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FOR IMMEDIATE RELEASE

Tiong Seng posts 74.7% increase in revenue to S$178.7 million for 1H2021

- **Group returns to the black with net profit attributable to shareholders of S$1.4 million for 1H2021 compared to a net loss of S$9.2 million for 1H2020, led by the progressive resumption of construction activities following the lift of Circuit Breaker measures**
- **The Group maintains a robust construction order book of S$1.1 billion which extends to 2023**
- **Group continues to generate positive operating cash flows of S$5.7 million, bolstering balance sheet strength with a cash position of S$55.5 million as at 30 June 2021**
- **Group remains vigilant on the challenges ahead from labour shortages arising from prolonged border closure and rising manpower, building materials & subcontracting costs.**

S$'000	1H2021	1H2020	Change (%)
Revenue	178,734	102,294	74.7
Net profit/(loss) attributable to shareholders	1,376	(9,186)	N.M.
Earnings/(loss) per share (Sing cents)[i]	0.31	(2.07)	N.M.

	As at 30 June 2021	As at 31 December 2020
Net asset value per share (Sing cents)[ii]	**54.27**	**53.50**
Cash & cash equivalents (S$'000)	**55,536**	**43,435**

i) The earnings per share net of non-controlling interests has been calculated based on 441,419,549 (2020: 443,564,427) 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 441,419,549 shares as at 30 June 2021 (As at 31 December 2020: 441,419,549).

SINGAPORE – 12 August 2021 – 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 first half ended 30 June 2021 ("1H2021").

For 1H2021, the Group reported a 74.7% year-on-year ("yoy") increase in revenue to S$178.7 million. This was driven mainly by the resumption of construction activities in 1H2021 as compared to 1H2020, where government safe management measures implemented during Circuit Breaker ("CB") period[1] resulted in

[1] 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.

the temporary suspension and delay in construction activities amid the peak of the COVID-19 pandemic in Singapore.

Other income declined 63.8% yoy to S$3.4 million for 1H2021, attributable mainly to lower government relief measures related to the Covid-19 pandemic received in 1H2021, as well as a one-time gain of S$1.6 million from the disposal of an asset held for sale in 1H2020.

Overall, the Group managed to chart a turnaround and return to the black with a net profit attributable to shareholders of S$1.4 million for 1H2021 compared to a net loss of S$9.2 million for 1H2020, led by the progressive resumption of construction activities following the lift of CB measures in early June 2020. However, the ramp up in construction activities have remained slow thus far due to the stringent safety measures implemented and foreign worker labour shortages amid tightened Covid-19 border measures.

In spite of the challenging and uncertain market conditions, the Group continued to generate healthy operating cash inflows of S$5.7 million, contributing to a robust cash position of S$55.5 million as at 30 June 2021 (As at 31 December: S$43.4 million).

Financial Review

Major Business Segments	Revenue & profit/loss breakdown (S$'000)	1H2021	1H2020	Change (%)
Construction Contracts	Revenue#	110,312	70,412*	56.7
	Operating (Loss)	(683)	(6,250)	(89.1)
Engineering Solutions	Revenue#	54,166	21,698	149.6
	Operating Profit	1,244	234	431.6
Sale of Development Properties	Revenue	22,333	13,694	63.1
	Operating Profit	4,288	2,335	83.6

These segments include inter-segment revenue.

* Rental income of S$1,252,000 was reclassified as other income instead of revenue to clearly distinguish that all revenue reported in construction segment is related to construction activities.

The Group's **Construction** and **Engineering Solutions** segments registered revenue of S$110.3 million and S$54.2 million for 1H2021 respectively, driven mainly from the disruptions from the eight-week CB period in the second quarter of 2020 which saw the suspension of most non-essential construction works back then. As at 30 June 2021, the Group maintains an order book of approximately S$1.1 billion which is expected to extend to 2023.

Revenue from the Group's **Property Development** segment recorded a 63.1% yoy increase to S$22.3 million for 1H2021. In line with the Group's revenue recognition policy, approximately S$19.3 million of gross development value were sold, but yet to be recognised as at 30 June 2021. These projects include 25 units (6,000 sqm) of the Equinox Project and 3 units (1,000 sqm) of the Tranquility Residences project.

Outlook

<u>Construction</u>

Stemming from a decline in output from both the private and public sector, the construction sector as a whole contracted 23% year-on-year ("yoy") in the first quarter of 2021, albeit improving slightly from the 27% contraction in the previous quarter[2]. For the private sector, this slump was largely driven by private industrial works (-9.5%) and private commercial building works (-18%). On the other hand, the public sector decline was led by public institutional & other building works (-36%) alongside public civil engineering works (-17%).

While the phased re-opening of various projects and worksites after the CB period inched the sector towards recovery, the sudden global surge of new COVID-19 infections since April 2021 prompted the tightened of the Singapore border by the government which curbed the entry of migrant workers into the country, resulting in further project delays and significant labour cost increases thereafter. Apart from rising labour costs, the increase in cost of construction materials has added further pressure on overall construction costs. In all, these disruptions have had wide reaching effects on the supply chain and will continue to weigh on the industry.

<u>Property Development in China and Singapore</u>

China

After a years-long campaign to tame property prices, China is upping the ante to break a stubborn cycle of gains that has made homes increasingly unaffordable[3]. These have included raising mortgage rates in a major city, vows to accelerate the development of government subsidised rental housing and increased scrutiny on everything from financing of developers and newly listed home prices to title transfers. As a result of these heightened measures of late, China's new home price growth slowed for the first time since November 2020 in month-on-month terms. Average new home prices in 70 major cities grew 0.5% in June

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[2] "Economic Survey of Singapore, First Quarter 2021", Ministry of Trade and Industry Singapore, 25 May 2021
[3] "China's Escalating Property Curbs Point to Xi's New Priority", Bloomberg, 28 July 2021

from a month earlier, down from a 0.6% rise in May[4]. Compared with a year earlier, new home prices rose 4.7%, down from a 4.9% uptick in May in the first slowdown since December last year.

Singapore

Private home prices in Singapore rose for the fifth straight quarter but at a much slower pace, dampening speculation of another round of property curbs in the near future. The 0.9% price gain against the first quarter of 2021 follows an increase of 3.3% in the first quarter of 2021 and 2.1% in the fourth quarter of last year. Year on year, prices are up 7.3%[5]. The slower growth in prices of both landed and non-landed homes, coupled with lower transaction volumes as some developers delayed new launches in the face of phase two (heightened alert) restrictions were the main reasons which led to the dampened overall price growth in the second quarter.

Mr Pay Sim Tee, CEO of Tiong Seng Holdings Limited commented, "*Backed by our robust construction order book of S$1.1 billion, we have managed to progressively chart our recovery and successfully return to profitability in 1H2021 since the CB measures were lifted in phases from 1H2020. While we have been able to resume work for our ongoing projects, the ramp up has remained slow thus far due to the prolonged tightened border measures and the activation of a few rounds of Heightened Alerts by the government.*

Disruptions from these measures have resulted in a ripple effect down the entire value chain and with a shortage of workers, manpower and associated subcontracting costs have been climbing & adding pressure to construction costs, not to mention that some subcontractors have thrown in their towels and bowed out from the industry. This has been further exacerbated by the increase in costs of materials as countries began to review their policies in the export of construction materials which are essential for the Built Environment. Effects from these disruptions are wide reaching and will continue to put pressure on the industry as well as our results moving forward.

With that said, we are hopeful that the recent ramp-up in COVID-19 vaccinations globally will result in the gradual reopening of borders and help labour-intensive sectors such as the Built Environment sector address these manpower issues. Internally, we will continue to focus on strategic initiatives such as our digitalisation drive to improve our overall efficiency and pave the way to operating more effectively in the new normal. While the road to recovery is expected to be long and challenging, we are cautiously optimistic that our resilient balance sheet, healthy cash position and robust order book will help us to navigate the strong headwinds as we steer ourselves back onto our long-term growth trajectory."

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[4] "China June home price growth slows for first time since Nov", Reuters, 15 July 2021
[5] "Singapore private home prices rise 0.9% in Q2, slowing sharply from recent growth: Flash data", The Straits Times, 1 July 2021

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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.

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