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FOR IMMEDIATE RELEASE

Tiong Seng reports revenue of S$235.9 million for FY2020

- **Group posts net loss attributable to shareholders of S$32.0 million for FY2020, attributable largely to a S$20.4 million provision for foreseeable losses on projects and impairment losses on valuation of development properties in the PRC**
- **Core construction segment maintains an order book of S$1.27 billion extending to 2023**
- **Group continues to generate positive operating cash flows of S$35.4 million for FY2020**
- **Balance sheet remains resilient with reduced gearing and net gearing ratios to 0.28 (31 December 2019: 0.34) and 0.10 (31 December 2019: 0.15) respectively**

S$'000	FY2020	FY2019	Change (%)
Revenue	235,937	405,550	(41.8)
Net profit/(loss) attributable to shareholders	(31,992)	10,592	N.M.
Earnings/(loss) per share (Sing cents)[i]	(7.23)	2.38	N.M.

	As at 31 December 2020	As at 31 December 2019
Net asset value per share (Sing cents)[ii]	**53.50**	**59.70**
Cash & cash equivalents (S$'000)	**43,435**	**55,539**

i) The earnings per share net of non-controlling interests has been calculated based on 442,759,424 (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 441,419,549 shares as at 31 December 2020 (2019: 444,785,349).

SINGAPORE – 25 February 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 fourth quarter ("4Q2020") and full year ("FY2020") ended 31 December 2020.

For FY2020, the Group posted a 41.8% year-on-year ("yoy") decrease in revenue to S$235.9 million. This decline was mainly attributable to lower volume of work performed for both the Group's construction and engineering solutions segments amid the Covid-19 pandemic, coupled with the slow resumption of construction activities following the easing of circuit-breaker measures in Singapore. Correspondingly, the Group recorded a net loss attributable to shareholders of S$32.0 million for FY2020, after having made a

S$20.4 million provision for foreseeable losses on projects and impairment losses on valuation of development properties in the PRC.

Notwithstanding the impact from the pandemic, the Group continues to generate positive operating cash flows of S$35.4 million for FY2020. Additionally, the Group's balance sheet remains resilient with reduced gearing and net gearing ratios[1] of 0.28 (31 December 2019: 0.34) and 0.10 (31 December 2018: 0.15) respectively. Supported by a healthy cash balance of S$43.4 million as at 31 December 2020, the Group is well-equipped to navigate the Covid-19 pandemic and capitalise on future opportunities once the situation normalises.

Financial Review

Major Business Segments	Revenue & profit/loss breakdown (S$'000)	FY2020	FY2019	Change (%)
Construction Contracts	Revenue#	151,307	313,358	(51.7)
	Operating Profit/(Loss)	(20,971)	11,335	N.M.
Engineering Solutions	Revenue#	40,914	98,264	(58.4)
	Operating Profit/(Loss)	(7,176)	2,289	N.M.
Sale of Development Properties	Revenue	55,411	22,325	148.2
	Operating Profit/(Loss)	(1,600)	796	N.M.

These segments include inter-segment revenue.

Revenue for the Group's **Construction** and **Engineering Solutions** segments recorded a 51.7% and 58.4% yoy decline to S$151.3 million and S$40.9 million for FY2020 respectively. This was due mainly to the temporary suspension and delay in construction activities amid the Covid-19 pandemic, as well as the slow resumption of construction activities following the easing of circuit-breaker measures. As at 31 December 2020, the Group maintains an order book of approximately S$1.27 billion which is expected to extend till 2023.

On the other hand, revenue from the Group's **Property Development** segment registered a 148.2% yoy increase to S$55.4 million for FY2020, mainly due to the timing of revenue recognition. In line with the Group's revenue recognition policy, approximately S$24.6 million of gross development value was sold but has yet to be recognised as at 31 December 2020. These projects include 31 units (7,021 sqm) of the Equinox Project and 4 units (1,379 sqm) of the Tranquility Residences project.

Outlook

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

Construction

The construction sector shrank 28.5% yoy in the fourth quarter of 2020, improving from the 46.2% contraction in the preceding quarter[2]. The improved performance of the sector was attributed to the resumption of more construction activities following the easing of circuit-breaker measures in Singapore.

The Building and Construction Authority (BCA) expects construction demand to recover progressively and forecasts that S$23 billion to S$28 billion worth of construction contracts will be awarded in 2021[3]. Of this figure, public-sector projects are expected to contribute between S$15 billion and S$18 billion, due mainly to stronger demand for public housing and infrastructure projects including the Jurong Region MRT line, the Cross Island MRT line Phase 1 and the Deep Tunnel Sewerage System Phase 2. There will also be around S$6 billion worth of smaller public sector projects, such as cycling paths and upgrading works. On the other hand, demand from the private sector is projected to fall within S$8 billion to S$10 billion in 2021[4], with the bulk of it coming from the development of remaining en bloc residential sites and major retrofitting of commercial developments, among others.

Property Development in China and Singapore

China

China's home prices are expected to rise at a slower pace in 2021 while sales will likely remain steady, as Beijing shifts its focus to tackling rising debt risks in the sector. The residential property market made a quick recovery in 2020, benefitting from lower mortgage interest rates and the relaxation of some curbs on buyers, providing support to an economy nearly recovered to pre-Covid-19 levels. However, this rebound has raised concerns about financial risk and policymakers have since imposed rules on the funneling of funds into the sector.

While bigger cities will continue driving higher home prices for the year as credit liquidity released during the pandemic cannot be recalled in the short term, demand is still expected to be slow. This is attributed to pent-up buying in the second half of 2020, slower demand in smaller cities, and stringent lending regulations for developers and buyers. On the whole, industry observers expect average residential property prices to cool to 3.3% in 2021, down from 4.9% in 2020[5]. Property transactions are also expected to be flat from last year, as compared to a 2.6% gain in 2020.

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[2] "Singapore's GDP Contracted by 3.8 Per Cent in the Fourth Quarter of 2020", Ministry of Trade and Industry, 4 January 2021
[3] "2021 construction demand forecast to recover", The Business Times, 19 January 2021
[4] "Public sector projects to drive bulk of construction sector's recovery in 2021", Channel NewsAsia, 18 January 2021
[5] "Growth in China's home prices to cool in 2021", The Business Times, 2 February 2021

Singapore

Prices of private homes in Singapore rose 2.2% in 2020, proving the resilience of the property market as it defies recessionary pressure amidst Covid-19 and its fallout. Demand for new homes remained strong, with developers selling 10,024 private housing units in 2020, surpassing the 9,912 units in 2019 by 1.1%[6]. For the fourth quarter alone, prices of private homes rose 2.1%, marking the steepest quarterly increase since the second quarter in 2018 when prices jumped 3.4%[7].

These gains were largely driven by low interest rates, upgraders and former en bloc sellers returning to the market, and increased buyer confidence as many Singaporeans remain employed due to various job schemes[8]. Industry analysts expect this sales momentum to continue into the first quarter of 2021 due to the launch of several major residential projects. In addition, demand from local buyers will remain resilient, partly driven by HDB upgraders, as the increasing supply of flats attaining the five-year minimum occupation period (MOP) will enable owners to sell the flat on the resale market and upgrade to private property.

Mr Pay Sim Tee, CEO of Tiong Seng Holdings Limited commented, "*While we continue to ramp up our operations and various ongoing projects, we do acknowledge that the road to recovery will be long and challenging. To this end, we have done an assessment of our ongoing projects and necessary adjustments have been effected to reflect the impact of COVID-19 on our valuations and margins.*

Notwithstanding these setbacks, we are cautiously hopeful that the situation will improve following the roll-out of inoculation efforts globally and the resultant gradual reopening of borders thereafter, a critical step towards addressing the current shortage of manpower and spike in labour costs faced by the industry. This positive development, coupled with our robust order book of S$1.27 billion, will allow us to steer ourselves back onto our growth trajectory once the pandemic stabilises. In the meantime, our resilient balance sheet and healthy cash position will help us to navigate the immediate headwinds, and we do not foresee any issues in meeting our financial obligations.

Having accelerated our corporate transformation drive during the circuit breaker period, we are positive that we can overcome the setbacks that we are facing now and emerge stronger as an organisation, just as we have done many times before in our long history of over 60 years.

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[6] "Developers expected to continue milking positive market conditions to push new projects this year", The Business Times, 16 January 2021
[7] "Singapore private home prices rise 2.1% in Q4, fastest pace since mid-2018", The Straits Times, 5 January 2021
[8] "Talk intensifies of more private property cooling measures after comments by ministers", The Business Times, 20 January 2021

As a mark of confidence in the Group's long-term outlook, the Board is pleased to recommend a first and final dividend of 0.25 Sing cents per share (FY2019: 0.5 Sing cents) to our loyal shareholders."

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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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