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**FOR IMMEDIATE RELEASE**

# Tiong Seng reported a net loss after tax of S$54.9 million for FY 2021 taking into account S$20.2 million impairment on PRC property development business, while net operating loss* is reported at S$40.1 million marking an 11% improvement over FY 2020

- **Excluding one-off item & COVID-19 government support and an impairment in the PRC property development business in China, operating results improved 11% to register a loss of S$40.1 million in FY2021**
- **The Group continues to increase its revenue to S$293.4 million & generate positive operating cash flows in FY2021, strengthening the balance sheet with a cash position of S$54.3 million as at end of 2021**
- **The Group continues to build on its strong order book, increasing to S$1.4 billion from S$1.1 billion in 1H2021 and extends till 2024**
- **As an appreciation for shareholders' strong support, the Group has maintained its dividend amount at 0.25 cents per ordinary share**

| S$'000 | FY2021 | FY2020 | Change (%) |
|---|---|---|---|
| Revenue | 293,386 | 235,938 | 24.3 |
| (Loss) after tax | (54,936) | (34,905) | 57.4 |
| Net (loss*) excluding one-off & other items[1] | (40,085) | (45,257) | (11.4) |
| Net (loss) attributable to shareholders[2] | (52,397) | (31,989) | 63.8 |
| Earnings/(loss) per share (cents)[3] | (11.87) | (7.22) | 64.4 |

**after net finance costs, tax and joint venture results*

| | As at 31 December 2021 | As at 31 December 2020 |
|---|---|---|
| Net asset value per share (cents)[4] | **42.82** | **53.50** |
| Cash & cash equivalents (S$'000) | **54,250** | **43,435** |

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[1] *One-off & other items include impairment of development property and government support for FY2021*
[2] *Net profit is operating profit after adding finance income and profit from joint ventures, deducting finance costs and tax expenses*
[3] *The earnings per share net of non-controlling interests have been calculated based on 441,419,549 (2020: 442,759,424) weighted average number of shares outstanding excluding treasury shares.*
[4] *The net asset value per ordinary share net of controlling interests and excluding treasury shares has been calculated based on 441,419,549 shares as at 31 December 2021 and 31 December 2020.*

**SINGAPORE – 28 February 2022** – 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 second half ("2H2021") and full year ("FY2021") ended 31 December 2021.

For FY2021, the Group reported a 24.3% year-on-year ("yoy") increase in revenue to S$293.4 million. This was driven mainly by the resumption of construction activities in FY2021, albeit dampened by supply chain headwinds in 2H2021.

While the Group registered revenue growth in FY2021, overall results were weighed down by the deterioration of the property market in the People's Republic of China, the tapering of the government support due to COVID-19, a slow recovery in the industry's labour shortage and the inflationary pressures faced in the construction value chain.

Due to national deleveraging policies, a major PRC property developer announced multiple defaults in 2H2021, resulting in liquidity crisis that has worsened the market outlook in China. As a result, the Group's property business has been adversely impacted due to an impairment of S$20.2 million of the China property business valuation.

In a year of 2 halves, positive momentum in 1H2021 to improve severe labour shortages in the industry was halted and slowed due to the emergence of new COVID-19 variants in 2H2021. Without the necessary workforce numbers, expected revenue growth was slowed in 2H2021, while costs of operations continued to rise. Coupled with the expected tapering of the government support and excluding one-off gains in FY2020, this resulted in an approximately $10 million reduction to the bottom line.

Global commodity prices rose dramatically in 2H2021, and the impact was acutely felt through a corresponding increase in construction materials prices. Steel rebar, aluminum and copper have since risen by more than 50% compared to pre-pandemic level, all of which manifested in 2H2021.

A combination of an extraordinary rise in material prices and the need to repay COVID-19 financial support resulted in a situation where some sub-contractors were no longer able to sustain business operations or previous award commitments. In such cases, some contracts have had to be re-awarded at higher prices.

With this challenging & uncertain operating environment, the Group reported a net loss attributable to shareholders of S$52.4 million in FY2021 as compared with S$32.0 million in FY2020. However, excluding one-off gain items and accounting for stronger government support in FY2020, and the impairment made in property development business, operating loss has narrowed by 11.4% y-o-y to S$40.1 million and operating cash inflows remained positive in FY2021.

***Financial Review***

| Major Business Segments | Revenue & profit/loss breakdown (S$'000) | FY2021 | FY2020 | Change (%) |
|---|---|---|---|---|
| Construction | Revenue | 190,632 | 148,868 | 28.1 |
| | Operating (Loss) | (34,920) | (20,971) | 66.5 |
| Engineering Solutions | Revenue | 85,155 | 40,850 | >100 |
| | Operating (Loss) | (449) | (6,987) | (93.6) |
| Property Development | Revenue | 35,347 | 55,412 | (36.2) |
| | Operating (Loss) | (16,792) | (1,479) | >100 |

Revenue for the Group's **Construction** and **Engineering Solutions** segments posted 28.1% and 108.5% yoy increases to S$190.6 million and S$85.2 million for FY2021 respectively. In 2H2021, the Group continued to build on its order book and secured a contract valued at S$380 million awarded in September 2021. As at 31 December 2021, the Group's order book stood at S$1.4 billion (up from S$1.1 billion as at 30 June 2021) and is expected to extend till 2024.

Revenue from the Group's **Property Development** segment was S$35.3 million for FY2021. This was contributed mainly from the sale recognition of 9 units (2,942 sqm) from the Tranquility Project and 35 units (7,336 sqm) from the Equinox Project. In line with the Group's revenue recognition policy, approximately S$31.6 million of gross development value were sold, but yet to be recognised as at 31 December 2021. These projects include 32 units (6,805 sqm) of the Equinox Project and 9 units (2,936 sqm) of the Tranquility Residences project.

***Outlook***

Construction

The Singaporean construction sector recovered in 2021, growing by 20.1% to S$29.9 billion for the full year in 2021[5] with both public and private sector showing improvements. This marks a turnaround from a 38.4% contraction in 2020. Construction demand increased in 2021 by 29.1% y-o-y, and construction demand in 2022 is expected to similarly grow to between S$27 billion and S$32 billion.[6] We are cautiously optimistic that the growth in construction demand will lead to an improvement in operating margins back to positive figures.

The labour shortage situation has also shown signs of improvement. 4Q2021 saw positive numbers in labour force growth in the Construction industry as compared to the previous 7 quarters of negative growth up to 1Q2020 excluding 1Q2021.[7] We remain cautiously optimistic that as the global pandemic remains on the wane, that border and travel restrictions will continue to improve to allow for a quicker recovery of the workforce required by the industry. With a return of the workforce, we anticipate that revenue growth will remain on track as on-hand contracts can be fulfilled at a pre-pandemic speed.

Property Development in China and Singapore

**China**

In line with China's policies on curbing investment speculation on residential properties, with deleveraging mortgages and adjusting property taxes, home prices are expected to drop 1.0% in 1H2022.[8] As the largest property developers in China are scrutinized for their over-lending and unfettered expansions, the resulting policies have affected the property market and sent it on an observable downward trend.

However, in 2022, China may finetune its policies to stabilise the sector in view of the default risks and systemic risk with home ownership and wealth of the masses.[9] In January 2022, the Chinese government loosened regulation slightly to free up locked capital and lowering lending rates in a bid

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[5] https://www.mti.gov.sg/ess2021
[6] https://www1.bca.gov.sg/about-us/news-and-publications/media-releases-2022/01/26/sustained-construction-demand-in-2022-supported-by-public-sector-projects
[7] https://stats.mom.gov.sg/iMAS_PdfLibrary/mrsd-LMAR-Q4-2021.pdf#page=7
[8] https://www.reuters.com/markets/rates-bonds/china-property-market-keep-cooling-into-h1-2022-tight-curbs-2021-12-02/
[9] https://www.reuters.com/markets/asia/china-reluctantly-gives-property-market-break-2022-01-20/

to ease the sector financially. Supported by real demand on the ground, especially with home aspiration remain as a key motivator in the PRC market, the property market is expected to react positively to its government measured relaxation of the market.

**Singapore**

The newest property cooling measures announced in Singapore in December 2021 through increased Additional Buyer's Stamp Duty and coupled with an increase in property tax is expected to strike at investment demand.[10] Sales are expected to consider the higher tax costs moving into 2022, and developers may see margins cut for marketing or competitiveness. Buyers may adopt a more muted approach to property purchases in 2022, although projects with value will continue to face sustained demand.[11]

**Mr Pay Sim Tee, CEO of Tiong Seng Holdings Limited commented**, "*The pandemic has continued to affect supply chains globally and our sector is no exception. The net loss for FY2021 was driven by factors that are expected to be non-recurring and non-systemic to the industry as they are largely results of the pandemic's effects. While the pandemic's impact is deeply felt with such a high visibility, we remain resilient in our perseverance to bring Tiong Seng past the challenge.*

*Our construction sector has secured a contract of S$380 million in September 2021, bringing our order book to S$1.4 billion. This amount will go a long way in ensuring Tiong Seng remains committed in providing the best services as the trust placed in us from our clients is greatly appreciated. We look forward to the recovery of the sector through the global vaccination program and endemic living approach to minimize the impact it has on the day to day lives of all affected.*

*In 2021, we continued to emphasize the need to make sustainability one of our main pillars in operations. In view of the labour and materials difficulties, sustainable processes can reduce the labour required and allow us to make adaptations in our green construction and building to optimize the long-term costs of the operations. Digital tools such as integrated construction management software are also used to smooth out friction between all our working units in the site and off the site through timely communication lines highlighting possible time and cost savings that may have been overlooked.*

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[10] https://www.businesstimes.com.sg/real-estate/new-cooling-measures-overturn-sanguine-outlook-for-new-private-home-market-for-2022
[11] https://www.businesstimes.com.sg/real-estate/singapores-new-private-home-sales-rise-35-in-january

*As an appreciation to our shareholders, the Board is pleased to maintain the dividend of 0.25 cents per ordinary share (FY2020: 0.25 cents per ordinary share)."*

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***About Tiong Seng Holdings Ltd.***

Established in 1959 and listed on the Mainboard of the Singapore Exchange since 2010, Tiong Seng Holdings Ltd. (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 on-going 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 cutting-edge 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.

***Issued on behalf of Tiong Seng Holdings Ltd. by: Financial PR***

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