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FOR IMMEDIATE RELEASE

Tat Hong Reports Revenue of S$116.7 Million for 1QFY2017

(S$'000) *For the first quarter ended 30 June*	**1QFY2017**	**1QFY2016**	**% Change**
Revenue	**116,732**	139,271	-16
Gross profit	**34,919**	44,597	-22
(Loss)/Profit before Tax	**(3,787)**	5,620	NM
Net (Loss)/Profit Attributable to Shareholders	**(3,578)**	2,789	NM

SINGAPORE, 12 August 2016 – Tat Hong Holdings Ltd ("**Tat Hong**" or the "**Group**"), Asia-Pacific's largest crane-owning company in terms of aggregate tonnage owned[1], today reported a net loss attributable to shareholders of S$3.6 million for the first quarter ended 30 June 2016 (1QFY2017) due to unrealised foreign exchange losses arising from unfavourable currency movements.

For the quarter under review, total Group revenue declined 16% to S$116.7 million from S$139.3 million posted in the corresponding quarter a year earlier (1QFY2016) as all business segments with the exception of Tower Crane Rental posted lower revenues. Arising from the decline in Group revenue, gross profit fell 22% to S$34.9 million representing a gross profit margin of 29.9% compared with 32.0% achieved in 1QFY2016.

The Group's other operating income decline 66% to S$4.8 million compared with 1QFY2016 as the previous period had included gains from the disposal of properties in Malaysia and Australia.

Source: [1]International Cranes, IC50 Ranking, 2015

Total operating expenses fell 19% to S$38.3 million from S$47.2 million in 1QFY2016 especially in the areas of staff expenses, repair and maintenance costs as well as depreciation charges as the Group continued its cost containment measures and de-fleeting programme. These cost savings were, however, partially eroded by higher net foreign exchanges losses which arose from the depreciation of the Australian dollar (AUD), US dollar and renminbi against the Singapore dollar (SGD) and the appreciation of the Japanese yen against the AUD and SGD, which were substantially unrealised.

Finance charges fell to S$5.4 million from S$6.0 million a year ago due to the repayment of borrowings, partially offset by higher interest rates.

The Group posted a pre-tax loss of S$3.8 million and a net loss of S$3.6 million comprising mainly of net foreign exchange losses of S$5.2 million, of which, S$4.2 million were unrealised losses.

As at 30 June 2016, the Group's net gearing was 0.73 times and its cash and cash equivalents stood at S$83.0 million, down from S$130.7 million as at 31 March 2016 due primarily to the net repayment of bank loans, trust receipts and finance lease obligations, partially offset by proceeds from the disposal of fixed assets and cash inflow from operating activities.

Mr Roland Ng, Tat Hong's Managing Director and Group CEO, said: "The difficult market conditions which we have spoken about previously continued into the first quarter of FY2017. Our performance was further dampened by unfavourable foreign currency movements. Had it not been for the S$5.2 million foreign exchange impact on our bottomline, the Group would have recorded a small profit for the quarter under review."

"Whilst the Group will continue to manage its cost and its fleet size, the catalyst for a turnaround in the Group's performance for the crane rental and distribution segments would have to come from external market demand, which at this time, remains weak especially in Australia and Southeast Asia. In addition, the volatile currency market continues to cloud visibility of the Group's earnings."

"Our tower crane rental business in the People's Republic of China performed well in 1QFY2017 as reflected in the high tower crane utilisation rate of more than 80%. As our tower cranes are deployed on projects in the infrastructure, transportation and power generation sectors which could take up to two years or more to complete, we expect the strong performance from this division to continue."

SEGMENTAL REVIEW

Revenue Breakdown (S$'000)	1QFY2017	1QFY2016	% Change
Crane Rental	**37,608**	49,012	-23
Tower Crane Rental	**24,479**	23,257	+5
General Equipment Rental	**11,143**	11,718	-5
Distribution	**43,502**	55,284	-21
Total	**116,732**	139,271	-16

Crane Rental

The Crane Rental division generated S$37.6 million in revenue in 1QFY2017, a decline of 23% compared with the same quarter a year ago. Revenue contribution from Australia was impacted by intense competition, lower utilisation rates and downward pressure on rental rates whilst the delay in the commencement of new projects in Thailand affected its topline. Lower utilisation rates led to a decline in revenue from Singapore which was partly compensated by better barge rental income.

Revenues from Indonesia and Malaysia improved on the back of new customers and contracts whilst in Hong Kong, higher service, labour and transport income led to an improvement in its revenue contribution.

The utilisation rate for the Group's fleet of crawler and mobile cranes as at 30 June 2016 was 47.7%, compared with the rate of 62.2% recorded a year earlier.

Tower Crane Rental

The Tower Crane Rental division posted a 5% improvement in revenue to S$24.5 million from S$23.3 million in 1QFY2016 as the Group's tower cranes in the People's Republic of China enjoyed higher utilisation rates from the commencement of new projects in the infrastructure, transportation, commercial and power generation sectors. The improvement in revenue contribution was partially eroded by the weaker renminbi, excluding the effect of which, revenue from the Tower Crane Rental division would have increased 10%.

As at 30 June 2016, the tower crane utilisation rate was 83.1%, a jump of 18.9% points compared with the rate of 64.2% recorded a year ago.

General Equipment Rental

The General Equipment Rental division in Australia continued to be impacted by the continued downturn in the mining and resources sectors and intense competitive pressure. In addition, poor weather conditions further dampened the division's performance. As a result, revenue contribution from this division fell 5% to S$11.1 million from S$11.7 million posted in the corresponding quarter a year earlier.

Distribution

The Distribution division posted a 21% decline in revenue due to the exit of the excavator sales business in Indonesia as well as lower demand in Singapore and overseas markets such as the Middle East, Japan, Thailand, Hong Kong and Vietnam. This was partially offset by better used equipment and parts sales in Australia as well as an increase in equipment sales to Malaysia and Bangladesh.

BUSINESS PROSPECTS

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.

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

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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 and was listed on the Singapore Stock Exchange in June 2000. It is the largest crane-owning 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 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 as well as general plant and equipment hire.

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

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Source: [1]International Cranes, IC50 Ranking, 2015