

FOR IMMEDIATE RELEASE
Tiong Seng reports revenue of S\$102.3 million for 1H2020

- **The Group maintains an order book of S\$1.2 billion extending to 2023**
- **Supported by healthy operating cash flows of S\$25.4 million, the Group's cash position strengthened to S\$59.2 million as at 30 June 2020 (30 June 2019: S\$45.3 million)**
- **Balance sheet remains resilient with a reduced net gearing ratio of 0.09 as at 30 June 2020 (31 December 2019: 0.15)**

S\$'000	1H2020	1H2019	Change (%)
Revenue	102,294	169,812	(39.8)
Net (loss)/profit attributable to shareholders	(9,186)	2,736	N.M.
Earnings per share (Sing cents) ⁱ	(2.07)	0.62	N.M.

	As at 30 June 2020	As at 31 December 2019
Net asset value per share (Sing cents) ⁱⁱ	58.08	59.70
Cash & cash equivalents (S\$'000)	60,000	55,539

i) The earnings per share net of non-controlling interests has been calculated based on 443,564,427 (2019: 444,785,349) 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 442,552,249 shares as at 30 June 2020 and 444,785,349 as at 31 December 2019.

SINGAPORE – 14 August 2020 – Mainboard-listed construction group and property developer, **Tiong Seng Holdings Limited (长成控股)** (“Tiong Seng”, together with its subsidiaries, “the Group”), has announced its financial results for the first half (“1H2020”) ended 30 June 2020.

Mainly attributable to the temporary suspension and delay in construction activities due to Covid-19 disruptions, and therefore a decrease in work performed for the construction and engineering solution segments, the Group posted a 39.8% year-on-year (“yoy”) decline in revenue to S\$102.3 million for 1H2020. Similarly, the Group’s gross profit declined 83.9% yoy to S\$3.2 million for 1H2020. Consequently, the Group posted a net loss attributable to shareholders of S\$9.2 million for 1H2020, from a net profit attributable to shareholders of S\$2.7 million for 1H2019.

In spite of the challenging market conditions, the Group continued to generate healthy operating cash flows of S\$25.4 million for 1H2020, contributing to a strengthened cash position of S\$59.2 million as at 30

June 2020 (As at 31 December 2019: S\$45.3 million). The Group's net gearing ratio¹ also improved, contracting to 0.09 as at 30 June 2020 from 0.15 as at 31 December 2019.

Financial Review

Major Business Segments	Revenue & profit/loss breakdown (S\$'000)	1H2020	1H2019	Change (%)
Construction Contracts	Revenue [#]	71,664	130,257	(45.0)
	Operating (Loss)/Profit	(6,250)	4,390	N.M.
Engineering Solutions	Revenue [#]	21,748	40,405	(46.2)
	Operating Profit/(Loss)	234	(2,797)	N.M.
Sale of Development Properties	Revenue	13,694	12,402	10.4
	Operating Profit	2,335	1,172	99.2

[#] These segments include inter-segment revenue.

Revenue for the Group's core **Construction** segment recorded a 45.0% yoy decline to S\$71.7 million for 1H2020, attributable mainly to the decrease in work performed due to the temporary suspension and delay in construction activities amid the Covid-19 pandemic. As at 30 June 2020, the Group maintains an order book of approximately S\$1.2 billion which is expected to extend till 2023.

Revenue for the Group's **Engineering Solutions** segment recorded a 46.2% yoy decline to S\$21.7 million for 1H2020, attributable mainly to the decrease in work performed due to the temporary suspension and delay in engineering solutions activities amid the Covid-19 pandemic. In spite of the disruptions, the Engineering Solutions segment reported an improved performance with a gross profit of S\$1.8 million for 1H2020, compared to a gross loss in 1H2019, underpinned by the overall change in profile of precast projects which yielded higher profit margins.

Revenue from the Group's **Property Development** segment recorded a 10.4% yoy increase to S\$13.7 million for 1H2020. In line with the Group's revenue recognition policy, approximately S\$45.7 million of gross development value was sold but has yet to be recognised as at 30 June 2020. These projects include 75 units (13,000 sqm) of the Equinox Project and 6 units (2,000 sqm) of the Tranquility Residences project.

As a result of the temporary suspension and delay of construction activities, overall lower margin from the current profile of projects and unproductive construction labor costs suffered during the "Circuit Breaker"

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

period², the Group reported a loss from operating activities of S\$4.6 million for 1H2020, from a profit from operating activities of S\$9.2 million for 1H2019.

Outlook

Construction

Based on advanced estimates, the construction sector contracted by 54.7% yoy in the second quarter of 2020, a significant deterioration from the 1.1% yoy decline in the previous quarter³. This was due mainly to the stoppage of most construction activities during the Circuit Breaker period, as well as manpower disruptions arising from additional measures to curb the spread of Covid-19. While building contractors were gradually allowed to resume operations from 2 June 2020, manpower issues remains one of the biggest roadblocks as firms report difficulties in meeting the stringent requirements set by local authorities to get workers cleared to return to work⁴. Looking ahead, the sector's transition to full resumption is expected remain long, challenging and costly due to the implementation of tighter measures to prevent further outbreaks of Covid-19 amongst the migrant worker population.

Property Development in China and Singapore

China

China's home prices are expected to grow slightly faster in 2020 than predicted a few months earlier while sales will stay soft, as Beijing refrains from strong easing to cushion the coronavirus-led slowdown in the sector. The property market has shown some signs of recovery, helped by cheaper credit and incremental policy easing as the Chinese economy emerges from its coronavirus lockdown. However, weak consumer confidence and fears of a second wave of virus infections may dampen chances for a sustainable rebound. On the whole, industry observers expect average residential property prices to rise 3.75% yoy in 2020, albeit down from 6.6% yoy growth in 2019⁵.

Singapore

New home sales posted a surprise rebound, with developers selling 998 non-landed private homes in June, up 105.0% quarter-on-quarter ("qoq") from 487 private homes in May, as showflats were allowed to

² During the months of April and May 2020, the Singapore government implemented tighter safe distancing measures during the Circuit Breaker period to decisively curb the rising trend of local Covid-19 transmissions. The objective of the circuit-breaker period was to significantly reduce movements and interactions in public and private places.

³ "Singapore's GDP Contracted by 12.6 Per Cent in the Second Quarter of 2020", Ministry of Trade and Industry, 14 July 2020

⁴ "Manpower issues pose biggest roadblocks for construction firms seeking to resume business amid Covid-19 pandemic", The Straits Times, 1 August 2020

⁵ "China home prices to pick up, but outlook remains soft: Reuters poll", Reuters, 22 June 2020

reopen on 19 June after a two-month Circuit Breaker period ended⁶. The numbers – the highest monthly sales for June in seven years – seem to indicate resilience in the property market, as also evidenced by a 22.0% yoy rise in new home sales from 821 a year ago. However, industry analysts highlighted that as home prices are highly correlated to household income and job security, it has been projected that private residential prices could decline 5.0% in 2020⁷.

Mr Pay Sim Tee, CEO of Tiong Seng Holdings Limited commented, “As a long-standing business with an extensive track record, we believe that we have the capabilities, determination and appropriate strategies to overcome the headwinds we face today. Backed by years of investment in cutting-edge construction technologies, we have enhanced our ability to cope with the immediate production needs and demands of our customers during this period, while harnessing the competitive edge needed to capture new business opportunities as the sector gradually picks up. While the road to recovery is expected to be long and challenging, we remain cautiously optimistic that our resilient balance sheet, healthy cash position and robust orderbook will allow us to navigate this challenging market landscape as we steer ourselves back onto our growth trajectory.”

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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, 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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⁶ “Singapore new home sales rebound, hit 7-year high for month of June: URA data”, The Straits Times, 15 July 2020

⁷ “New private home sales post surprise rebound”, The Straits Times, 16 July 2020