 April 2018

⁵ "Developers turning more cautious when replenishing landbanks, says DBS", The Edge Singapore, 19 February 2018

methods will place us in an advantageous position to secure both private and public sector projects slated to roll out.”

#

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 59 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

Financial PR

Mr. Kamal Samuel / Mr. Jonathan Wee

Investor Relations Consultants

Tel: (65) 6438 2990 | Fax: (65) 6438 0064

Email: tionseng@financialpr.com.sg