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FOR IMMEDIATE RELEASE

Tiong Seng recorded an attributable net loss of S$44.0 million for 1H2022 mainly due to rising labour, material and subcontracting costs

- **Revenue decreased 16.8% to S$148.7 million for 1H2021 largely due to reduced mass engineered timber and PPVC work in engineering solutions segment**
- **Higher labour, material and subcontracting costs affected margins where many of the projects were contracted pre-COVID**
- **The Group maintains its construction order book at S$1.3 billion which extends till 2024**

S$'000	1H2022	1H2021	Change (%)
Revenue	148,676	178,732	(16.8)
Net (loss) attributable to shareholders[1]	(44,005)	1,376	N.M.
Earnings/(loss) per share (cents)[2]	(9.97)	0.31	N.M.

	As at 30 June 2022	As at 31 December 2021
Net asset value per share (cents)[3]	**32.16**	**43.32**
Cash & cash equivalents (S$'000)	**68,117**	**56,486**

SINGAPORE – 13 September 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 first half ended 30 June 2022 ("1H2022")

For 1H2022, the Group reported a 16.8% year-on-year ("yoy") decrease in revenue to S$148.7 million. This is mainly due to a decrease in construction work for the engineering solutions segment for finished products such as mass engineered timber and prefabricated prefinished volumetric construction ("PPVC"), as well as a reversal of over-recognized revenue from the engineering solutions segment of approximately S$8.0 million in aggregate from the prior reporting periods.

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[1] *Net profit is operating profit after adding finance income and profit from joint ventures, deducting finance costs and tax expenses*
[2] *The earnings per share net of non-controlling interests have been calculated based on 441,419,549 (2021: 441,419,549) weighted average number of shares outstanding excluding treasury shares.*
[3] *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 2022 (As at 31 December 2021: 441,419,549)*

The flow of labour remained restrictive until the entry requirements were streamlined in June 2022[4], this allowed the Group to access more workers in 2Q2022 compared to the previous quarter. The shortage of labour contributed to the slower progress of construction activities and lower revenue. The bright side is construction activities started to pick up in 2Q2022, especially with the easing of labor shortages since June 2022, our construction revenue has increased by S$37.8 million to S$118.1 million, as compared to 2H2021.

With the fall in revenue, a net loss was recorded due to a higher cost of construction contracts and engineering solutions, coupled with provisions made during the period for S$17.5 million. Cost of construction contracts and engineering solutions relative to revenue increased to 118.4% from 92.7% in 1H2021 due to higher labour, material and subcontracting costs. Provisions were largely for onerous contracts secured pre-Covid, where costs had increased past the prices considered at contract dates These pre-COVID projects were doubly affected as supply chains issues before 2022 were not fully resolved and disruptions from the geopolitical crisis early this year further increase the costs.

In this challenging operating environment, the Group reported a net loss attributable to shareholders of S$44.0 million for 1H2022 as compared to a net profit of S$1.4 million in 1H2021.

The Group continued to generate cash inflows of S$12.9 million in 1H2022, increasing cash position to S$68.1 million as at 30 June 2022 as compared to S$56.5 million as at 31 December 2021. This was largely due to net cash generated from operating activities.

Financial Review

Major Business Segments	Revenue & profit/loss breakdown (S$'000)	1H2022	1H2021	Change (%)
Construction	Revenue	118,080	110,312	7.0
	Operating (Loss)	(23,603)	(683)	>100
Engineering Solutions	Revenue[#]	16,131	54,166	(70.2)
	Operating Profit/(Loss)	(18,126)	1,244	N.M.
Property Development	Revenue	16,821	22,333	(24.7)
	Operating Profit	1,946	4,288	(54.6)

#Including inter-segment revenue

Revenue for the Group's **Construction** segment increased 7.0% yoy to S$118.1 million with the increase in construction activities in 1H2022 compared to the previous year. As at 30 June 2022, the Group's order book stood at S$1.3 billion and is expected to extend till 2024.

[4] https://www.mom.gov.sg/newsroom/press-releases/2022/0306-streamlining-of-entry-requirements-for-vaccinated-new-wphs-in-cmp-sectors

Revenue for the Group's **Engineering Solutions** segment decreased 70.2% yoy to S$16.1 million due to completion of various projects as well as a reversal of over-recognized revenue of approximately S$8.0 million in aggregate from the prior reporting periods.

Revenue from the Group's **Property Development** segment decreased 24.7% to S$16.8 million due to fewer units recognized for 1H2022. This was contributed mainly from the sale recognition of 8 units (2,637 sqm) from the Tranquility Project and 8 units (1,915 sqm) from the Equinox Project. In line with the Group's revenue recognition policy, approximately S$25.9 million of gross development value were sold and yet to be recognized as at 30 June 2022. These projects include 36 units (7,000 sqm) of the Equinox Project and 3 units (1,000 sqm) of the Tranquility Residences project.

Outlook

Construction

The GDP growth forecast of 2022 had been narrowed down to 3.0 to 4.0 per cent by the Ministry of Trade and Industry in August 2022, showing a reduced top side expectation. Growth in the construction sector for 2Q 2022 is at 3.3%. This is lagging behind the manufacturing sector at 5.7%, and the services producing industries at 4.8%[5]. While the recovery of the economy and loosening of COVID-19 measures may be good for the economy, the construction sector is not recovering at a similar pace as costs may not be passed on as easily.

The outbreak of war had caused many countries to find new sources of materials due to sanctions on Russia. Cost of materials, especially for contracts locked pre-COVID, have risen to a point where onerous contract provisions were necessary for the Group. Locally, Singapore reached its 13-year high for core inflation[6].

The number of foreign workers had increased for Q22022 with the easier travel and medical requirements Productivity slowly edged up as workers acclimatize back to the pace of work and skill levels required.[7] The Group will continue to bid for suitable contracts while monitoring prices of materials and labour.

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[5] https://www.mti.gov.sg/-/media/MTI/Resources/Economic-Survey-of-Singapore/2022/Economic-Survey-of-Singapore-Second-Quarter-2022/PR_2Q22.pdf
[6] https://www.reuters.com/markets/asia/singapore-june-core-inflation-rises-44-topping-forecasts-2022-07-25/
[7] https://www.straitstimes.com/singapore/stricter-workplace-safety-requirements-necessary-construction-firms

Property Development in China and Singapore

China

Home prices in China were expected to drop 1.4% in 1H 2022 and remain flat on a plateau for the remainder of 2022.[8] The sector had been dampened from the financial crisis of the property developers which in turn reduced the confidence level of buyers. Buyers were also cautious over the delivery of property and the potential capital losses from the weak market.

Policies targeted at revitalising the industry have been implemented by China. These include, reducing mortgage board rates, reducing down payments, increasing subsidies, and loosening financing requirements for property developers. China is also employing economic stimulus in public infrastructure projects in a bid to boost the economy over the shrinking private sector contribution.[9]

Singapore

New private home prices rose 3.5% quarter on quarter for Q2 2022[10], while the Urban Redevelopment Authority overall private home price index was expected to remain positive for the rest of 2022 as per property consultants. Launches and take-up of private housing units remain below 2021's levels while unsold units bottomed in 1Q 2022 within a 5-year timeframe. These underline the reduced rate of new projects and lower inventory levels which would contribute to rising home prices due to undersupply.

On the demand end in the first half of 2022, new ABSD rules increasing duties on investment properties, foreigner purchases, and living trusts were implemented to cool the market. Interest rates were also on the rise due to inflation pressures resulting in global rate hikes and reactive monetary policies.[11] With additional buyer's stamp duties and higher mortgage interest rates, buyers would exercise further caution in their property investments and purchases.

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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

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[8] https://www.reuters.com/markets/rates-bonds/chinas-property-market-woes-expected-worsen-2022-2022-05-24/
[9] https://www.bloomberg.com/news/articles/2022-08-24/china-plans-more-measures-to-stabilize-economy-as-recovery-slows
[10] https://www.ura.gov.sg/Corporate/Media-Room/Media-Releases/pr22-30
[11] https://www.mas.gov.sg/news/monetary-policy-statements/2022/mas-monetary-policy-statement-14jul22

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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