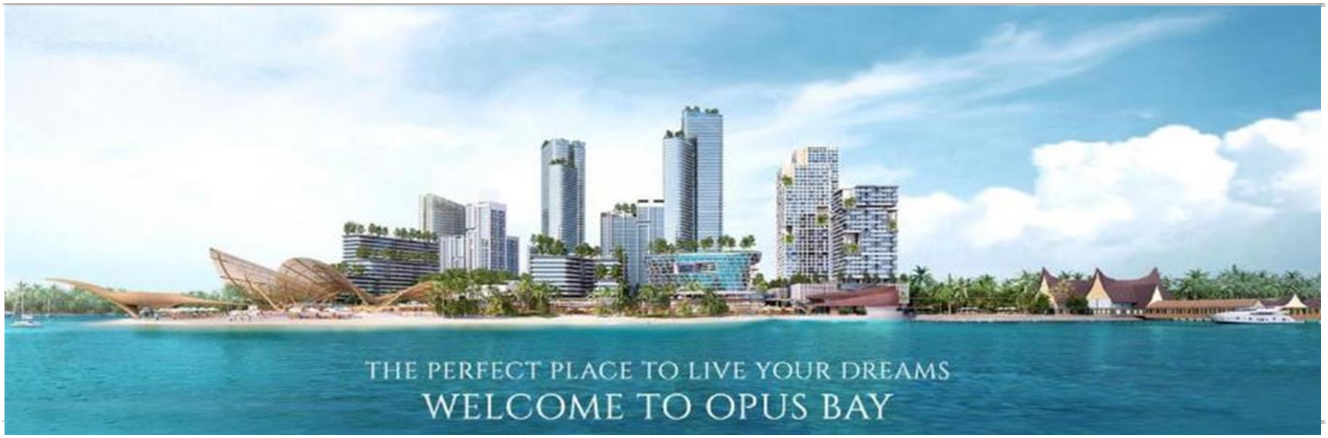
TUAN SING HOLDINGS LIMITED

Creating A Clear Distinction




# 1H2024 UNAUDITED RESULTS ANNOUNCEMENT

## 8 August 2024

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# Group Financial Performance

| ($'m) | 1H2024 | 1H2023 | Better/ (Worse) |
|---|---|---|---|
| Revenue | 106.5 | 144.7 | (26%) |
| Gross profit | 41.0 | 46.3 | (11%) |
| Adjusted EBIT | 24.5 | 30.0 | (18%) |
| (Loss)/Profit before tax | (6.3) | 2.3 | nm |
| (Loss)/Profit after tax | (6.5) | 5.7 | nm |
| Net (loss)/profit attributable to shareholders | (6.6) | 6.0 | nm |
| EPS (cents) | (0.54) | 0.49 | nm |

nm: not meaningful

# Overview

- **Revenue decreased by 26% to $106.5 million for 1H2024,** largely due to lower revenue from Real Estate Development and Real Estate Investment, partly offset by higher revenue from Hospitality.

- **Net loss attributable to shareholders was $6.6 million in 1H2024, as compared to net profit of $6.0 million in 1H2023** due mainly to lower contribution from Real Estate Investment and Real Estate Development as well as lower fair value gains and overprovision of withholding taxes in 1H2023. Contribution from Real Estate Investment was adversely affected by the commencement of asset enhancement works at Link@896 in 1H2024 whereas higher operating costs from Batam Opus Bay's development as well as lower reversal of provisions no longer required resulted in lower contribution from Real Estate Development. On the other hand, Hospitality turned in a stronger performance from both hotels in Melbourne and Perth, boosted by improved occupancies and revenue per available room ("RevPAR").

- **Loss per share for 1H2024 was 0.54 cents,** as compared to earnings per share of 0.49 cents in 1H2023.

# Revenue by Segment

| ($'m) | 1H2024 | 1H2023 | Better/ (Worse) |
|---|---|---|---|
| Real Estate Investment | 27.4 | 30.3 | (10%) |
| Real Estate Development | 31.6 | 72.9 | (57%) |
| Hospitality | 44.8 | 42.1 | 6% |
| Other Investments^ | 3.8 | 3.8 | - |
| Corporate@ | (1.1) | (4.4) | 75% |
| **Group Total Revenue** | **106.5** | **144.7** | **(26%)** |

**Lower revenue was due mainly from Real Estate Development and Real Estate Investment, partly offset by higher revenue from Hospitality.**

^ The revenue is derived from the manufacturing business of polypropylene woven bags in Malaysia. GulTech and Pan-West were not included as their results were equity accounted for.

@ Comprise mainly group-level services and consolidation adjustments.

# Adjusted EBIT by Segment

| ($'m) | 1H2024 | 1H2023 | Better/ (Worse) |
|---|---|---|---|
| Real Estate Investment | 9.6 | 13.9 | (31%) |
| Real Estate Development | (1.6) | (0.1) | nm |
| Hospitality | 6.5 | 5.7 | 15% |
| Other Investments | 13.6 | 13.3 | 3% |
| Corporate* | (3.6) | (2.8) | (30%) |
| **Group Total Adjusted EBIT**** | **24.5** | **30.0** | **(18%)** |

- Lower Adjusted EBIT was due mainly from Real Estate Investment and Real Estate Development, partially offset by higher Adjusted EBIT from Hospitality.
- Lower contribution from Real Estate Investment due mainly to contribution from Link@896 adversely affected by the commencement of asset enhancement works in 1H2024, as well as the Group's share of initial net operating losses in the Grand Outlet – East Jakarta at Karawang and the retail mall at Summer Station in Sanya.
- Lower contribution from Real Estate Development due mainly to lower reversal of provisions no longer required compared to the previous corresponding period as well as higher operating costs from Batam Opus Bay's development.
- Higher Adjusted EBIT from Hospitality boosted by stronger performance from hotel operations in Melbourne and Perth.

* Comprise mainly group-level services and consolidation adjustments.

** Adjusted earnings before interest and tax, excluding the effects of (i) gain or loss on disposal of subsidiaries, joint venture/associate, investment properties, and property, plant and equipment, (ii) fair value gain or loss on investment properties and derivative financial instruments, (iii) revaluation deficit on property, plant and equipment, (iv) impairment/writeback of impairment on investments in joint venture/associate, and property, plant and equipment, (v) loss allowance on interest receivables and (vi) net foreign exchange gain or loss.

nm: not meaningful

# Real Estate Investment

- Revenue decreased by 10% to $27.4 million in 1H2024 due mainly to the lower contribution from Link@896, the Group's investment property in Singapore. The occupancy rate at Link@896 was adversely affected with the commencement of asset enhancement works in 1H2024.
- Adjusted EBIT decreased by 31% to $9.6 million in 1H2024, largely in line with the decrease in revenue. The Group's share of initial net operating losses in the Grand Outlet – East Jakarta at Karawang and the retail mall at Summer Station in Sanya also contributed to the decrease in Adjusted EBIT.

# Real Estate Development

- Revenue decreased by 57% to $31.6 million in 1H2024 due mainly to lower progressive revenue recognition of units sold in Peak Residence.
- Adjusted EBIT was a loss of $1.6 million in 1H2024 as compared to a loss of $0.1 million in 1H2023, due mainly to lower reversal of provisions no longer required compared to the previous corresponding period as well as higher operating costs from Batam Opus Bay's development.

# Hospitality

- Revenue increased by 6% to $44.8 million in 1H2024 as both the Group's hotel operations in Melbourne and Perth turned in a stronger performance, boosted by improved occupancies and RevPAR.
- Adjusted EBIT increased by 15% to $6.5 million, largely in line with the increase in revenue.

# Other Investments

- In 1H2024, the Group reported revenue of $3.8 million from the manufacturing of polypropylene woven bags in Malaysia, which was similar to the revenue reported in 1H2023.
- Adjusted EBIT increased by 3% to $13.6 million in 1H2024 due mainly to a higher net profit contribution from GulTech. Despite GulTech turning in a weaker performance in 1H2024 as a result of the slow-down in demand for printed circuit boards, the positive variance was due mainly to foreign exchange gains recognised in 1H2024 as compared to foreign exchange losses recognised in 1H2023.

# Group Financial Position

| ($'m) | 30.06.24 | 31.12.23 | Better/ (Worse) |
|---|---|---|---|
| Total assets | 2,609.7 | 2,619.4 | (0.4%) |
| Total liabilities | 1,390.8 | 1,391.3 | (0.03%) |
| Total borrowings | 1,247.6 | 1,229.5 | 1% |
| Cash and cash equivalents | 179.6 | 222.8 | (19%) |
| Shareholders' equity | 1,216.6 | 1,225.9 | (1%) |
| NAV per share (cents) | 97.8 | 99.0 | (1%) |
| Gross gearing^ | 1.02x | 1.00x | 2% |
| Net gearing^^ | 0.88x | 0.82x | 7% |

^ Gross gearing = total borrowings / total equity
^^ Net gearing = net borrowings / total equity; Net borrowings = total borrowings – cash and cash equivalents

# Review of Financial Position

- **Total assets decreased by 0.4% to $2,609.7 million.**
  - The decrease was due mainly to decrease in cash and cash equivalents, arising primarily from interest and dividend payments and the deposit paid for the acquisition of Frasers Residence River Promenade. Correspondingly, non-current trade and other receivables increased as a result of the deposit paid. The decrease in total assets was also due to a net decrease in contract assets and development properties which arose from the consideration received in respect of the sold residential units.
- **Total liabilities decreased slightly from $1,391.3 million to $1,390.8 million.**
  - The decrease was due mainly to a reduction in trade and other payables, due primarily to lower development cost accruals for residential projects and asset enhancement works at Perth as well as refund of security deposits and payment of costs associated with the termination of leases at Link@896. The decrease was partly offset by a net drawdown of bank loans and borrowings.
- **Net gearing increased from 0.82x to 0.88x.** Gross gearing increased from 1.00x to 1.02x.
- **Shareholders' equity decreased by 1% to $1,216.6 million.**
- **Net asset value per share was 97.8 cents per share as at 30 June 2024**, as compared to 99.0 cents as at 31 December 2023.

# Group Cash Flow

| ($'m) | 1H2024 | 1H2023 |
|---|---|---|
| Operating cash flow | 26.1 | 93.4 |
| Investing cash flow | (45.9) | (12.7) |
| Financing cash flow | (32.3) | (94.9) |
| Foreign currency translation adjustments | 0.4 | (1.8) |
| Cash and cash equivalents at end of period^ | 161.3 | 232.0 |
| Free cash flow^^ | (19.8) | 80.7 |

^ Net of encumbered fixed deposit and bank balances
^^ Free cash flow = operating cash flow + investing cash flow

# Review of Cash Flow

- **The Group had cash and cash equivalents of $161.3 million** as at 30 June 2024, as compared to $213.1 million as at 31 December 2023.

- Cash and cash equivalents movement was mainly due to:
  - Operating cash inflow of $26.1 million: mainly from operating cash flows and collection of progress billings from residential development projects, partly offset by payments for development costs for residential projects and asset enhancement works at Perth and refund of security deposits and payment of costs associated with the termination of leases at Link@896.
  - Investing cash outflow of $45.9 million: due mainly to a deposit paid for the acquisition of Frasers Residence River Promenade as well as assets enhancement works incurred at Link@896 and the Hyatt Regency Perth complex, and construction works incurred within the hotel in Perth.
  - Financing cash outflow of $32.3 million: due mainly to interest payments of $33.1 million, an increase in encumbered bank deposits of $8.5 million placed and dividend payments of $7.3 million, partly offset by the net drawdown of bank loans and borrowings of $16.9 million.

# Outlook

- The Group is focused primarily on real estate development, real estate investment and hospitality businesses. The Group has embarked on a business transformation to reposition itself from a niche developer to a strong regional real estate player.

- In the current market conditions of high interest rates and a slower global economic outlook, the Group maintains a cautiously optimistic view of the real estate market. The forecast for global growth is projected to be at 3.2% for 2024, slightly lower than in 2023. Global headline inflation is expected to fall to 5.9% in 2024 from 6.7% in 2023. Overall, risks to the outlook remain balanced. However, some upside risks to inflation have increased, raising the prospect of higher-for-even-longer interest rates, arising from a lack of progress in services disinflation in view of escalating trade tensions and increased policy uncertainty[1].

[1] https://www.imf.org/en/Publications/WEO/Issues/2024/07/16/world-economic-outlook-update-july-2024

# Outlook

- **In Singapore**, despite a decline in office leasing demand from the tech and finance sectors, the office market has remained resilient, supported by diversified demand from professional services and flexible workspace sectors. Market sentiment may improve in the second half of 2024 as interest rates and inflationary pressures ease. With expected economy improvements, new opportunities may arise, prompting companies to embark on new budgets for relocations and, expansion plans. The retail sector continues to face challenges such as manpower shortages and higher operating costs. Nevertheless, tourism remains strong with a robust schedule of concerts and events, which not only boosts tourism but should also support retail rents.

- The Group has embarked on an asset enhancement initiative at Link@896 and planning is currently underway. Once completed in 2025, the asset enhancement is expected to improve the retail experience at Link@896 by improving the circulation areas, thereby creating more inviting and open retail spaces with better visibility. These upgrades aim to enhance the shopping experience while simultaneously driving per-square foot productivity of the mall. A proposed new facade design, featuring a direct sheltered connection from Exit B of King Albert Park MRT Station, is currently awaiting approval from the Land Transport Authority. Whilst profit contribution from Link@896 will be adversely affected during the asset enhancement period, the Group expects the mall to contribute positively upon completion of the asset enhancement in the second half of 2025.

# Outlook

- The Group's other commercial property, 18 Robinson, continues to generate steady income and contribute to the Group's recurring revenue.

- In terms of residential development, Mont Botanik Residence received its Certificate of Statutory Completion ("CSC") on 29 May 2024. The Group is closely monitoring the residential market, which is expected to remain stable due to ongoing demand from aspiring young Singaporeans and HDB upgraders.

- The Inland Revenue Authority of Singapore ("IRAS") imposes Additional Buyer's Stamp Duty ("ABSD") on housing developers whereby ABSD remission is applicable if the remission conditions under the Stamp Duties (Housing Developers) (Remission of ABSD) Rules are met. One of the remission conditions requires housing developers to complete their residential projects within the stipulated timelines. In relation to the fully sold Peak Residence project along Thomson Road, the Group is required to complete the project by the stipulated timeline of 8 November 2024. Peak Residence is currently 97% complete and the Group is working towards completing the project before 8 November 2024.

# Outlook

- In May 2024, the Group entered into a sales and purchase agreement to acquire a property known as Fraser Residence River Promenade for approximately $140.9 million. The newly-completed mixed-use property comprising a 4-storey block of 72 serviced apartments, 3 conservation warehouses and 47 carpark lots, is strategically located within Robertson Quay. The acquisition is part of the Group's broader growth strategy to further expand its hospitality business by enlarging the product offering and geographical presence. Given the strong demand for longer stays in Singapore and recovery of the hospitality market following the opening of borders for travellers worldwide, the property, which was handed over to the Group on 23 July 2024, is expected to contribute to the Group's performance in the second half of 2024.

# Outlook

- **In Australia,** Grand Hyatt Melbourne continues to benefit from a positive outlook in both domestic and international sectors. The surge in inbound tourism is expected to boost the occupancy levels this year. With the resurgence of international visitors coupled with a strengthening domestic tourism market, the Group expects the hotel to continue to contribute positively to the earnings in 2024.

- In Perth, the property known as Hyatt Regency Perth will cease to be a Hyatt-managed hotel on 31 August 2024. Following the termination of the hotel management agreements, the property will be repositioned and rebranded to offer extended short stay accommodation to meet Perth's market demand as part of the Group's long-term strategy to expand the product offering in its hospitality business. The newly rebranded Residence on Langley Park will commence business in September 2024. In connection with the termination, the Group expects to incur costs and expenses of approximately $2.0 million which will be recognised in the second half of 2024.

# Outlook

- The conversion of 42 rooms into serviced apartments on level 2 of the property is also expected to be completed and operational in the second half of 2024. Planning is underway for the conversion of the remaining floors of the property into serviced apartments in phases.
- Meanwhile, the stable and improving occupancies at the Group's investment properties in Melbourne and Perth are expected to continue to contribute to the performance of the Group in 2024 and beyond.
- Asset enhancement works at the Hyatt Regency Perth complex are currently underway and will be completed in phases. The upgrades are set to increase the leasable area and have already attracted interest from key tenants. Tenants in the first phase have commenced trading and have been contributing to the recurring income stream in the first half of 2024, while those in the later phases are expected to commence trading progressively over the next 1-2 years.

# Outlook

- **In Indonesia**, the 125-hectare Opus Bay project in Batam is being developed in phases into an integrated township. The construction of Balmoral Tower and Cluny Villas is progressing as planned with the Group expecting the handover of the completed Cluny Villas units from the second half of 2024 onwards. The Group is also dedicating efforts to enhance supporting amenities and collaborating with like-minded partners to position Opus Bay as an attractive lifestyle entertainment destination. As part of the Group's strategy to expand its hospitality business in the region, Opus Bay will feature dedicated hospitality and independent luxury hotel offerings. In the meanwhile, the Group continues to recognise operating costs from Opus Bay's development, the initial phases of which are slated to be opened progressively from 2025 onwards.

- The Group's international luxury outlet mall known as The Grand Outlet – East Jakarta at Karawang held its grand opening on 17 July 2024, following a successful soft opening in December 2023. This project is a joint venture with a subsidiary of Mitsubishi Estate Asia. It is strategically positioned at East Jakarta along the country's busiest toll road, Jakarta-Cikampek Toll Road and is also expected to benefit from the future opening of the Karawang High Speed Rail station that is 3 to 4 kilometres away. About 85% of the outlet mall has been leased to numerous brand-name tenants such as Hugo Boss, Coach and Kate Spade, with PT Mitra Adiperkasa Tbk ("MAP") as the anchor tenant, featuring over more than twenty well-known brands.

# Outlook

- **In China**, GulTech is expected to continue to contribute a positive performance in 2024, despite a weaker demand for printed circuit boards across all segments.
- In Sanya, the Group's 7.8%-owned investee company Sanya Summer Real Estate Co., Ltd has secured over 80% leasing commitments at the retail mall at Summer Station, featuring more than 200 brands. With the completion of Summer Station in December 2023, the retail mall has commenced operations.
- The Group's 19 commercial units in one of the buildings at Summer Station have also successfully secured key tenants, including leading China Electric Vehicle manufacturers such as Li Auto, Nio Auto and Great Wall Motor, thereby strengthening the Group's strategic positioning within the market.
- In July 2024, the Group divested a majority of its indirect investment in a parcel of greenfield land in Fuzhou City, Fujian, China to interested persons. Upon completion of the proposed divestment, the Group is expected to recognise a gain of approximately $18.5 million.

# Outlook

- The Group will continue to develop its asset portfolio, explore potential strategic partnerships and acquisitions to expand its footprints to seize growth opportunities in Singapore and in key cities in China, Indonesia and Australia where the Group has already a significant presence. The Group is also not averse to consider options and opportunities to divest, develop, streamline, restructure and/or reorganise its non-real estate investments and business when opportunities arise with the view to potential value maximisation.

# Thank You

## For further information, please contact:

Tan Choong Kiak
Group Chief Financial Officer
tan_ck@tuansing.com