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FOR IMMEDIATE RELEASE

Tiong Seng reports net profit to shareholders of S$2.7 million for 1H2019

- **Group's balance sheet remains healthy with reduced gearing ratio to 0.33 (31 December 2018: 0.36)**
- **Core construction segment maintains an order book of S$627.6 million extending to 2023**
- **Continues to generate positive operating cash flows amounting to S$25.2 million for 1H2019**

S$'000	2Q2019	2Q2018	Change (%)	1H2019	1H2018	Change(%)
Revenue	80,539	55,929	44.0	169,812	196,683	(13.7)
Net profit attributable to shareholders	1,399	1,113	25.7	2,736	6,054	(54.8)
Earnings per share (Sing cents)[1]	0.31	0.25	24.0	0.62	1.36	(54.4)

	As at 30 June 2019	As at 31 December 2018
Net asset value per share (Sing cents)[2]	**59.80**	**60.35**
Cash & cash equivalents (S$'000)	**46,140**	**39,975**

1) The earnings per share net of non-controlling interests has been calculated based on 444,785,349 (2018: 446,261,263) 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 30 June 2019 and as at 31 December 2018.

SINGAPORE – 08 August 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 second quarter ("2Q2019") and half year ended 30 June 2019 ("1H2019").

The Group's revenue decreased 13.7% year-on-year ("yoy") to S$169.8 million for 1H2019, due mainly to a decrease in work performed for the construction segment and lower revenue recognised for its property development segment. As a result of an aggressively competitive pricing market, margins from the newer construction projects secured are comparatively narrower to the earlier ones, translating to a 3.0 percentage point decrease in gross profit margin to 9.9% for 1H2019. Overall, net profit attributable to shareholders declined 54.8% yoy to S$2.7 million for 1H2019.

Mr Pek Lian Guan (白連源), CEO of Tiong Seng Holdings Limited commented, *"In light of intensifying competition in the construction sector, we will continue to differentiate our offering by consolidating our key* *construction capabilities and identifying specific areas where we can create value-add for our customers. Furthermore, we constantly engage in value engineering and cost optimisation for our various ongoing projects to support earnings resiliency. With these strategic initiatives in place, we are well prepared to navigate the challenging market landscape and achieve a sustainable business model moving forward."*

Notwithstanding a slower 1H2019, the Group continues to generate positive operating cash flows of S$25.2 million for 1H2019. The Group also maintains an optimal capital structure with a gearing ratio of 0.33 as at 30 June 2019 (31 December 2018: 0.36), while its balance sheet remains healthy with cash and cash equivalents amounting to S$46.1 million for 1H2019.

Financial Review

Major Business Segments	Revenue & profit/loss breakdown (S$'000)	1H2019	1H2018	Change (%)
Construction Contracts	Revenue	156,547	181,064	(13.5)
	Operating Profit	1,593	9,510	(83.2)
Sale of Development Properties	Revenue	12,402	14,688	(15.6)
	Operating Profit	1,172	51	>100

As newer projects coming onboard were not significant vis-a-vis older projects that were completed, the Group's core **Construction** segment revenue declined 13.5% yoy to S$156.5 million for 1H2019. As at 30 June 2019, the Group maintains an order book of approximately S$627.6 million which is expected to extend till 2023.

Revenue from the Group's secondary **Property Development** segment registered a 15.6% yoy decline to S$12.4 million for 1H2019, mainly due to the timing of revenue recognition. In line with the Group's revenue recognition policy, approximately S$27.4 million of gross development value was sold but has yet to be recognised as at 30 June 2019. These projects include 52 units (8,373 sqm) of the Equinox Project and 2 units (603 sqm) of the Tranquility Residences project.

Outlook

<u>Construction</u>

While industry observers expect a slowdown in the medium term due to a poorer economic outlook, the stronger performance currently witnessed in the buildings sector is likely to lift the construction industry in the short-term[1]. In addition, Singapore's largest road project – the North-South Corridor – is set to begin by end-2019 and is poised to boost the construction sector's short-term prospects further. In the longer term, the infrastructure sector should act as a cushion to the cyclical slowdown in the buildings sector. This is supported by Singapore's large pipeline of megaprojects including the Changi Airport Terminal 5 and North-South Corridor Expressway projects which will start construction over the next few years.

Property Development in China and Singapore

China

Average home-price growth in 70 major Chinese cities dampened for the first time since February, increasing just 0.66 per cent quarter-on-quarter in June[2]. This was slightly slower than a 0.71 per cent growth recorded a month earlier and compares to a 0.62 per cent gain in April. The slowing growth comes after authorities widened curbs to curtail a market that was re-inflating, and represents a shift in stance from the more lenient statement of stabilising property prices and market expectations back in early 2019.

Singapore

Private home prices in Singapore rose unexpectedly in the second quarter of 2019 to reach the highest level in at least five years. The private residential property index rose 1.5 per cent to 150.8 points in the second quarter, beating initial estimates and reversing two consecutive quarters of price declines[3]. Industry observers believe that the property price index is expected to remain stable or show moderate growth for the rest of the year. On the other hand, downward pressure is likely to come in the mid to long term when the impact of a weaker macroeconomic environment sets in, and when developers are compelled to reduce prices as they approach their sell-by deadlines.

In conclusion, **Mr Pek** added, "*Cognisant of the challenging market conditions we face today, we have continued to strengthen our core competencies and reinforce our reputation as a one-stop engineering solutions provider in the market. For one, our recent acquisition of the remaining shareholding interest in Geostr-RV will expand our capabilities in the manufacturing and distribution of pre-cast tunnel segments. With a steady pipeline of infrastructure projects expected to roll out over the next few years, we remain cautiously optimistic that our constant investments in innovative construction technologies will place us in an advantageous position to capitalise on these opportunities and drive growth in the long-term.*"

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[1] "Singapore construction sector may face long slowdown in medium term: Fitch", The Business Times, 16 July 2019
[2] "China home-price growth weakens as wider curbs kick in", The Straits Times, 15 July 2019
[3] "Singapore private home prices climb 1.5% in Q2 to highest in at least 5 years"

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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