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FOR IMMEDIATE RELEASE

Tiong Seng posts 20.3% growth in net profit to shareholders to S$10.6 million for FY2019

- **Core construction segment maintains an order book of S$902.3 million extending to 2023**
- **Group's balance sheet remains healthy with reduced gearing and net gearing ratios to 0.32 (31 December 2018: 0.36) and 0.13 (31 December 2018: 0.23) respectively**
- **Group formally reorganises its management structure to carve out Engineering Solutions from its core construction segment to drive business expansion and sustainable growth**
- **The Board of Directors propose a first and final dividend of 0.5 Sing cents per share (FY2018: 0.5 Sing cents) to reward shareholders**

S$'000	FY2019	FY2018	Change (%)
Revenue	405,550	379,100	7.0
Net profit attributable to shareholders	10,592	8,808	20.3
Earnings per share (Sing cents)[i]	2.38	1.98	20.2

	As at 31 December 2019	As at 31 December 2018
Net asset value per share (Sing cents)[ii]	**59.70**	**60.35**
Cash & cash equivalents (S$'000)	**55,539**	**39,975**

i) The earnings per share net of non-controlling interests has been calculated based on 444,785,349 (2018: 445,517,545) weighted average number of shares outstanding excluding treasury shares.
ii) 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 31 December 2019 and 31 December 2018.

SINGAPORE – 25 February 2020 – 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 fourth quarter ("4Q2019") and full year ("FY2019") ended 31 December 2019.

The Group posted an increase in revenue of 7.0% year-on-year ("yoy") to S$405.6 million for FY2019, driven mainly by an increase in work performed for its core construction segment and growing demand for the Group's precast works under its engineering solutions segment. Despite relatively modest growth in revenue, the Group's net profit attributable to shareholders rose 20.3% yoy to S$10.6 million for FY2019. This growth was partly attributable to a recent divestment of a non-core business, allowing the Group to unlock value from its former 55.0% stake in Jiangsu Huiyang Construction Development Co Ltd, with a one-off gain on disposal of approximately S$7.4 million.

The Group continues to generate strong positive cash flows from operating activities of approximately S$36.7 million for FY2019. As a result, the Group's balance sheet strengthened with net gearing ratio contracting to 0.13[1] as at 31 December 2019, improving from 0.23[1] as at 31 December 2018. The Group's gearing ratio also contracted to 0.32 as at 31 December 2019 (31 December 2018: 0.36). Supported by a healthy cash balance of S$55.5 million, the Group is well poised to capitalise on future opportunities to drive growth.

Financial Review

Major Business Segments	Revenue & profit/loss breakdown (S$'000)	FY2019	FY2018	Change (%)
Construction Contracts	Revenue[#]	313,358	272,694	14.9
	Operating Profit	11,335	18,290	(38.0)
Engineering Solutions	Revenue[#]	98,264	55,553	76.9
	Operating Profit	2,289	(7,412)	N.M.
Sale of Development Properties	Revenue	22,325	64,069	(65.2)
	Operating Profit/(Loss)	796	6,108	(87.0)

[#] These segments include inter-segment revenue.

The Group's core **Construction** segment revenue recorded a 14.9% yoy increase to S$313.4 million for FY2019, due mainly to the differences in stages of revenue recognition for its various construction projects. As at 31 December 2019, the Group maintains an order book of approximately S$902.3 million which is expected to extend till 2023.

Following a recently completed strategic review of the Group's operations in December 2019, the Group formally reorganised its management structure to carve out Tiong Seng Engineering Solutions from its core construction business, forming the Group's new third segment. Revenue from the Group's **Engineering Solutions** segment posted a 76.9% yoy increase in revenue to S$98.3 million for FY2019.

Revenue from the Group's **Property Development** segment registered a 65.2% yoy decline to S$22.3 million for FY2019, mainly due to the timing of revenue recognition. In line with the Group's revenue recognition policy, approximately S$42.5 million of gross development value was sold but has yet to be recognised as at 31 December 2019. These projects include 62 units (10,026 sqm) of the Equinox Project and 11 units (3,498 sqm) of the Tranquility Residences project.

[1] Net gearing ratio calculated using net debt figures: [(Total Outstanding Debt – Cash and Cash Equivalents)/Total Equity]

Outlook

Construction

Construction demand in 2020 is expected to remain strong after reaching a five-year high in 2019[2]. Momentum driven by the public sector is likely to persist, with demand expected to reach between S$17.5 billion and S$20.5 billion, or approximately 62 per cent of total projected demand. The industry landscape on the other hand remains challenging due to growing competition from foreign players and a shrinking labour pool, both of which continues to keep margins slim. In view of the competitive industry landscape, the government is investing significantly in initiatives to transform the sector and enhance the competitiveness of local players by building a pipeline of skilled local graduates, and bringing buyers and developers on board to progressively create a healthy environment where contracts are awarded based on quality[3] with lesser emphasis on tender price.

Property Development in China and Singapore

China

China's new home prices grew at their weakest pace in 17 months, with average prices in the country's 70 major cities rising 6.6 per cent in December 2019, slowing from a 7.1 per cent gain in the previous month[4]. Attributable in part to China's slowing pace of economic growth and the impact of the novel coronavirus outbreak[5], market observers are also forecasting a further slowdown in the coming months. In spite of current market conditions, home prices still marked the 56th straight month of growth, with most city officials reacting by lifting government-mandated price caps on new launches to foster stability within the sector. This has translated to stronger price growth on paper, even as overall demand for new homes has cooled.

Singapore

Based on industry reports, prices of private homes in Singapore are expected to show modest growth over the next two years, with a nominal growth rate of about 2 per cent for both 2020 and 2021[6]. This reflects expectations for slowing population growth of approximately 1 per cent, and the high likelihood that the government would apply cooling measures if home prices show signs of overheating. At the same time, Singapore is also experiencing a supply glut with almost 32,000 either finished or under-construction apartments in the pipeline, which has been an unintended consequence of government measures forcing

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[2] "2020 building demand likely to stay robust after reaching 5-year high last year", The Business Times, 9 January 2020
[3] "Construction sector must attract more Singaporeans to build strong local core", The Business Times, 9 January 2020
[4] "China's home price growth at almost 1½-year low in December", The Business Times, 17 January 2020
[5] "The coronavirus outbreak could bring China's property investment market", South China Morning Post, 10 February 2020
[6] "Singapore private home prices to grow 2% in 2020, 2021: Fitch Ratings", The Business Times, 18 December 2019

developers to build and sell apartments quickly or face stiff penalties[6]. With conservative sales estimates expected to come in at around 8,000 to 10,000 units per annum, industry experts believe that the supply of housing will only be absorbed fully in about three to four years.

In conclusion, **Mr Pek** added, "*In conjunction with our 60th year anniversary, we recently underwent a comprehensive strategic review of our business and rolled out several key initiatives to drive business expansion and sustainable growth for Tiong Seng Group as a whole. For one, our formally established engineering solutions business is now our new third segment. The strategic reorganisation of our management structures will put us in good stead towards harmonising our specialised suite of engineering solutions to better serve our customer's needs, while providing the impetus to capture growth opportunities in markets abroad. Coupled with a dedicated Board for each of our three operational business segments including the introduction of several renowned industry professionals at the helm, we are confident that we have the necessary building blocks in place to chart the next phase of our growth journey.*

As a mark of confidence in the Group's outlook, the Board is pleased to recommend a first and final dividend of 0.5 Sing cents per share (FY2018: 0.5 Sing cents) to reward our loyal shareholders."

Change in Quarterly Reporting

Singapore Exchange Regulation has adopted a risk-based approach to quarterly reporting with effect from 7 February 2020. Pursuant to the new rules, the Group will not be required to release its financial statements on quarterly basis and therefore will publish its financial results on half-yearly basis. However, we will continue to engage our stakeholders regularly and will publish periodic business updates to shareholders.

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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 China and Singapore.

With an established track record of 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,

[6] "Singapore home glut tied to official curbs, key developer says", The Business Times, 11 December 2019

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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