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FOR IMMEDIATE RELEASE

Tiong Seng reports a net profit of S$6.1 million for 1H2018

- **Supported by four new contract wins during 2Q2018, the Group maintains a healthy order book size of approximately S$620.9 million extending to 2020**
- **Underpinned by the Group's efforts to pare down debt, balance sheet remains healthy with a gearing ratio of 0.29 as at 30 June 2018 (31 December 2017: 0.41)**
- **Leveraging on a broad spectrum of construction capabilities, the Group continues to adopt a prudent approach in bidding for new contracts to build sustainable long-term profitability**

S$'000	2Q2018	2Q2017	Change (%)	1H2018	1H2017	Change(%)
Revenue	55,929	178,978	(68.8)	196,683	345,183	(43.0)
Net profit attributable to shareholders	1,113	8,171	(86.4)	6,054	9,188	(34.1)
Earnings per share (Sing cents)[1]	0.25	1.81	(86.2)	1.36	2.03	(33.0)

	As at 30 June 2018	As at 31 December 2017
Net asset value per share (Sing cents)[2]	**60.75**	**60.56**
Cash & cash equivalents (S$'000)	**39,154**	**143,715**

i) The earnings per share net of non-controlling interests has been calculated based on 446,261,263 (2017: 453,523,079) 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 444,822,349 shares and 448,381,449 shares as at 30 June 2018 and as at 31 December 2017 respectively.

SINGAPORE – 13 August 2018 – 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 second quarter ("**2Q2018**") and half year ended 30 June 2018 ("**1H2018**").

Mr Pek Lian Guan (白連源), CEO of Tiong Seng Holdings Limited commented, *"While we continue to experience persistent headwinds from an increasingly competitive construction sector, we believe that our healthy order book size amounting S$620.9 million is able to tide us through to a potentially stronger outlook in the second half of FY2018. In a bid to safeguard our profit margins, it is imperative that we bid cautiously for prospective projects to maintain profitability for the long term. In the face of ongoing macroeconomic uncertainties, we will also continue to optimise our capital structure and adopt prudent cost controls as we navigate this challenging period."*

Attributable mainly to the differences in stages of various construction contracts and a net decrease in work done, where older projects were completed and contributions from new ones were not as significant, the Group recorded a 43.0% decrease in revenue to S$196.7 million for 1H2018. In spite of a slower 1H2018, the Group's prudent approach in bidding for contracts and continuous value engineering efforts has contributed to the construction segment recording a 4.0 percentage point increase in gross profit margin to 12.9%.

Stemming from the lower revenue recorded for 1H2018 as compared to 1H2017, the Group reported net cash used in operating activities amounting to S$49.7 million. However, underpinned by its efforts to pare down debt, the Group's balance sheet remains healthy with a gearing ratio of 0.29 as at 30 June 2018 (31 December 2017: 0.41)

Financial Review

Major Business Segments	Revenue & profit/loss breakdown (S$'000)	1H2018	1H2017	Change (%)
Construction Contracts	Revenue	181,064	318,049	(43.1)
	Operating Profit	9,762	16,823	(42.0)
Sale of Development Properties	Revenue	14,688	26,170	(43.9)
	Operating Profit/(loss)	51	1,026	(95.0)

Amid a competitive industry landscape, the Group maintained a cautious and selective approach in bidding for construction contracts prior to FY2018. Consequently, the Group's core **Construction** segment revenue declined to S$181.1 million for 1H2018.

Similarly, revenue from the Group's secondary **Property Development** segment registered a 43.9% yoy decline to S$14.7 million for 1H2018, mainly due to the timing of revenue recognition. In line with the Group's revenue recognition policy, approximately S$60.2 million of gross development value was sold but has yet to be recognised as at 30 June 2018. These projects include 106 units (18,283 sqm) of the Equinox Project and 3 units (903 sqm) of the Tranquility Residences project.

Outlook

Construction

Construction demand has witnessed a gradual pick up since the second half of 2017. In the first quarter of 2018, demand increased primarily due to public sector demand and some in private sector construction.

Taken together, industry observers believe the sector should see a lift in construction activities toward the latter half of the year or 2019.[1]

In light of the en-bloc frenzy in the second half of 2017, other industry observers have pointed out that the market is poised to see a marked increase in construction activity in the near to long term. This would potentially translate into a pick up for the construction sector as well. In a bid to support the industry, the Singapore government has stated that it will continue to monitor and adjust the pace of public sector projects to curb excessive price competition while also placing a greater weightage on quality.[2]

Property Development in China and Singapore

China

The property market in China has been heating up lately with new home prices in May posting their fastest growth in nearly a year. This is in light of fresh purchase curbs and higher financing costs, indicating resilience in one of the country's main economic drivers[3]. As a sign of growing confidence among property developers, new construction starts measured by floor area rose 20.5% in May from a year earlier, while picking up from 2.9% in April 2018[4].

Singapore

Market sentiment for private residential properties dampened following the government's recent surprise measures to cool the property market. Encompassing an Additional Buyer's Stamp Duty (ABSD) and Loan-to-Value (LTV) limits on home purchases, the government stated that the measures were implemented to cool the property market and keep price increases in line with economic fundamentals.[5] In light of these developments, property market executives have noted that demand for upcoming residential developments will depend on consumer preferences, the property's location and having flexibility in terms of pricing of units[6].

In conclusion, **Mr Pek** added, "In line with the government's efforts to promote construction site productivity and quality of workmanship, we intend to build and improve on our current suite of construction technologies to stay ahead of the curve. As an integrated player, we will continue to adopt our three-pronged strategy of driving growth via our Construction, Property Development and Engineering Solutions segments. By leveraging on our scalable Engineering Solutions, our mainstay construction and

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[1] "Will property curbs put Singapore's construction sector on shaky ground?", Channel NewsAsia, 13 July 2018
[2] "Govt will adjust pace of public-sector projects to facilitate transformation", The Business Times, 22 May 2018
[3] "Whack-a-mole: China steps up property market scrutiny in 30 cities", Reuters, 28 June 2018
[4] "China property sales pick up as developers push projects to market", Reuters, 14 June 2018
[5] "Higher stamp duty rates for home purchases and tighter loan limits", The Straits Times, 5 July 2018
[6] "Singapore's biggest developers see property market slowing after cooling measures", Channel NewsAsia, 13 July 2018

property development arms will be able to tap onto capabilities that will provide practical solutions as a service while expanding our revenue streams. This will allow us to build a sustainable and profitable business model for the long term.

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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 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.

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