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FOR IMMEDIATE RELEASE

Tiong Seng records a 93.9% increase in net profit to S$19.6 million for 9M2017 led by robust core construction segment

- **Revenue for the Group's construction segment rose steadily to post a 22.0% increase to S$528.9 million driven by new and existing construction projects**
- **Healthy generation of operating cash flows amounted to S$108.2 million reinforces the balance sheet as gearing ratio improves further to 0.33 (31 Dec 2016: 0.55)**
- **Order book standing at approximately S$636.9 million as at 30 September 2017 expected to extend till 2020**

S$'000	3Q2017	3Q2016	Change (%)	9M2017	9M2016	Change(%)
Revenue	129,728	145,921	(11.1)	554,168	551,126	1.0
Net profit attributable to shareholders	5,274	1,880	180.5	19,567	10,090	93.9
Earnings per share (Sing cents)[1]	1.17	0.41	185.4	4.32	2.21	95.5

	As at 30 September 2017	As at 31 December 2016
Net asset value per share (Sing cents)[2]	**60.31**	**57.31**
Cash & cash equivalents (S$'000)	**100,329**	**92,248**

[1]Based on weighted average number of shares outstanding, net of non-controlling interests, and excluding treasury shares of 452,708,138 (2016: 456,421,637 shares)
[2]Based on 449,369,449 shares, net of non-controlling interests and excluding treasury shares as at 30 September 2017 (454,014,149 shares as at 31 December 2016)

SINGAPORE – 10 November 2017 – 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 quarter ("3Q2017") ended 30 September 2017.

The Group posted a marginal increase in revenue of 1.0% year-on-year ("yoy") to S$554.2 million for the nine months ended 30 September 2017 ("9M2017"), as its mainstay construction segment led a 22.0% yoy growth to S$528.9 million. Despite a relatively modest growth in revenue, net profit attributable to shareholders surged 93.9% year-on-year ("yoy") to S$19.6 million for 9M2017.

On the heels of a strong earnings performance, the Group generated net positive cash flow from operating activities of approximately S$108.2 million, mainly contributed from its construction segment. Resultantly, the Group's balance sheet strengthened as its gearing ratio contracted to 0.33, improving from 0.55 as at

31 December 2016. Displaying a healthy cash balance of S$100.3 million, the Group is well poised to capitalise on future opportunities to drive growth.

Mr Pek Lian Guan (白連源), CEO of Tiong Seng Holdings Limited commented, "*Amidst a competitive construction landscape, we remain encouraged as we continue to grow our bottom-line and generate positive operating cash flow in spite of a slower quarter. As a result of stringent cost controls and elevated productivity through the utilisation of construction technologies, our efforts have paid off as we recorded a 93.9% yoy increase in earnings attributable to shareholders to S$19.6 million for 9M2017.*"

Financial Review

Major Business Segments	Revenue & profit/loss breakdown (S$'000)	9M2017	9M2016	Change (%)
Construction Contracts	Revenue	528,916	433,571	22.0
	Operating Profit	30,345	20,503	48.0
Sale of Development Properties	Revenue	23,839	116,273	(79.5)
	Operating Profit/(loss)	(2,343)	4,627	n.m.

Supported by a net increase in work done for new and existing projects, the Group's core **Construction Contracts** segment produced revenue amounting S$528.9 million for 9M2017, representing a 22.0% yoy increase. Representing 95.4% of the Group's overall revenue, higher construction work done on its existing pipeline of projects contributed favourably to the bottom-line. In line with the Group's revenue recognition policy, approximately S$8.2 million of work done from newly commenced projects have yet to be recorded as revenue as at 30 September 2017. Correspondingly, the Group retains an order book of approximately S$636.9 million, which is expected to extend till 2020.

In contrast, revenue from the Group's secondary **Sales of Development Properties** segment registered a 79.5% yoy decline to S$23.8 million for 9M2017, considerably due to the timing of revenue recognition. Revenue for the segment was derived from the recognition of 30 units (9,346 sqm) from the Equinox Project, two units (265 sqm) from the Sunny International Project and one unit (226 sqm) from the Tranquility Project. In line with the Group's revenue recognition policy, approximately S$121.8 million of gross development value was sold but is yet to be recognised as at 30 September 2017. These projects include 103 units (18,379 sqm) of Equinox and 71 units (22,738 sqm) of Tranquility Residences.

Outlook

<u>*Construction*</u>

While the sluggish industry outlook continues to weigh on local contractors, 2018 anticipates greener pastures, driven largely by the roll-out of public infrastructure projects. In an effort to lift the sector, the Singapore government indicated that it was bringing forward S$700 million worth of public amenities projects to this year and next, on top of another $700 million worth of public sector contracts it had announced earlier in the year[1]. Following the recent spate of land bank acquisitions, private construction demand could potentially carve out a turnaround in the sector.

Over the longer term, the Building and Construction Authority (BCA) aims to more than double the number of personnel trained in technologies and innovation, so as to drive productivity improvement in the sector[2]. This move was set in place to enable local firms to compete abroad and expand their market opportunities.

Property Development in China and Singapore

Despite a series of cooling measures in the past year amidst fears of an asset bubble, sanguine observers note that outrageous price levels for Chinese apartments are mainly restricted to the megacities like Beijing and Shanghai[3]. Correspondingly, economic fundamentals continue to justify investment in housing, especially inland cities where development still lags far behind wealthy coastal areas. The lack of oversupply in these areas further alleviates concerns of a slowdown of the Chinese real estate market.

In Singapore, overall private home prices are showing gradual signs of bottoming out. After more than three years of continuing price declines over 15 quarters since the last peak in 3Q2013[4], this turnaround presents gaps of opportunities for local property developers.

In conclusion, **Mr Pek** added, "*While we continue to face challenging macroeconomic conditions on both construction and property development fronts, we strive to break away from the pack by being strategically nimble. As part of efforts to capture the influx of public sector projects we expect to see in 2018, our civil engineering unit was developed to capitalise on infrastructure projects brought forward by the government, thereby opening up more doors for growth.*

Furthermore, our keen focus on developing state-of-the-art construction technologies, particularly the Design for Manufacturing and Assembly (DfMA) concept as well as Prefabricated Prefinished Volumetric Construction (PPVC), continue to pay off as we garner greater support from the government in harnessing

[1] "Extra $700m in projects to boost construction sector", The Straits Times, 29 September 2017
[2] "80,000 professionals to be trained by 2025 to transform construction sector", Today, 24 October 2017
[3] "Chinese property boom props up Xi's hopes for the economy", Financial Times, 19 October
[4] "A new dawn for Singapore high-end condos?", The Business Times, 3 October 2017

these capabilities. New tender criteria further reinforce our strategy to invest in technology, as greater emphasis is placed on quality rather than price in bids for future public sector projects[5]*.*"

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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 58 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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[5] "Construction firms upbeat about new tender criteria", The Straits Times, 29 September 2017