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FOR IMMEDIATE RELEASE

Tat Hong Posts Revenue of S$109.8 million for 2QFY2017

(S$'000) *For the 3/6 months ended 30 September*	**2QFY2017**	**2QFY2016**	**% Change**	**1HFY2017**	**1HFY2016**	**% Change**
Revenue	**109,849**	137,412	-20	**226,581**	276,682	-18
Gross profit	**34,271**	43,395	-21	**69,190**	87,992	-21
Profit before tax	**(3,533)**	7,135	NM	**(7,320)**	12,755	NM
Net profit attributable to shareholders	**(5,413)**	4,389	NM	**(8,991)**	7,178	NM

SINGAPORE, 14 November 2016 – Tat Hong Holdings Ltd ("**Tat Hong**" or "**the Group**"), Asia-Pacific's largest crane rental company and the world's eighth largest crane-owning company in terms of aggregate tonnage[1], today reported a net attributable loss of S$5.4 million for the quarter ended 30 September 2016 ("**2QFY2017**").

Revenue for the quarter under review posted a 20% decline to S$109.8 million compared with the same quarter a year ago ("**2QFY2016**"). With the exception of the Tower Crane Rental division, all other business divisions reported weaker turnover.

Gross profit for the period fell in tandem by 21% to S$34.3 million, yielding a gross profit margin of 31.2% which is comparable to the margin achieved in 2QFY2016. All business divisions reported higher margins with the exception of the Crane Rental division.

Lower gains from the disposal of plant, property and equipment resulted in a 45% decline in the Group's other income to S$3.8 million from S$6.9 million in the previous corresponding quarter.

[1] *Source: International Cranes, IC50 Ranking, 2016*

The Group's total operating costs fell 1% to S$35.7 million in 2QFY2017 compared with 2QFY2016. Whilst favourable currency movements resulted in a net foreign exchange gain of S$2.1 million, this was largely eroded by non-cash asset impairment charges of S$1.0 million as well as allowances for stock obsolescence and the amortisation of intangible assets which totalled S$0.9 million.

Despite higher interest rates, finance charges for the quarter fell 21% to S$5.4 million compared to S$6.7 million incurred in the previous corresponding quarter as a result of the repayment of bank loans.

The Group's share of loss from joint ventures and associates widened to S$0.6 million in 2QFY2017 from S$0.2 million in 2QFY2016.

As a result, the Group posted a net loss of S$5.4 million for the second quarter ended 30 September 2016 attributable primarily to lower other operating income and challenging market conditions which affected the performance of the Group's subsidiaries in Australia and Singapore.

Notwithstanding the net loss, the Group has cash and cash equivalents of S$97.8 million as at 30 September 2016. The increase in the Group's cash balance of S$13.3 million during the quarter was the result of an operating cash flow surplus and net proceeds from trust receipts, partially offset by the net repayment of finance lease obligations and interest payments.

On the Group's performance, Mr Roland Ng San Tiong, Tat Hong's Managing Director and Group CEO, said, "Market conditions in the past quarter continued to be challenging, particularly in Australia and Singapore, and the impact is evident in our second quarter results. As macro conditions in the region are not expected to improve in the near future, the Group's efforts in operational restructuring and cost containment will continue."

He added, "Our Tower Crane Rental division in the People's Republic of China continued its strong performance with an improvement of 21% in the division's RMB-denominated turnover. Utilisation rate for the tower crane fleet has reached 83% and due the long term nature of the projects that the tower cranes are involved in, we expect the high utilisation rate to continue."

SEGMENTAL REVIEW

Revenue Breakdown (S$'000)	2QFY2017	2QFY2016	% Change	1HFY2017	1HFY2016	% Change
Crane Rental	**34,022**	47,866	-29	**71,630**	96,878	-26
Tower Crane Rental	**25,494**	22,973	+11	**49,973**	46,229	+8
General Equipment Rental	**10,899**	11,788	-8	**22,042**	23,506	-6
Distribution	**39,434**	54,785	-28	**82,936**	110,069	-25
Total	**109,849**	137,412	-20	**226,581**	276,682	-18

Crane Rental

The Crane Rental division posted a 29% decline in revenue to S$34.0 million in 2QFY2017 due to lower utilisation rate in Singapore and the completion of projects and downward pressures on rental rates in Australia. The closure of a specialised transport unit in Australia in April this year contributed further to the revenue decline. Revenue generated in the Group's other markets remained comparable to previous corresponding quarter.

T**ower Crane Rental**

Revenue contribution from the Tower Crane Rental division in the People's Republic of China posted an increase of 11% in 2QFY2017 to S$25.5 million. Revenue generated in the local currency increased a robust 21%. This increase, however, was eroded by a translation loss due to the weaker RMB against the Singapore dollar. The improvement in the performance of the Tower Crane Rental division came on the back of increased participation in new projects in the infrastructure, power generation, transportation and commercial building sectors which brought the utilisation rate of the tower crane fleet to 83%.

General Equipment Rental

Impacted by competitive pressure on hire rates, lower spending by major customers and poor weather conditions, the General Equipment Rental division posted an 8% decline in revenue to S$10.9 million in 2QFY2017 compared with the same quarter a year ago.

Distribution

Revenue contribution from the Distribution division declined 28% to S$39.4 million compared with 2QFY2016 primarily due to lower equipment and spare parts sales in Singapore, Hong Kong and

Thailand and to overseas markets such the Middle East and Japan. Equipment and spare parts sales in Australia in 2QFY2017 were comparable to the previous corresponding period.

BUSINESS PROSPECTS

The Group's performance in most of its key markets is expected to remain subdued in FY2017.

The market weakness and the impending completion of projects in the ASEAN countries and in Australia will continue to impact the Crane Rental Division. Efforts to reduce operating costs through fleet rationalisation and operational restructuring will continue.

The Tower Crane Rental Division in the People's Republic of China is expected to perform well on the back of a strong pipeline of committed projects in the building, infrastructure, transport and power generation sectors.

The General Equipment Rental Division is expected to turn in a weak performance due to the lack of public projects and increased competition from the oversupply of equipment in Australia.

Weak demand in the region and competitive market conditions will continue to affect the Distribution Division's performance.

To strengthen the Group's financial position and improve its financial flexibility, the Company today separately announced that it will be undertaking a renounceable underwritten rights issue (the "**Rights Issue**") to raise up to approximately S$41.1 million in net proceeds. The Rights Issue will be fully underwritten with Mr Roland Ng San Tiong, Managing Director and Group CEO, and certain parties acting in concert with him, providing irrevocable undertakings to the Company to subscribe for up to an aggregate of 77.6% of the total maximum number of rights shares under the Rights Issue.

Mr Ng stressed that the Ng family still believes firmly in the long term prospects of the Tat Hong Group and hence their decision, together with concerted parties, to irrevocably undertake the subscription of up to 77.6% of the Rights Issue.

For further details, please refer to the separate announcement made by the Company in relation to the Rights Issue.

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About Tat Hong Holdings Ltd

Tat Hong Holdings Ltd was established in Singapore in the 1970s as a supplier of cranes and heavy equipment. The company was listed on the Singapore Stock Exchange in June 2000 and is today the largest crane rental company in the Asia-Pacific region[1] with a fleet size of more than 1,500 crawler, mobile and tower cranes ranging from under 50 tonnes to 1,600 tonnes.

In Asia, Tat Hong has successfully leveraged its extensive crane fleet and vast experience in providing lifting solutions to establish itself as the leading name in the crane rental, heavy lift, heavy haulage and equipment sales business.

Through its wholly-owned Australian subsidiary, Tutt Bryant Group Limited, Tat Hong has a leading position in the Australian market in the areas of crane hire and heavy haulage, equipment sales and distribution and general plant and equipment hire.

Tat Hong has also aggressively expanded its tower crane rental business in China and is one of the largest tower crane rental companies in the country.

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Source: [1]*International Cranes, IC50 Ranking, 2016*