

TIONG SENG HOLDINGS LIMITED
(Incorporated in Singapore)
(Company Registration No. 200807295Z)

PROFIT GUIDANCE ON THE UNAUDITED FINANCIAL RESULTS FOR THE FINANCIAL YEAR ENDED 2021

The Board of Directors (the “Board”) of Tiong Seng Holdings Limited (the “Company”, together with its subsidiaries, the “Group”) wishes to provide profit guidance on its full year results ended 31 December 2021 (“FY2021”). Based on a preliminary review of the Group’s financial information, FY2021 is expected to be in a loss position due to the continued challenges posed from the global COVID pandemic.

Construction and Engineering Solutions

The Group’s business performance was adversely impacted by the continuing global pandemic situation. Progress of construction work remained suboptimal due to the slow pace of recovery in foreign labour shortages, following the global resurgence of Covid-19 variants and correspondingly the border restrictions. The situation was further exacerbated by the costs increases across raw materials, labour and subcontracting contracts, putting costs pressure on construction profits.

The effect of the increase in construction materials, which in the case of steel rebar, aluminium and copper had risen more than 50% as compared to pre-pandemic level, began to manifest in early 2H2021. Some sub-contractors found themselves no longer able to sustain the financial ramifications with the tapering off of the support scheme, which consequently led to a re-awarding of the sub-contracts, albeit at higher costs.

Despite the construction sector facing significant difficulties with the ongoing Covid-19 pandemic, the effects felt are not systemic to the industry’s fundamentals. It is expected that the industry to eventually recover as the pandemic situation improves over time.

In 2H2021, the Group continued to build on its order book, and secured a contract valued at S\$380 million awarded in September 2021, consolidating the total order book to remain cross the S\$1 billion mark. Concurrently, the Group is prudently conserving cash by pushing back on non-essential capital investments and expenditures and is able to meet its financial obligations without any cause for alarms.

Property Development

In the PRC property market, the second half of 2021 was marked by the liquidity crisis from a major property developer in China causing market outlook to be systemically worsened. This unfavourable turn of events further dampened the property market, amidst governmental measures to rein in property prices. As a consequence, land valuation has declined with impairment loss expected to set in on our portfolio.

The Company is still in the process of finalizing the financial results of the Group for FY2021. Full details of the Group’s results performance will be released when the Company announces its FY2021 unaudited financial statements in February 2022.

Shareholders of the Company and potential investors should consult their stockbrokers, bank managers, solicitors or other professional advisers if they have any doubt about the actions they should take and to exercise caution when dealing in the shares of the Company.

BY ORDER OF THE BOARD
TIONG SENG HOLDINGS LIMITED

Pay Sim Tee
Executive Director and CEO

28 January 2022