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Tiong Seng's Recovery Remains on Track in 1H2023

- Tiong Seng saw a 64.9% reduction in net losses for 1H2023 as pre-COVID loss-making projects are making better progress
- Turnaround to be catalysed by new profitable construction and engineering projects
- The Group reports order book at S\$0.92 billion as at 30 June 2023, with work extending till 2024

SINGAPORE – 14 August 2023 – Mainboard-listed construction group and property developer, **Tiong Seng Holdings Limited (长成控股)** (“Tiong Seng”, “the Company”, or together with its subsidiaries, “the Group”) (Stock Code: SGX: BFI) has announced its financial results for the six months ended 30 June 2023 (“1H2023”).

Financial Highlights

S\$ million	1H2023	1H2022	Y-o-Y % change
Revenue	160.6	148.7	8.0%
Loss from operating activities	(13.1)	(40.9)	(68.0%)
Loss for the period	(15.6)	(44.5)	(64.9%)
As of 30 June 2023			
Net asset value per share (S\$)	0.16		
Cash and cash equivalents (S\$ million)	95.9		

The Group narrowed losses from S\$44.5 million a year ago to S\$15.6 million in 1H2023, a 64.9% reduction as a result of improvement in performance in its Construction and Engineering Solution segments, as well as the absence of a S\$17.5 million provision which the Group made in 1H2022 for onerous pre-COVID projects. This was partially offset by net losses incurred for its property development segment in 1H2023 compared to net profits in 1H2022. Net asset value per share stood at S\$0.16 as of 30 June 2023, backed mainly by hard assets, including property, plant and equipment, development properties as well as cash and bank balances amounting to S\$95.9 million (equivalent to S\$0.22 in cash/share).

Segmental Review

Business segment	Segmental P&L (S\$ million)	1H2023	1H2022	Y-o-Y % change
Construction	Revenue	126.0	118.1	6.7%
	Gross (Loss)/Profit	2.7	(13.4)	n.m.
	Operating Profit/(Loss)	(7.1)	(23.6)	(69.9%)
Engineering Solutions	Revenue	36.9	16.1	128.6%
	Gross (Loss)/Profit	(2.1)	(10.8)	(80.6%)
	Operating Profit/(Loss)	(3.8)	(18.1)	(79.0%)
Property Development	Revenue	20.5	16.8	21.7%
	Gross (Loss)/Profit	2.0	4.4	(55.5%)
	Operating Profit/(Loss)	(0.7)	1.9	n.m.

Revenue from the construction segment increased 6.7% y-o-y to S\$126.0 million in 1H2023, compared to S\$118.1 million in 1H2022. Consequently, this segment managed to generate a gross profit of S\$2.7 million in this period from a gross loss of S\$13.4 million a year ago. This amount was, however, insufficient to cover various operational expenses associated with the segment, resulting in operating losses of S\$7.1 million in 1H2023.

Revenue from the engineering solutions segment increased 128.6% y-o-y to S\$36.9 million in 1H2023, compared to S\$16.1 million in 1H2022 due to the resumption of construction work. Gross loss margin improved from 67.0% in 1H2022 to 5.7% in 1H2023. Despite the improvement seen in production volume for 1H2023 as compared to 1H2022, it was still insufficient to cover segment overhead costs.

Revenue from sales of development properties in 1H2023 was S\$20.5 million, a 21.7% improvement compared to 1H2022 sales of S\$16.8 million. This was due to higher sale recognition of 36 units from Equinox Project compared to 8 units from Tranquility Project and 8 units from Equinox Project in 1H2022. Despite the higher revenue generated in this financial period, this segment generated an operating loss of S\$0.7 million in 1H2023 compared to an operating profit of S\$1.9 million in 1H2022 due to lower profitability associated with the Equinox units.

Mr. Pay Sim Tee, CEO of Tiong Seng Holdings Limited, commented, ***“The construction industry in Singapore is predicted to expand at a moderate pace in the near future. Tiong Seng will emphasise on profitable projects and improve cost management to strengthen its bottom line. We remain optimistic about the recovery of the industry.”***

Outlook

At the start of 2023, the Building and Construction Authority (BCA) projected construction demand to range between S\$27 billion and S\$32 billion¹. Data from the Singapore Construction Industry Databook puts the full-year growth figure at 2.1%, hitting a more optimistic S\$35.9 billion by end-2023². Despite near-term challenges such as labor shortages and high construction costs, the medium to long-term growth story within the Singapore construction industry remains positive, with a forecasted compound annual growth rate (“CAGR”) of 2.5% during 2023-2027, hitting an output of approx. S\$38.6 billion by 2027³.

In 2023, several new legislations will impact the construction industry in Singapore. For example, new regulations under the Building Control Act will dictate the greater usage of prefabricated construction elements and systems in building projects. As one of the pioneers in using prefabricated building materials in its construction projects, the Group is well-positioned to capitalise on new opportunities in this arena. BCA is also set to implement new regulations under the Environmental Protection and Management Act (EPMA) that will require contractors to engage in the use of sustainable materials and processes, as well as the implementation of systems to reduce waste and energy consumption. Such sustainable practices are very much incorporated within the Group’s existing projects and we strive to continue playing a quintessential role to protect our climate and environment. As of 30 June 2023, the Group’s order book stood at S\$0.92 billion were derived from total contract value after deducting certified work done and is expected to extend till 2024.

Our property development segment in China remains relatively subdued as a result of the country’s embattled real estate market. Nonetheless, the Group has continued to make progress in the sale of its development projects. As of 30 June 2023, approximately S\$10.1 million of gross development value, comprising 10 units of the Equinox and 2 units of Tranquility Residences were sold but were yet to be recognised as revenue in accordance with the Group’s revenue recognition policy. As of 30 June 2023, approximately 77.9% of the total 565 units launched for the Equinox Project and 100% of the total 636 completed units for the Tranquility Project have been sold.

In Singapore, the Group’s remaining joint venture development project, Cairnhill Rise (“Cairnhill Project”) with last 10 units as at 30 June 2023. This project is an exclusive 15-storey freehold

¹ [Singapore’s Construction Demand to Remain Strong in 2023](#)

² [Singapore Construction Industry Databook Series Q12023 Update: Infrastructure Projects to Support Market Growth](#)

³ [Singapore Construction Industry Databook Series Q12023 Update: Infrastructure Projects to Support Market Growth](#)

residential condominium at 16 Cairnhill Rise in District 9, Singapore's prime residential district. The project is scheduled for Temporary Occupation Permit ("TOP") in end-2023.

Mr. Pay added: **"Following the completion of pre-COVID projects, the Group is now fully focused on taking on new projects in which it possesses a competitive advantage and working with the right synergistic partners to generate positive return on investments ("ROI")."**

##END##

About Tiong Seng Holdings Limited

Established in 1959 and listed on the Mainboard of the Singapore Exchange since 2010, Tiong Seng Holdings Limited (SGX: BFI) is principally engaged in three core pillars of business: Building Construction & Civil Engineering, Property Development and Engineering Solutions.

Tiong Seng is one of the leading building and civil engineering contractors in Singapore, and holds the highest grading of A1 from the Building and Construction Authority (BCA) for both general building and civil engineering, qualifying the Group to undertake public sector projects with unlimited contract value. For over 60 years, Tiong Seng has built up a comprehensive track record of private and public sector projects of different complexity, uses and sizes.

On the property development front, Tiong Seng has successfully developed both residential and commercial projects in various second and third-tier cities in China, including Tianjin, Suzhou and Yangzhou. The Group currently has three ongoing projects in the Bohai Economic Rim, one of the main economic zones in China. More recently, the Group made headway in the Singapore property market with acquisitions of residential landbanks in the prime districts 9 and 10.

As a technological frontrunner, Tiong Seng has developed a diverse portfolio of innovative innovations which encompasses Engineering Solutions, the Group's third business segment. This segment provides building solutions as a service and comprises a blend of engineering capabilities such as Prefabricated Prefinished Volumetric Construction ("PPVC"), Pre-cast, Structural Steel, Mass Engineered Timber ("MET") and Tunnel Segment production. With this asset-light business model, the Group is positioned to capture rising industry demand for modern and efficient building solutions.

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