TIONGSENG GROUP 长成控股

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FOR IMMEDIATE RELEASE

Tiong Seng more than doubles revenue to S$247.2 million for 1Q2016 led by robust growth in construction and property development segments

- **Net profit to shareholders grows 17.6% to S$3.7 million despite recording a forex loss of S$2.2 million for the quarter (1Q2015 recorded forex gain of S$1.7 million)**
- **Generated strong positive operating cash flow of S$66.5 million, thereby reducing overall borrowings by 26.1% to S$220.7 million**
- **Resilient balance sheet of S$71.8 million cash and cash equivalents with existing book size of S$1.1 billion extending to 2020**

S$'000	1Q2016	1Q2015	Change (%)
Revenue	247,181	102,316	>100
Net profit attributable to shareholders	3,737	3,178	17.6
Earnings per share (Singapore cents)[1]	0.82	0.69	18.8

	As at 31 March 2016	As at 31 December 2015
Net asset value per share (cents)[2]	**55.49**	**56.75**
Cash & cash equivalents (S$'000)	**71,834**	**93,210**

[1]Based on weighted average 458,058,817 shares after share consolidation and excluding treasury shares (2015: 459,623,849 shares)
[2]Based on 456,655,449 shares, net of non-controlling interests and excluding treasury shares as at 31 March 2016 (458,535,349 shares as at 31 December 2015)

SINGAPORE – 10 May 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 141.6% year-on-year ("yoy") surge in revenue to S$247.2 million for the three months ended 31 March 2016 ("1Q2016") mainly due to increases in revenue from both construction and property development segments of S$152.0 million and S$91.8 million respectively. Accordingly, net profit attributable to shareholders also increased to S$3.7 million for 1Q2016.

Mr Pek Lian Guan (白連源), CEO of Tiong Seng Holdings Limited commented, "Amidst a challenging business operating environment, we managed to drive growth for the Group from both our construction and property development segments. As we progress through 2016, we have successfully delivered certain milestones with our projects but remain bolstered by a resilient order book size of approximately S$1.1 billion which extends to 2020. Going forward, we position ourselves in alignment with favourable industry and regulatory initiatives to improve productivity levels across the build environment ecosystem. Our investments in the various leading edge construction technologies have earmarked our leading position in the industry as we differentiate from peers with a more comprehensive suite of products and services."

Financial Review

Major Business Segments	Revenue & profit/loss breakdown (S$'000)	1Q2016	1Q2015	Change (%)
Construction contracts	Revenue	152,008	97,876	55.3
	Profit/(loss)	7,494	4,967	50.9
Sale of development properties	Revenue	91,787	1,411	>100
	Profit/(loss)	2,597	(1,460)	>100
Sale of goods	Revenue	2,920	2,617	11.6
	Profit/(loss)	(35)	(216)	n.m.

The core **Construction Contracts** segment, comprising 61.5% of 1Q2016's revenue, increased 55.3% yoy to S$152.0 million for 1Q2016. This was due to a net increase in work done for new, on-going and completed projects as these projects were recognized in varying stages. In accordance to the Group's revenue recognition policy, work done amounting to approximately S$2.4 million from newly commenced projects which have yet to be recognised as revenue as at 31 March 2016.

Revenue from the **development properties segment,** comprising 37.1% of 1Q2016's revenue, more than doubled yoy to S$91.8 million for the same period. This was mainly contributed from the sale recognition of 436 units (47,258 sqm) of phase I from Tranquility Project and 22 units (2,209 sqm) of Phase II and III from Sunny International Project. In accordance to the Group's revenue recognition policy, approximately S$99.9 million of gross development value were sold but yet to be recognized as at 31 March 2016. These projects include: 63 units (16,643 sqm) of Equinox and 99 units (21,656 sqm) of Tranquility Residences.

Due to depreciation in RMB against SGD, the Group registered an exchange loss of S$2.2 million in 1Q2016, in contrast to an exchange gain of S$1.7 million in 1Q2015.

As at 31 March 2016, the Group maintained a resilient balance sheet with cash and cash equivalents of S$71.8 million. As a result of an increase in sales for Tranquility project, the Group generated positive operating cash flows of S$66.5 million as compared to a net cash outflow of S$28.1 million in the previous corresponding period. Within the same period, the Group's earnings per share was 0.82 Singapore cents[1] while net asset value per share was 55.49 Singapore cents[2].

Outlook

Construction

The overall outlook on the economy remains challenging as advanced estimates reported by the Ministry of Trade and Industry ("MTI")[3] recently showed that the Singapore economy grew 1.8% yoy in 1Q2016. On a quarter-on-quarter ("qoq") basis, growth remained flat, which is in contrast to the 6.2% qoq expansion in the preceding quarter. Statistics for the industry were however encouraging as it suggested an increase in public and private construction activities with the construction sector growing 6.2% yoy in 1Q2016, an improvement from the 4.9% yoy growth seen in the previous quarter.

Consistent with the Group's push to expand its portfolio of construction products and services, Robin Village International (Pte.) Ltd. ("RV"), the wholly-owned subsidiary of Tiong Seng, celebrated the official opening of Geostr-RV factory for precast tunnel segments in Iskandar, Malaysia on 9 May 2016. The completion of the factory follows the establishment of the Joint Venture (JV) in 2014 with Geostr and Marubeni. Geostr's leading precast tunnel solution and Marubeni's distribution network complement RV's suite of construction technologies to bring to the region cutting-edge precast tunnel capabilities.

Property Development in the PRC

On the real estate front, a poll from property services firm China Real Estate Index System[4] (CREIS) showed a 9% yoy increase in new homes prices in 100 cities in the month of April. This is also higher qoq as compared to a 7.4% rise in March 2016. Although authorities introduced the tightening of down payment requirements for second homes and raised eligibility requirements for non-residents in March

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[1] Based on weighted average 458,058,817 shares, excluding treasury shares
[2] Based on net of non-controlling interests of 456,655,449 shares, excluding treasury shares
[3] "Singapore's GDP grew by 1.8 per cent in the first quarter of 2016", MTI, 14 April 2016
[4] "China home prices grow faster in April despite tightening in big cities", Reuters, 2 May 2016

2016, these cooling measures were confined to the ten biggest cities. In contrast, tier-2 and tier-3 cities saw a progressive increase in housing prices, supported by favourable governmental initiatives.

Mr Pek concluded, "Bolstered by our robust marketing efforts as well as favourable governmental policies, we successfully launched and sold several units in 1Q2016, particularly for Phase I of our Tranquility project in Suzhou. As a result, we witnessed the generation of a substantial positive operating cash flows and, more importantly, the lowering of our overall gearing level. Moving forward, we strive for the timely completion and sale of our remaining projects such as The Equinox in Tianjin, where Phase II is slated to be finished by 2Q2016. Meanwhile, we adopt a positive but cautious approach as we ride the steady growth in housing demand, as reflected by recent data on China's property sector."

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About Tiong Seng Holdings

Tiong Seng is principally engaged in building construction and civil engineering in Singapore, and property development in the PRC.

With an established track record of over 55 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 PRC. 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 PRC.

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