REAL ESTATE EQUITY RESEARCH

Tuan Sing Holdings Limited

SGX: T24
Bloomberg: TSH:SP
ISIN code: SG2D13002373
Country: Singapore
Industry: Real Estate,
Real Estate Development & Operations

13 October 2022
RECOMMENDATION: BUY

Current price: S$0.300
Target price: S$0.421
Issued units: 1,218.0 million (8 Jul 22)
Market capitalisation: S$365.41 million

52-week range: S$0.2850 - S$0.5100

PRICE PERFORMANCE

COMPANY DESCRIPTION

Tuan Sing holdings Limited is incorporated and domiciled in Singapore and is listed on the Singapore Exchange Securities Trading Limited. Presently, the principal activity of Tuan Sing Holdings Limited and its subsidiaries' (collectively defined herein as Tuan Sing) is that of investment holding primarily engaged in real estate investment, real estate development and hospitality.

SUMMARY

For the half year ended 30 June 2022 (H1 2022), Tuan Sing recorded a 20.8% yoy decrease in revenue to S$113.9 million from S$143.9 million over the same period a year ago. This decrease is mainly due to the absence of revenue from the Industrial Services segment caused by the lack of deliveries from coal suppliers. Cost of sales also decreased by 31.9% yoy from S$99.8 million in H1 2021 to S$67.9 million in H1 2022. Other operating income decreased from S$93.1 million in H1 2021 to S$0.5 million in H1 2022 following the divestment of a property in H1 2021. Consequently, in H1 2022, Tuan Sing reported profit attributable to owners of the company of S$8.8 million, compared to a S$99.9 million in H1 2021. Accordingly, Tuan Sing reported an earnings per share of 0.8 cents in H1 2022. Meanwhile, no dividend has been recommended for the current financial period.

RECOMMENDATION

Based on Tuan Sing's reported NAV of S$1.02, Tuan Sing currently has a P/B multiple of 0.29x and is trading at a discount of approximately 70% to NAV. Our peer comparison results show that Tuan Sing could be undervalued, given a lower P/B multiple of 0.29x compared to its peer average P/B multiple of 0.50x .Adopting a relative valuation approach, we estimate a target price of S$0.510 if Tuan Sing's P/B were to adjust to the peer average P/B of 0.50x. Furthermore, our peer comparison analysis suggests that Tuan Sing's dividend yield of 2.33% is relatively more attractive than the peer average dividend yield of 2.11%. Adopting a relative valuation approach, we estimate a target price of S$0.331. Taken together, we estimate a target price of S$0.421, the average of our estimated target prices based on the P/B and dividend yield peer comparison analysis. This target price is a 40.33% upside from the current share price of S$0.300. We believe this upside could be justified by the potential improvement to Tuan Sing's earnings as supported by the positive outlook in the property markets of Singapore and Australia. In addition, in an event of a privatisation, we estimate a privatisation offer of S$0.427 per share, representing a price premium of 42.2%. Given the above, we believe a buy recommendation is warranted on Tuan Sing.

KEY FINANCIALS Year ended 31 December	Revenue (S$ million)	Profit [1] (S$ million)	EPS (cents)	P/E (x)	DPS (cents)	Dividend Yield (%)	NAV per unit (S$)	P/B (x)
2020 Actual	196.8	58.5	5.00	6.00	0.60	2.00%	0.97	0.31
2021 Actual	245.3	81.8	7.00	4.29	0.70	2.33%	1.04	0.29
2022 Forecast [2]	279.4	18.7	1.55	19.37	0.60	2.01%	1.02	0.29
2023 Forecast	193.8	10.4	0.86	34.98	0.60	2.01%	-	-

Figures have been rounded. P/E and P/B figures are based on the current share price of S$0.315

(1) Profit/(Loss) attributable to owners of the Company

(2) NAV as at 30 June 2022

Source: Tuan Sing, FPA Financial

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COMPANY OVERVIEW

In this section, we will discuss Tuan Sing's corporate profile, substantial shareholders, overview of its portfolio and its geographical revenue contribution.

(I) Corporate Profile

The Company was incorporated on 13 March 1969 as Hytex (Private) Limited to manufacture polypropylene bags. It was converted to a public limited company on 2 May 1973. Following its restructuring, the Company became an investment holdings company on 20 September 1983 under its present name, Tuan Sing Holdings Limited ("TSH"). The Group's businesses include the Property, Industrial Services, Retail and Investments in Hotels, Printed Circuit Board Manufacturing, and Commodities Trading.

As at 30 June 2022, Tuan Sing had approximately total assets of S$2,742.6 million, and capital & reserves attributable to ordinary shareholders of the company of S$1,264.2 million.

(II) Substantial Shareholders

As at 8 March 2022, Nuri Holdings (S) Pte Ltd is Tuan Sing's largest substantial shareholder with 638,956,697 shares representing 53.18% total interest as shown in **Exhibit 1**. According to information available to Tuan Sing, as at 8 March 2022, approximately 40.54% of the issued ordinary shares of Tuan Sing are held by the public.

Exhibit 1: Tuan Sing's Register of Substantial Shareholders

Substantial Shareholder	Direct Interest	Deemed Interest	Total interest	
			Number of shares	% (1)
Nuri Holdings (S) Pte Ltd	638,956,697	-	638,956,697	53.18%
Dr Tan Enk Ee	404,863	638,956,697	639,361,560	53.22%
Michelle Liem Mei Fung	-	639,206,697	639,206,697	53.20%
William Nursalim alias William Liem	-	638,956,697	638,956,697	53.18%
Koh Wee Meng	74,200,000	-	74,200,000	6.18%

(1) Shareholding is calculated based on 1,201,433,603 issued units as at 08.05.22

Source: Tuan Sing, FPA Financial

Nuri Holdings (S) Pte Ltd is a private limited company incorporated for the principal business of investment holding. It is owned by Ms. Michelle Liem Mei Fung, Mr. William Nursalim alias William Liem, and Dr. Tan Enk Ee.

Dr. Tan Enk Ee is a non-Executive Director of Gul Technologies singapore Pte. Ltd ("GulTech"), which Tuan Sing has a 44.5% equity interest in. Dr. Tan Enk Ee was previously an executive director of Tuan Sing. He has (i) a direct interest in 404,863 units and (ii) a deemed interest of 638,956,697 units held by Nuri Holding (S) Pte Ltd, amounting to a total interest of 639,361,560 units. He is the brother-in-law of Mr. William Nursalim alias William Liem.

Ms. Michelle Liem Mei Fung is a non-Executive & non-Independent Director of the Board. She has a deemed interest of 639,206,697 units held by Nuri Holdings (S) Pte Ltd and the Estate of David Lee Kay Tuan, her spouse. She is also siblings with Mr. William Nursalim alias William Liem.

Mr. William Nursalim alias William Liem is an Executive Director and the Chief Executive Officer of Tuan Sing. He is also a non-Executive Director of GulTech, which Tuan Sing has a 44.5% equity interest in. He has a deemed interest of 638,956,697 units held by Nuri Holdings (S) Pte Ltd. He is siblings with Ms. Michelle Liem Mei Fung, and is also the brother-in-law of Dr. Tan Enk Ee.

Mr. Koh Wee Meng is the Executive Chairman and Chief Executive Officer of Fragrance Group. He has a direct interest of 74,200,000 units.

(III) Overview of Tuan Sing's Portfolio

Tuan Sing has five main business segments, namely Real Estate Investment, Real Estate Development, Hospitality, Industrial Services, and Other Investments. Tuan Sing operates in five main geographical areas - Singapore, Australia, China, Indonesia, and Malaysia.

Real Estate Investment

The Real Estate Investment segment focuses on the investment in properties in Singapore, Australia, Indonesia, and china. The group's main investment properties are 18 Robinson, Link@896, and The Oxley in Singapore; and commercial buildings in Melbourne and Perth, which are respectively adjacent to its two hotels, Grand Hyatt Melbourne and Hyatt Regency Perth.

Real Estate Development

The Real Estate Development segment focuses on the development of properties for sale in Singapore and Indonesia. Having sold most of its completed development properties in Singapore, the Group has embarked on regional development opportunities in Batam, Indonesia and Sanya, China. The Group's ongoing development properties are Mont Botanik Residence and Peak Residence in Singapore and Opus Bay in Batam. Opus Bay in Batam is expected to complete its phase 1 development between 2024 and 2026.

Hospitality

The Hospitality segment comprises two hotels in Australia, namely the Grand Hyatt Melbourne and Hyatt Regency Perth, which are managed by Hyatt International. The two hotels are located in the prime areas of Melbourne and Perth respectively, and cater to the business and high-end tourism sectors of the respective cities they are located in.

Industrial Services

The Industrial Services Segment includes a 80.2% equity stake in SP Corporation Limited ("SP Corp"), and a 100% equity stake in Hypak Sdn. Bhd. ("Hypak"). SP Corp is primarily engaged in commodities trading, while Hypak is in the business of manufacturing and marketing of polypropylene packaging bags in Malaysia.

Other Investments

Other Investments segment comprises a 44.5% equity stake in Gul Technologies Singapore Pte. Ltd. ("GulTech") and a 49% equity interest in Pan-West (Private) Limited ("Pan-West"). GulTech is a printed circuit board manufacturer with three plants in China. Pan-West is a retailer of golf-related lifestyle products.

We note that on 30 December 2021, Tuan Sing's wholly-owned subsidiary granted options to a related party for the sale of the remaining three shop units in Sennett Residence owned by Tuan Sing. As such, the three units are classified as held for sale and we would not include them in our projections. Consequently, the summaries of Tuan Sing's investment properties and development properties as at 31 December 2021 are shown in **Exhibit 2** and **Exhibit 3** on the next page.

Exhibit 2: Tuan Sing's Investment Properties

Location	Property	Use	Tenure	Gross Floor Area (Sq m)	Currency	Value	Value SGD	Interest in property
Singapore	**18 Robinson**	Commercial/Retail	999 years from year 1884 & 1885 (approx. 82% of the total land) / 99 years from year 2013 (approx. 18% of the totlal land)	17,738	S$	671,500,000	671,500,000	100%
	Link@896	Commercial/Retail	Freehold / 999 years from year 1879	18,048	S$	388,000,000	388,000,000	100%
	The Oxley, 1st - 3rd floors	Commercial	Freehold	2557	S$	65,350,000	65,350,000	100%
	Far East Finance Building - 11th floor	Commercial	999 years from year 1884	284	S$	10,000,000	10,000,000	100%
	L&Y Building - 3 strata units	Industrial	999 years from year 1885	2,100	S$	14,820,000	14,820,000	100%
Australia	**Grand Hyatt Melbourne (1)**	Hospitality	Freehold	5,776	A$	347,000,000	344,060,910	100%
	Commercial Centre & Carpark within Grand Hyatt Melbourne Complex (1)	Retail	Freehold	3,024	A$	165,000,000	163,602,450	100%
	Hyatt Regency Perth (2)	Hospitality	Freehold	22,754	A$	47,000,000	46,098,540	100%
	Commercial Centre & Carpark within Hyatt Regency Perth complex and 2 vacant land of 3,072 sqm (2)	Commercial	Freehold	19,585	A$	101,800,000	99,847,476	100%
	25 George Parade, Melbourne (3)	Commercial	Freehold	135	A$	5,000,000	4,939,050	100%
China	**No. 2950 Chunshen Road, Minhang District, Shanghai (4)**	Commercial	57 years from year 2008	2,170	RMB	31,900,000	6,768,024	100%
	Lakeside Ville, Qingpu District, Shanghai (4)		70 years from year 1997					
	Six shop units and basement commercial spaces	Commercial		3,896	RMB	59,400,000	12,602,528	100%
	Two apartment units	Residential		634	RMB	32,600,000	6,916,539	100%
	Luyinyuan, Lane 558, Baochun road, Minhang District, Shanghai - 55 carpark lots (4)	Commercial	60 years from year 2005	2,403	RMB	14,000,000	2,970,293	100%

(1) Property was valued on 8 October 2021. Values demoninated in AUD were converted to SGD at the prevailaing exchange rate as at 8 October 2021 of A$1:S$0.99153
(2) Property was valued on 1 October 2021. Values demoninated in AUD were converted to SGD at the prevailaing exchange rate as at 1 October 2021 of A$1:S$0.98082
(3) Property was valued on 5 October 2021. Values demoninated in AUD were converted to SGD at the prevailaing exchange rate as at 5 October 2021 of A$1:S$0.98781
(4)Property was vlued on 31 December 2021. Values demoninated in RMB were converted to SGD at the prevailaing exchange rate as at 31 December 2021 of S$1:RMB4.71334
Source: Tuan Sing, FPA Financial

Exhibit 3: Tuan Sing's Development Properties

Location	Property	Launch Date	Expected Completion Date	Total Units	% of Units sold	Interest in property
Singapore	**Mont Botanik Residence**	Q3 2018	Q4 2022	108	100%	100%
	Peak Residence	Q2 2021	H1 2024	90	44%	70%
Indonesia	**Balmoral Tower, Opus Bay (1)**	Q1 2021	2025	559	12%	90%
	Cluny Villas, Opus Bay (1)	Q1 2021	Phase 1 in 2023/2024	277	3%	90%

(1) Units sold as at 31 December 2021

(IV) Geographical Revenue Contribution

Tuan Sing's revenue comes from five different geographies, namely Singapore, Australia, China, Malaysia, and Indonesia. In the half year ended 30 June 2022, Singapore and Australia remained as Tuan Sing's largest revenue contributors, contributing a combined 95.1% of its total revenue, with China's contribution at 3.1%, Malaysia's contribution at 4.3%, and Indonesia's contribution at 0.2%, as shown in **Exhibit 4.**

Exhibit 4: Tuan Sing's Geographical Revenue Breakdown

S$'000	FY2020		FY2021		H1 2022	
	Revenue	Contribution (%)	Revenue	Contribution (%)	Revenue	Contribution (%)
Singapore	135,878	69.0%	140,035	57.1%	60,429	53.0%
Australia	48,477	24.6%	61,339	25.0%	47,953	42.1%
China	3,930	2.0%	35,019	14.3%	366	0.3%
Malaysia	7,932	4.0%	8,948	3.6%	4,989	4.4%
Indonesia	600	0.3%	-	0.0%	212	0.2%
Total	**196,817**	**100.0%**	**245,341**	**100.0%**	**113,949**	**100.0%**

Source: Tuan Sing, FPA Financial

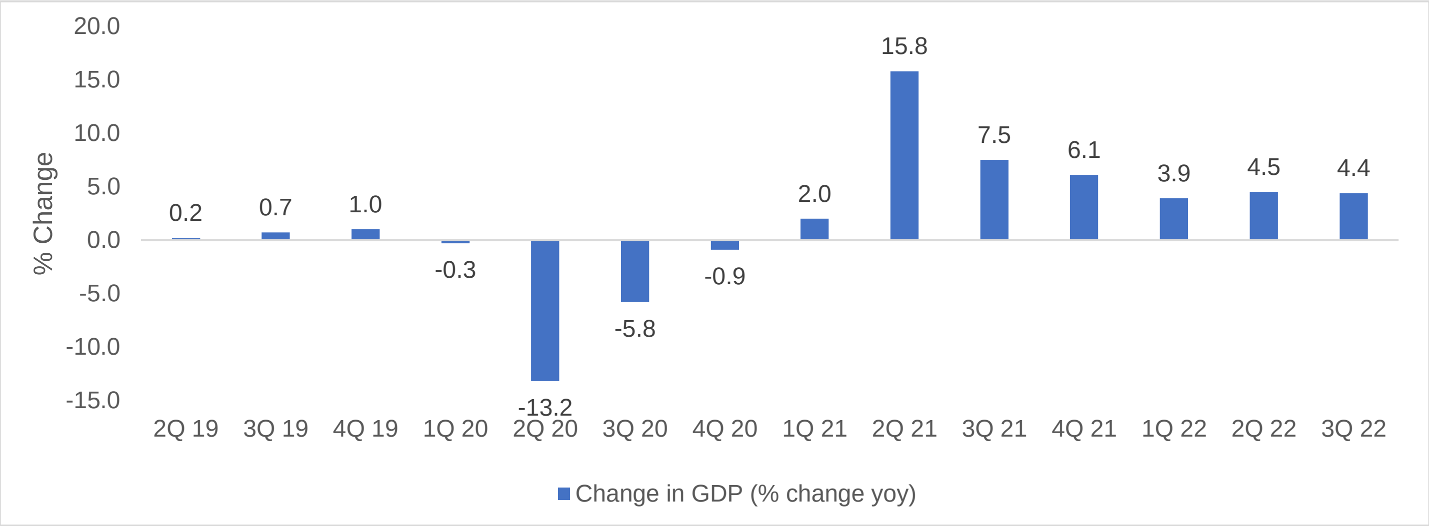
ECONOMY & INDUSTRY OUTLOOK

As shown on the previous page, between FY2020 and H1 2022, Singapore and Australia have remained the largest revenue contributors for Tuan Sing, contributing a combined 95.1% of Tuan Sing's revenue in H1 2022. Hence, we will focus our industry review on Singapore and Australia, which have a substantial impact on Tuan Sing's revenue.

(I) Singapore's Economy

The Ministry of Trade and Industry (MTI) reported that based on advance estimates, the Singapore economy grew by 4.4% on a year-on-year (yoy) basis in the third quarter of 2022, a slight decrease from the 4.5% growth in the previous quarter, as shown in **Exhibit 5**. On a quarter-on-quarter seasonally-adjusted basis, the economy expanded by 1.5%, a reversal from the 0.2% contraction in the second quarter.

Exhibit 5: Change in Singapore Quarterly GDP (%, yoy)



Source: MTI

MTI noted that the construction sector grew by 7.8% yoy in the third quarter, accelerating from 4.8% growth in the previous quarter. The increase was supported by the easing of border restrictions on the inflow of migrant workers. Meanwhile, the wholesale & retail trade and transportation & storage sectors collectively expanded by 6.2% yoy in the third quarter, faster than the 2.9% growth in the previous quarter. However, growth in the retail trade and transportation & storage sectors were partly supported by low base effects as domestic and travel restrictions had weighed on activities in the sectors in the third quarter of 2021. On a quarter-on-quarter basis, the wholesale & retail trade and transportation & storage sector as a whole grew by 4.2% in the third quarter of 2022, rebounding from the 1.9% contraction in the preceding quarter. Other services sectors (accommodation & food services, real estate, administrative & support services, and other services sectors) grew by 9.2% yoy in Q3 2022, faster than the 7.6% yoy growth in the preceding quarter. Growth is primarily attributed to increased activity due to the lifting of domestic and border restrictions. However, the value-added of the sectors within the group remained 2.2% below its pre-pandemic (Q3 2019) level. On a quarter-on-quarter seasonally-adjusted basis, the sectors as a whole grew by 1.8% in the third quarter, an increase from the 1.3% growth in the second quarter.

(II) Singapore Office Market

According to data from the Urban Redevelopment Authority (URA), office vacancies decreased by 0.8 percentage points (ppts) from 12.8% in Q1 2022 to 12.0% in Q2 2022. Meanwhile, rentals of office space increased by 2.4% in Q2 2022, compared with the 1.6% increase in the previous quarter, as reflected by an increase in Office Rental index from 158.4 in Q4 2021 to 160.9 in Q1 2022 to 164.8 in Q2 2022 as shown in **Exhibit 6.**

<u>Exhibit 6: Rental Index of Office Space</u>

Source: Compiled data from URA

Knight Frank reported that Singapore is known for having a predominantly open business environment with clear and transparent policies. Thus, geopolitical tensions in other parts of the world have caused a "flight to safety" to Singapore by private wealth, corporates, and multinational companies (MNCs), increasing demand for office space in Singapore. Knight Frank believes that global economic recession or extended periods of global economic weakness would inevitably cascade to Singapore and the office market. However, office rentals are expected to withstand economic headwinds and remain on the road to recovery, owing to the tight supply of good-quality spaces at globally competitive rates in Singapore. The Singapore government regulates the release of office-zoned land sites, and redevelopment initiatives to build world-class office buildings will continue to attract MNCs to set up in the country. Shorter land leases for office developments have also been proposed by the government as part of their long-term plan review. Knight Frank believes that while this allows for flexibility in a fast-changing business environment, the environmental cost of demolishing and rebuilding over compressed time horizons must be considered to ensure alignment with Singapore's sustainability goals. With the limited upcoming supply of CBD Grade A offices, office leasing activity is expected to remain firm throughout 2022, especially as up to 100% of employees are now allowed to return to the workplace. Knight Frank noted that in Q2 2022, average rents for grade A offices in Raffles Place were S$9.25 – 9.75 per square foot (psf) per month, S$5.20 – 5.70 psf per month for City Fringe West offices, and S$8.05 – 8.55 psf per month for Orchard grade A offices. Going forward, Knight Frank maintains a forecast of 3%-5% growth in rents for the whole of the year.

Cushman & Wakefield (C&W) believes that the Singapore office market is poised to trend higher in H2 2022 compared to the 3.7% year-to-date (YTD) growth of H1 2022. C&W forecasts growth of Singapore office rentals of 5.4% in 2022, supported by tight supply as well as return-to-office momentum and a pick-up in business activities. Furthermore, a flight to quality with an increased focus on sustainability and workspace experience is expected to continue driving Singapore office demand. However, as occupiers take a more cautious approach in a heightened interest rate environment, office rental growth is expected to slow in 2023 to 3% yoy growth.

Colliers noted that the increases in the Office Rental Index can be attributed to Singapore's continued economic recovery as well as strong back-to-office momentum due to easing pandemic measures. The CBD Premium & Grade A rents, as tracked by Colliers Research, showed an expansion of 1.8% q-o-q to S$11.10 psf/month, supported by occupiers' continued preference for newer and higher quality office buildings with efficient specifications, smart features and green credentials. Colliers expects that for the rest of 2022, geopolitical and economic headwinds could dampen business sentiments and temper leasing demand as some occupiers adopt a wait-and-see approach on their business decisions. In addition, recent news about technology firms laying off and slowing their hiring might raise concerns that leasing demand from tech companies will slow. However, Colliers expects that multi-national tech firms with healthy financials will continue to grow their presence in Singapore, which is seen as a gateway to Southeast Asia, thus supporting office leasing activity. Furthermore, increasing operational costs faced by landlords due to inflationary pressures will result in higher gross rents as service charges rise. Colliers anticipates service charges could increase by up to 20%. Hence, the upward rental growth trajectory is expected by Colliers to remain well-supported. With office rents having grown by 3.1% in 1H2022, Colliers expects full-year 2022 office rental growth to be around 5-7%.

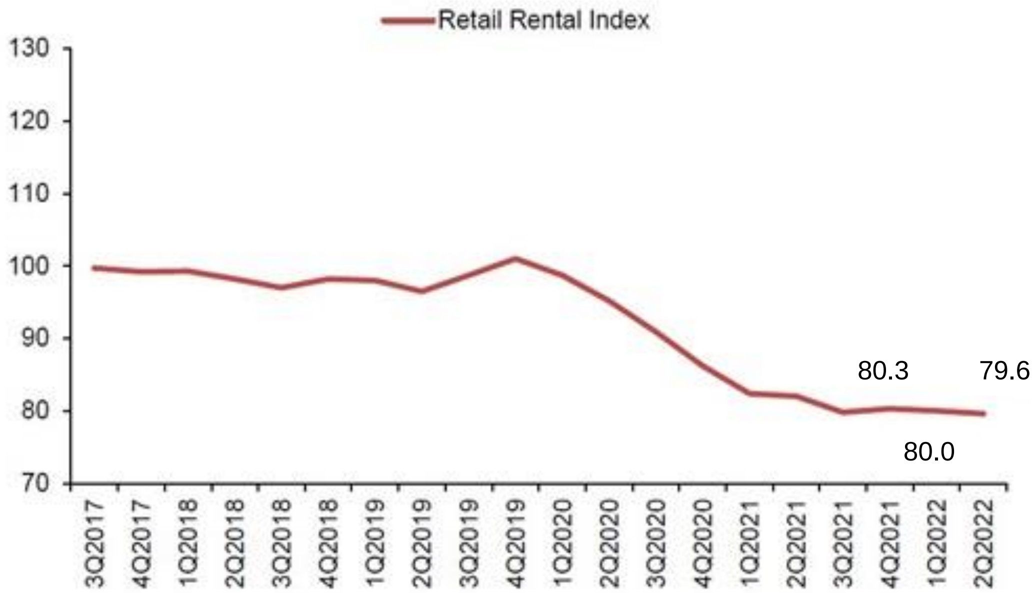
CBRE noted that in the Singapore office market, the positive momentum from 2021 and 1Q2022 carried over to 2Q2022 as Singapore eased workplace restrictions. As vacancies further tightened to 4.4% in 2Q2022, landlords have been emboldened to raise their rental expectations. The pace for rental growth has accelerated from 1.4% qoq in 1Q2022 to 3.2% qoq in 2Q2022 and is the fastest pace of increase since the recovery in 2Q2021. CBRE believes that while the recent tech market volatility may have raised concerns of demand cooling for office space in Singapore, well established and financially-sound tech companies are expected to continue to grow their footprint in Singapore as their long-term prospects remain intact. With a stable domestic economic outlook, alongside a back-to-office recovery and limited new supply pipeline, CBRE Research expects office rents to increase by 8.3% for the full year of 2022, compared to 3.8% for 2021.

Jones Lang Lasalle (JLL) noted that leasing activities picked up pace in Q2 2022, underpinned by Singapore's growing appeal as a business hub alongside the lifting of COVID-19 restrictions and the return of workers to offices. Expansions and new set-ups overshadowed workplace downsizing, with net absorption at its strongest in 17 quarters, reducing the vacancy rate. JLL also observed that office rental growth continued to accelerate for the fourth consecutive quarter in Q2 2022 to just below its pre-pandemic peak in Q4 2019. The lack of suitable premises have also limited bargaining power of large-space users during lease renewals. JLL believes that geopolitical tensions and global economic uncertainties could dampen both business confidence as well as demand for office space in H2 2022. However, the availability of space is expected to remain tight due to continuing office redevelopment momentum. Rental growth in H2 2022 is expected to slow but is still on track to double that of 2021, as rental growth in 1H 2022 has already exceeded that of full-year 2021.

(III) Singapore Retail Market

According to data from URA, rentals of retail space decreased by 0.5% in 2Q2022, compared with the 0.4% decrease in the previous quarter, as reflected by a decrease in Retail Rental index from 80.3 in Q4 2021 to 80.0 in Q1 2022 to 79.6 in Q2 2022 as shown in **Exhibit 7.**

Exhibit 7: Rental Index of Retail Space



Source: Compiled data from URA

Knight Frank believes that the implementation of the Vaccinated Travel Framework (VTF) and the removal of restrictions have been a long-awaited boon for retailers, with tourist arrivals in April & May 2022 more than double that of 1Q2022. Prime retail rental in City Fringe and Central Business District, as tracked by Knight Frank, increased by 0.1% qoq to S$21.70 psf/month and increased by 0.6% qoq to S$23.10 psf per month respectively. Overall island-wide retail rentals, according to Knight Frank Research, increased by 0.4% qoq to S$25.20 psf per month. Knight Frank believes that as rentals bottomed out in the second quarter, a broad-based recovery is on the cards for Singapore's retail sector. Despite the looming uncertainty of a possible recession, Singapore remains a key destination for many tourists and major events such as the Singapore Grand Prix in September, which retailers are likely to benefit from. Growth in the retail market is projected for the remaining half of the year as Singapore transitions to normalcy, and retail rentals could post a growth of 2% to 4% for the whole of 2022.

C&W noted that retail rents have started recovering in 2022, driven by improvement sentiments as the economy emerges from the pandemic and borders reopen. Although supported by tourism recovery, the retail market is also expected to be dragged on by lower Chinese visitor arrivals due to China's zero-COVID policy. C&W notes that pre-pandemic in 2019, Chinese tourists contributed to 19% of visitor arrivals. However, limited new retail supply is expected to also support retail rentals. C&W notes that new island-wide retail supply will only come up to 0.3 million square feet (sqft) per annum from 2022 to 2026, less than half of the 0.9 million sqft per annum from 2017 to 2021. Against this backdrop, C&W forecasts retail rentals to grow by 2% to 4% in 2022.

CBRE noted that retail indicators continued to improve alongside the easing of border restrictions and measures for dine-in, entertainment, and social events from 1 Apr 2022. Although borders have reopened and visitor arrivals have seen a sharp increase, retailers are cautiously optimistic about an eventual return of tourist spending in view of uncertain economic growth and rising inflation. Furthermore, retailers are now facing manpower shortages as well as rising input costs, putting a lid on landlords' capacity to raise rents in the near term. Nonetheless, with below-historical average new retail supply in the next few years, CBRE Research expects a more meaningful retail rent recovery after H2 2022

Colliers reported that despite rentals decreasing 0.5% qoq in 2Q2022, other retail indicators continued to show further signs of recovery, in tandem with the substantial relaxation of pandemic measures and border restrictions in April 2022. Based on Colliers' basket of retail malls, prime retail rents in both suburban and Orchard areas exhibited growth of 0.7% and 0.6%, respectively q-o-q in 2Q2022, compared with 0.7% and 0.4% in 1Q2022. Colliers believes that with the easing of domestic pandemic and travel restrictions, footfall to malls and tenant sales have shown firmer signs of picking up. However, retailers will face headwinds such as manpower shortages and higher operating costs arising from inflationary pressure and supply chain disruptions. Higher interest rates and the prospect of a possible recession could reduce discretionary income and prompt consumers to tighten their wallets, thus curtailing retail spending. Prime retail is unlikely to see a full recovery until tourist numbers recover to pre-pandemic levels and until travel restrictions in North Asia are lifted, which is expected to occur only in 2023. However, Colliers expects upcoming new retail supply to be muted, stating that average the new retail supply in the next few years is approximately 30% of the historical 10-year average, with no new supply for prime retail. As such, this could lend support to a more meaningful improvement in rents and occupancies in the coming quarters.

JLL noted that Singapore's relaxation of domestic COVID-19 measures and travel restrictions as part of the country's transition towards endemic COVID-19 has accelerated the pace of domestic consumption and tourist spending, underpinning retail market recovery. JLL also observed that Singapore's transition to endemic COVID-19 boosted retailer confidence and business expansion. As a result, vacancy rates fell for the fifth consecutive quarter in Q2 2022. The pace of rental growth accelerated in Q2 2022, due to falling vacancy rates and improved retailer confidence. JLL expects that Singapore's commitment to reopening the economy and transitioning towards endemic COVID-19 should continue to lift retailer and consumer confidence, and JLL expects vacancy rates to fall in H2 2022 and year-on-year in 2022, reflecting tight supply. Retail rents are also expected to grow in H2 2022 due to the improvement in vacancy rates and retail market outlook.

Savills noted that retail sales recorded double-digit growth in Q2 2022. Retail vacancies have remained relatively stable at 8.2% in Q2 2022, compared to 8.3% in Q1 2022. Savills believes that while revenues for tenants are increasing, it is largely due to cost-push pressures and the pass-through to profitability is not proportional. Savills forecasts Prime Orchard rents to increase by 3% yoy in 2022 and Prime Suburban rents in 2022 to increase by 2% yoy.

(IV) Singapore Industrial

C&W expects Singapore industrial rental growth to continue in 2022 as Singapore's economic reopening and stable growth continue to drive demand, noting that vacancy rates have tightened to around 10.1% in Q1 2022 compared to 10.8% in Q4 2021. C&W believes that overall supply in 2022 would increase due to construction delays accrued over the last two years, creating upward pressure on vacancy rates. C&W expects fit-for-purposes assets, which can capture demand from mega-trends such as e-commerce, business digitalisation, and life science growth to see higher demand and rental growth. Overall, C&W anticipates annual industrial rental growth rates of 3.2% and 2.1% yoy in 2022 and 2023 respectively, with stronger prospects for assets that cater to the new economy.

Knight Frank notes that within the Singapore industrial market, business sentiment has moderated. However, industrial sales have slowed down, with total transactions in Q2 2022 declining by 4.9% qoq and 30.2% yoy. Multiple-user factory spaces, posing as one of the more affordable industrial assets, continued to register healthy levels of sales, bringing an average price of S$439 psf. One of the main contributors to the demand for industrial space is the food industry, where occupiers are actively on the lookout for food factories and central kitchens in Singapore. Overall, Knight Frank believes that despite existing global and regional uncertainties, bright spots continue to highlight the industrial market. The persisting chip shortage globally is expected to continue generating demand for electronics, and the transport engineering cluster is expected to benefit from the increased demand for air travel as travel accelerates in many parts of the world. Thus, Knight Frank forecasts rentals of industrial spaces to grow by 3% to 5% for the whole of 2022.

Colliers noted that in Q2 2022, the JTC All Industrial Property price and rental indices continued their seventh consecutive quarter of growth, with the rental index growing by 1.5% qoq in Q2 2022, from 1.0% growth in Q1 2022. Growth in Q2 2022 is the fastest quarterly pace of growth since Q3 2013. Occupancy rates increased by 0.2 percentage points, driven by higher demand for multiple-user factories and warehouses. Colliers believes that in Q2 2022, demand has caught up with supply. However, with an average annual supply of 12.9 million sqft till 2025 coming onstream, compared to 7.5 million sqft over the past three years, and with 16.8million sqft to be completed this year, the higher supply is likely to temper the pace of rental growth. On one hand, macroeconomic uncertainties are prompting industrialists to fortify their supply chains by diversifying locations and stockpiling. On the other hand, the aforementioned uncertainties have also led industrialists to be more cautious regarding expansion plans. Other risks that could dampen the outlook for the industrial market include rising commodity prices, disruptions to global supply chains, slowing growth, and higher cost of capital caused by rising interest rates in developed countries as well as a resurgence in COVID-19 cases which may reintroduce restrictions, further disrupting supply chains and labour supply. On the balance of things, Colliers believes that in the long term, demand for industrial space will continue to be driven by tailwinds such as Singapore's increasing focus on higher-value manufacturing and biomedical sectors. Colliers expects industrial rental to grow between 2% and 4% in 2022.

CBRE noted that manufacturing out increased 13.8% yoy in May 2022 due to increased semiconductor production. In light of the current supply chain disruption, increasing freight costs, and inflationary pressures, CBRE observed that firms were more inclined to bring in higher volume of manufacturing inputs now rather than later, increasing leasing demand. However, the strong demand was capped by a lack of available space, particularly for the prime logistics segment. CBRE also noted that average rents for ground floor factories increased by 3.3% yoy in Q2 2022 to S$1.56 psf per month, and average rents for upper floor factories increased 2.5% yoy in Q2 2022 to S$1.21 psf per month.

Savills noted that leasing volume in the industrial market fell by 10.4% yoy in Q2 2022. Consequently, vacancies for multiple-user factory spaces fell by 0.6 percentage points qoq to 10.6% in Q2 2022. However, demand continues to remain high, especially among well-located or modern facilities, resulting in rents increasing at a faster pace across all segments in Q2 2022. Going forward, Savills expects the industrial market to remain resilient against headwinds such as rising interest rates and slowing global growth. Rental increases are expected from the multi-user factory segment as supply chain uncertainties, coupled with heightened inflation, would motivate tenants to stock up and landlords to pass through higher service charges to the occupiers. Thus, Savills revises their full-year forecast for prime multiple-user factory rents to 10% - 12% in FY2022.

(V) Singapore Private Residential Market

Property Sales

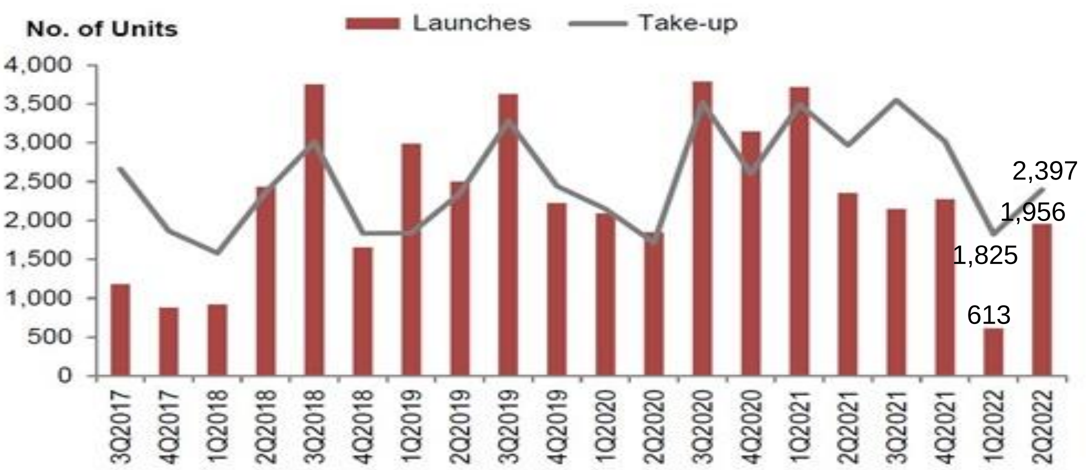
According to data from the URA, prices of private residential properties increased by 3.5% qoq in 2Q2022, compared with the 0.7% increase in the previous quarter, as reflected by an increase in Property Price Index to 180.9 from 174.8, as shown in **Exhibit 8.** Overall, in 1H2022 prices increased by 4.21%, from 173.6 in the Property Price Index in Q4 2021 to 180.9 in 2Q2022.

Exhibit 8: Property Price Index of Private Residential Properties

Source: Compiled data from URA

According to URA, developers launched 1,956 uncompleted private residential units (excluding ECs) for sale in 2Q2022, compared with the 613 units in the previous quarter. At the same time, developers sold 2,397 private residential units (excluding ECs) in 2Q2022, compared with the 1,825 units sold in the previous quarter as shown in **Exhibit 9.**

Exhibit 9: Number of Private Housing Units Launched and Sold by Developers (excluding ECs)

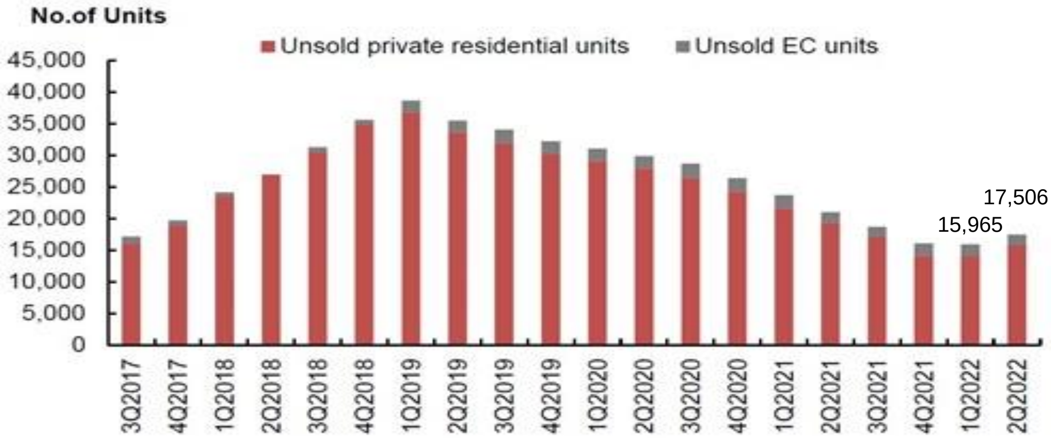


Source: Compiled data from URA

URA noted that as at the end of 2Q2022, there was a total supply of 48,836 uncompleted private residential units (excluding ECs) in the pipeline with planning approvals, compared with the 47,415 units in the previous quarter. Of this number, 15,805 units remained unsold as at the end of 2nd Quarter 2022, compared with the 14,087 units in the previous quarter.

After adding the supply of 5,333 EC units in the pipeline, there were 54,169 units in the pipeline with planning approvals. Of the EC units in the pipeline, 1,701 units remained unsold. In total, 17,506 units with planning approvals (including ECs) remained unsold, compared to 15,965 units in the previous quarter as shown in **Exhibit 10**.

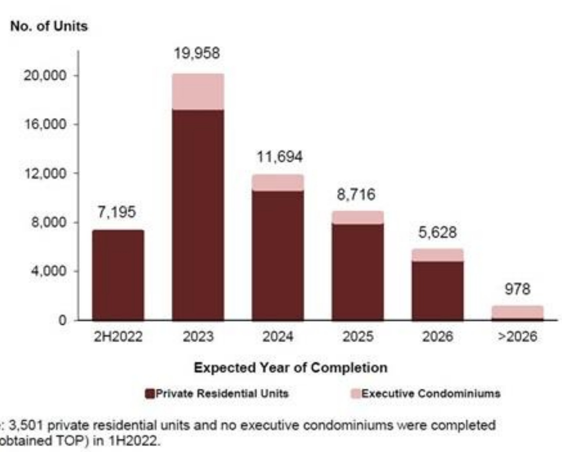
Exhibit 10: Total Number of Unsold Private Residential Units in the Pipeline



Source: Compiled data from URA

According to the URA, based on expected completion dates reported by developers, 7,195 units (including ECs) will be completed in 2H2022, with another 19,958 units (including ECs) to be completed in 2023, as shown in **Exhibit 11**. In total, URA stated that around 30,700 units (including ECs) are expected to be completed in 2022 and 2023, which is almost three times the 10,400 units completed in 2020 and 2021.

Exhibit 11: Pipeline Supply of Private Residential Units and Ecs



Source: Compiled data from URA

CBRE noted that following the lull period in Q1 2022, sales volumes in Q2 2022 saw an uptick as developers rolled out more new homes. CBRE also believes the increase in Private Residential Property Index was led by new project launches in the City Fringe (RCR) –which set new benchmark prices –as developers held firm on their asking prices amid higher construction costs and low unsold inventory. Overall, CBRE is of the view that strong economic growth, upgraders' demand and rising rents have underpinned the private and public residential market thus far. However, rising macroeconomic uncertainties and mortgage rates may deter potential homebuyers moving forward. CBRE Research maintains its 2022 new home sales forecast at 9,000 –10,000 units, from 13,027 units in 2021. In view of the stronger-than-expected pick-up in home prices in 2Q2022, 2022's full-year price forecast has been raised to 5% from 3% previously, which still represents a slowdown from the 10.6% increase in 2021.

Knight Frank notes that the state of pause in the private residential market in 1Q2022 was short-lived when compared to the previous imposition of cooling measures, evidenced by the 3.6% increase in prices of non-landed properties in 2nd Quarter 2022, compared with the 0.3% decrease in the previous quarter. Knight Frank believes that while the cooling measures of increased Additional Buyers' Stamp Duty, lower Loan-to-Value limits, and lower Total Debt Servicing Ratio threshold muted residential market activity in 1Q2022, the sheer weight of demand is outpacing the backlog of supply as Singapore normalises from the pandemic years. Nevertheless, activity could taper in the coming months with rising interest rates acting as a natural cooling measure in H2 2022, reining in homebuyer affordability. Knight Frank believes buyers have shown an unanticipated resilience, the kind that will now embolden developers to launch projects to tap on this buyer demand before interest rates rise further. Notwithstanding the Additional Buyer's Stamp Duty (ABSD) for foreigners, interest in Singapore homes in a flight to safety will also gain momentum with increasingly open borders. Overall, Knight Frank projects private residential prices to increase around 5% to 7% for the whole of 2022, against the initial conservative forecast of 1% to 3% growth when the cooling measures were first announced in December 2021.

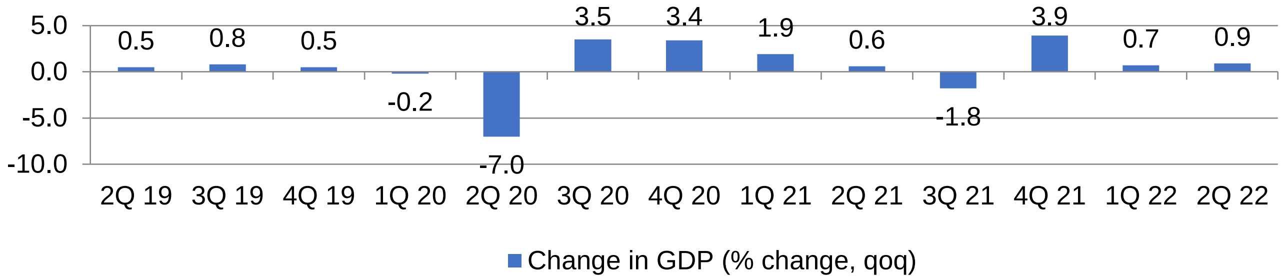
Colliers believes that 2Q2022 have demonstrated the strong purchasing power of buyers, with higher mortgage rates appearing to have a limited impact on buyers' sentiments. The strong take-up at some projects reflects pent-up demand for attractive projects with strong attributes such as location and proximity to amenities. Colliers expects residential market prices to remain resilient in the near term on the back of attractive launches. Additionally, developers will be motivated to bring forward their launches in light of rising interest rates which will impact buyer affordability, and higher construction costs affecting their margins. However, the upcoming hikes in borrowing rates may eventually price some buyers out of the market in terms of their mortgage eligibility. In addition, the combination of macroeconomic uncertainties, higher cost of living, and historical high prices may also deter some prospective buyers. Finally, the increasing supply of homes, in terms of unsold inventory, pipeline coming onto the market and newly completed units will also help to alleviate the supply crunch as well as moderate price and rental growth.

Savills observed that in Q2 2022, developers picked up the pace of launches, tripling the units launched from 613 units in Q1 2022 to 1,956 units in Q2 2022. As a result of new launches and improved sentiments, new sales increased 31.3% qoq to 2,397 units in Q2 2022. Strong demand was observed in the non-landed market, with transaction volume increasing across all residency statuses. As demand continues to outpace supply, prices of Savills' basket of high-end non-landed private residential projects increased for the seventh consecutive quarter by 1.0% qoq to S$2,528 psf in Q2 2022. The price increases can be explained by the market recharging its buying capacity due to the significant passage of time between launches in a particular location. Savills believes the Singapore private residential market continues to climb as the slowdown in new launches has set the stage for a reply of the old adage that real estate is a hedge against inflation. However, Savills also expects the rate of price increases to moderate in 2023. Overall, Savills forecasts a yoy increase in prices of 7% in 2022, and 2.4% in 2023, with the expectation that the increase in 2023 might be greater if inflation continues to remain elevated.

(VI) Australia's Economy

Australia's GDP increased by 0.9% qoq in Q2 2022, as shown in **Exhibit 12**. Growth improved slightly from the 0.7% qoq increase of Q1 2022. Growth in Q2 2022 was underpinned by increasing household incomes and consumer spending, with unemployment at the lowest level in almost five decades. On an annualised basis, Australia's economy grew at 3.6%.

Exhibit 12: Change in Australia Quarterly GDP (%, qoq)



Source: Compiled data from Australia Bureau of Statistic

(VII) Australia Hospitality Market

JLL noted that as at May 2022, Australia's busiest airports, Sydney and Melbourne, have seen a recovery in total passenger traffic of 69% and 73%, respectively, of pre-pandemic levels. Despite headwinds such as increasing fuel and travel prices, geopolitical tensions, and ongoing COVID-19 threats, JLL expects a strong recovery in visitation over the short-to-medium term, especially given current pent-up demand for domestic and international travel. JLL also noted that the Average Daily Rate (ADR) recovery has been strong, with ADRs YTD in June 2022 above the corresponding period in 2019, pre-pandemic. The recovery in hotel ADRs can be attributed to enhanced overall product offerings from the new supply wave, as well as hotels' ability to re-balance their business mix and/or rate structure. Accordingly, revenue per available room (RevPAR) is showing strong signs of recovery, led by markets benefitting most from leisure demand. However, RevPAR in Melbourne is expected to take longer to recover, given the strong reliance on corporate/MICE and international demand, which is likely to take longer to normalise. Furthermore, Melbourne has seen increased levels of new supply, which is anticipated to place downward pressure on occupancy rates and moderate trading performance. Overall, JLL expects trading performance to continue to recover across the board over the remainder of the year and into 2023, despite current headwinds such as labour shortage and inflationary pressures. Most markets in Australia are anticipated to see the recovery in RevPAR continue to be led by an increase in ADR's, with occupancy growth being slower.

CBRE believes that much of the tourism recovery in the Asia Pacific region, including Australia, will depend on the opening of mainland China, noting that in 2019 approximately 24.5% of all international arrivals in top tourist destinations in Asia Pacific were mainland Chinese. However, the extended period of mandated quarantine upon re-entry to the country, repeated lockdowns of major hobs and subsequent unwillingness of mainland Chinese residents to travel abroad has seen Chinese proportion of arrivals in the region decrease to around 4.2% as at June 2022-2024. However, pent-up demand and increased operational confidence has helped drive up hotel room rates. CBRE expects that ADRs and RevPARs should continue to rise alongside demand for normalised travel post-pandemic, particularly in markets with less restrictions and largest domestic markets, such as Australia. CBRE also noted that occupancy levels in Australia have hit 67%, and many operators have taken advantage of the lull in occupancy caused by the pandemic to upgrade and refurbish in preparation for the full return of guests. CBRE also noted that as at H1 2022, RevPAR for Hyatt International has recovered to 82% of 2019 levels. The recovery has been driven largely by leisure stays, pent-up business and group travel, and increased pricing power due to the respective brands' loyalty programs and upgraded technology platforms.

Savills reported that according to data from STR Global, RevPAR in Australia in June 2022 increased by 56.6% yoy, from A$93.42 to A$146.33. Savills believes the trend of increasing RevPAR is set to continue in 2022, contingent on the impact COVID-19 outbreaks bring. A summary of Savills Australia hotel performance indicators and change from Q1 2022 to Q2 2022 is shown in **Exhibit 13** on the next page**:**

Exhibit 13: Savills' Australia Hospitality Indicators

City	Occupancy	ADR	RevPAR	RevPAR Change
Australia	61.1%	$216.05	$131.98	33.5%
Adelaide	68.6%	$184.02	$126.25	24.8%
Brisbane	63.5%	$196.59	$124.82	46.2%
Cairns	59.7%	$192.50	$114.94	36.4%
Canberra & ACT	66.2%	$195.65	$129.61	23.0%
Melbourne	54.1%	$206.07	$111.47	71.4%
Perth	60.3%	$188.97	$113.89	17.8%
Sydney	56.7%	$230.80	$130.88	50.4%
Gold Coast	66.7%	$257.86	$171.87	35.8%
Darwin	59.4%	$199.35	$118.50	24.1%
Hobart Area	80.2%	$209.13	$167.70	29.6%

**Figures are YTD as at June 2022*
***RevPAR changes are from Q1 2022 to Q2 2022*
Source: Savills

According to Colliers, average room rates in Perth increased by 13.7% yoy in in H1 2022, with occupancy increasing by 1.9% yoy and RevPAR increasing by 15.9% yoy in H1 2022. In Melbourne, average room rates increased by 33.1% yoy in H1 2022, with occupancy increasing by 34.8% yoy and RevPAR increasing by 79.4% yoy. Colliers also noted that the volume of hotel bookings increased significantly since November 2021 and through the summer months at a level well above the global average due to the reopening of state borders and the relaxation of restrictions which coincided with the peak summer holiday period. Colliers also observed that at the start of August 2022, Australia hotel bookings were 100.4% of the level recorded in 2019, compared to 94.3% globally during the peak summer season.

(VIII) Australia Retail Market

JLL noted that in Q2 2022, rentals in Melbourne shrank by 1.5% yoy to A$1,498 per square metre (sqm) per annum. Separately, JLL also noted that rentals in Perth shrank by 1.2% yoy in Q2 2022. The slowing in spending growth reflected the higher interest rate environment, which has increased cost of living pressures on consumers. Retail leasing activity, particularly among national brands, was subdued. This was attributed to inflation and ongoing supply chain concerns impacting the outlook for retail spending and business costs. Labour shortages have also contributed to the weak leasing environment. However, JLL notes that the remaining supply pipeline for 2022 is low, with only two more projects expected to be completed over H2 2022, bring with them a total of 24,000 sqm of new retail floor space. Overall, higher inflation and labour shortages for the short-to-medium term will likely result in a weaker leasing demand environment in Melbourne as businesses refrain from expanding or opening stores. This is expected to result in higher vacancy rates in the market. Furthermore, continuous supply chain disruptions caused by the ongoing pandemic and current geopolitical tensions are expected to keep inflation elevated for the rest of 2022. Investor confidence is likely to be more subdued in the near term as interest rates rise.

CBRE noted that enquiry levels for flagship locations in Australian CBDs from luxury retail occupiers have picked up significantly in 2022. Luxury brands have recently committed to new flagship boutiques in response to increase appetite for high-end luxury retail from Australian consumers. There has also been an increased interest in large format F&B tenancies in response to the need for consumer experience. Enquiry is largely driven by a need for a well-positioned F&B amenity in key precincts to provide a destination retailer to entice further increase in overall visitation. Quality locations are key as consumer behaviours are continually evolving towards a more high-quality focused demand. JLL noted that super prime CBD yields have compressed in Perth since June 2021, tightening by 0.8 percentage points to 5.34%. The market has been buoyed by international retailers already established in the East Coast markets who are looking to open new stores in Perth.

Colliers noted that retail sales grew month-on-month for the fifth consecutive month, suggesting that there is continued demand from consumers to spend and interact following the lifting of pandemic restrictions nationwide, in turn indicating that the higher level of household savings of 11.4% is thus far weathering the inflationary pressures on goods and services. Furthermore, footfall continues to increase closer to relative normality, and the return of tourists and international students bodes well for CBD retailers. Demand from larger National retailers seeking out new opportunities with core CBD locations continues to trend up as many of these retailers look to expand their footprint. In addition, demand for high-end retail and restaurants remains strong. Colliers noted that with more consistency of retail trade operations, average gross face rents are starting to recover and remain stable, with the exception of Perth's 9% decrease in face rents. Incentives, however, increased from 25% to 27% as owners look to lock in high-quality tenants to capitalise on the recovery of activity across the CBD retail market.

(IX) Australia Office Market

JLL noted that in Perth, office vacancies increased by 0.4 percentage points to 20.1%. However, centralisation of tenants from outer suburban markets as well as new business entrants contributed significantly to the increase in net absorption in Q2 2022. Prime net effective rents in Perth recorded a marginal 0.1% increase in Q2 2022, led by a marginal increase in face rents to A$448 per sqm per annum. JLL believes that West Australia's economic growth would continue to outperform the national average due to ongoing strength within the resources sector. With a strong pipeline of resources projects approved, demand for office spaces is likely to be led by the mining and professional services sectors.

CBRE noted that Australian office demand has remained solid in H1 2022, with total CBD net absorption of 85,986 sqm. Over the past 12 months, net absorption was 250,587 sqm, the highest level since 2016. However, overall vacancies rose in H1 2022, from 11.30% to 12.0%, as net supply increased more than net absorption. However, CBRE believes the outlook for supply is less significant, particularly in 2025, which is expected to help the market tighten over the medium term. CBRE has also observed that face rental has grown in Q2 2022, increasing by 0.5% qoq and 1.8% yoy. CBRE attributes the increases to inflationary pressures, particularly in the construction sector, which are putting upward pressure on economic rents for new developments, allowing landlords of existing assets to raise rents. However, incentives have stabilised in Q2 2022, with the National Prime CBD average incentive at 38.7%, down 1.4 percentage points from Q1 2022. This has resulted in overall rental growth of 0.7% qoq, the highest growth since December 2019. These indicators, according to CBRE, suggest that the market is beginning to recover, following decent tenant activity in H1 2022.

Summary of Real Estate Markets

We have summarised the forecasted growth of office rentals, retail rentals, industrial rentals and private residential prices in Singapore, as well as forecasted growth in Australian hotels and office rentals in **Exhibit 14**:

Exhibit 14: Singapore and Australia Real Estate Market Forecasts

	Singapore				Australia		
Company	Office Rentals	Retail Rentals	Industrial Rentals	Private Residential Prices	Hotel RevPAR	Retail Rentals	Office Rentals
Knight Frank	3%-5%	2%-4%	3%-5%	5%-7%	-	-	-
Colliers	5%-7%	-	2%-4%	-	-	-	-
C&W	5%	3%-4%	3%	-	-	-	-
Savills	-	3%	10% - 12%	7%	-	-	-
JLL	-	-	-	-	-	-	-
CBRE	8%	-	-	5%	-	-	-

Source: Respective companies

RECENT SHARE PRICE DEVELOPMENT

In the past year, Tuan Sing's share price fell by 40.13% from S$0.501 on 14 October 2021 to S$0.300 on 13 October 2022 as shown in **Exhibit 15**.

Exhibit 15: Tuan Sing's 1 Year Share Price Performance

Source: Yahoo Finance, FPA Financial

On 12 October 2021, Tuan Sing issued S$200 million 6.9% bonds due 2024 and announced it would use the proceeds to finance the redemption of its existing notes. We note that following the announcement, Tuan Sing's share price rose by 4.13% and ended the week at S$0.4962.

On 29 October 2021, Tuan Sing announced the redemption of S$65 million 7.75% bonds due 19 May 2022, financed via debt. We note that following the announcement, Tuan Sing's share price remained flat at S$0.4814.

On 25 February 2022, Tuan Sing released their financial statements for H2 2021 and FY2021. In H2 2022 Tuan Sing reported a net loss of S$17.1 million, compared to a net profit of S$52.4 million a year earlier. We note that following the announcement, Tuan Sing's share price fell by 12.21% and ended the week at S$0.3881.

On 22 March 2022, Tuan Sing announced a joint venture with Mitsubishi Estate to develop the first phase of The Grand Outlet – East Jakarta, a luxury outlet mall in Indonesia. The target opening date of the project is in Q4 2023. We note that following the announcement, Tuan Sing's share price rose by 1.22% and ended the week at S$0.4077.

On 28 April 2022, at its 52nd Annual General Meeting, Tuan Sing passed the Proposed Renewal of the Share Purchase Mandate, with 99.86% of shareholders voting for the renewal. We note that following the renewal, Tuan Sing's share price rose by 1.25% to S$0.3979.

On 12 August 2022, Tuan Sing released their financial statements for H1 2022, and reported a 90% drop in net profit attributable to owners of the Company. We note that following the announcement, Tuan Sing's share price fell by 1.35% and ended the week at S$0.365

On 19 August 2022, Tuan Sing announced the proposed privatisation of SP Corporation via a scheme of arrangement, which Tuan Sing holds an 80.2% stake in. The scheme consideration is equivalent to SP Corporations' book value per share as at 30 June 2022. We note that following the announcement, Tuan Sing's share price rose by 2.74% and ended the week at S$0.375.

Since the renewal of Tuan Sing's Share Purchase Mandate, Tuan Sing has since conducted a series of share buybacks. From 28 April 2022 till date, Tuan Sing has conducted a total of 16 share buybacks for a total consideration of S$68,078.00 for 175,300 shares as shown in **Exhibit 16**. This represents a total of 0.11% stake in Tuan Sing. Following the latest buyback on 8 July 2022, Tuan Sing has 1,218,043,900 issued shares excluding treasury shares and 12,877,000 treasury shares.

Exhibit 16: Details of Tuan Sing's Share Buyback Transactions

Date	No. of shares purchased	Price Paid per Share (S$)	Total consideration (S$)	Cumulative No. of shares purchased to date	Cumulative Percentage of Issued Shares	Issued Shares Excluding Treasury Shares after Purchase	Treasury Shares after Purchase
28/4/2022	6,000	.412	$ 2,474	6,000	0.00%	1,201,221,903	12,707,700
29/4/2022	9,000	.410	$ 3,690	15,000	0.00%	1,201,212,903	12,716,700
4/5/2022	17,000	.402	$ 6,831	32,000	0.00%	1,201,195,903	12,733,700
6/5/2022	9,000	.397	$ 3,575	41,000	0.00%	1,201,186,903	12,742,700
10/5/2022	7,000	.396	$ 2,774	48,000	0.00%	1,201,179,903	12,749,700
12/5/2022	9,000	.384	$ 3,455	57,000	0.01%	1,201,170,903	12,758,700
29/5/2022	10,000	.387	$ 3,870	67,000	0.01%	1,201,160,903	12,768,700
24/5/2022	5,000	.391	$ 1,954	72,000	0.01%	1,201,155,903	12,773,700
13/6/2022	3,000	.395	$ 1,184	75,000	0.01%	1,201,152,903	12,776,700
15/6/2022	14,000	.381	$ 5,335	89,000	0.01%	1,201,138,903	12,790,700
29/6/2022	25,000	.386	$ 9,647	114,000	0.01%	1,218,105,200	12,815,700
30/6/2022	10,000	.384	$ 3,845	124,000	0.01%	1,218,095,200	12,825,700
1/7/2022	10,000	.379	$ 3,795	134,000	0.01%	1,218,085,200	12,835,700
5/7/2022	10,000	.384	$ 3,845	144,000	0.01%	1,218,075,200	12,845,700
7/7/2022	14,800	.376	$ 5,572	158,800	0.01%	1,218,060,400	12,860,500
8/7/2022	16,500	.378	$ 6,233	175,300	0.02%	1,218,043,900	12,877,000

Source: Tuan Sing, FPA Financial

FINANCIAL ANALYSIS

In this section, we will provide a review of Tuan Sing's financial performance and capital management.

(I) Financial Review

Review of Half-Year 2022 Results

Revenue

As shown in **Exhibit 17**, in H1 2022, the majority of Tuan Sing's revenue is generated from Real Estate Development, contributing S$45.92 million or 40.3% of total revenue. Hospitality contributed S$37.40 million, or 32.8% of total revenue, Real Estate Development S$25.60 million or 22.5% of total revenue, and Industrial Services S$4.99 million or 4.4% of total revenue. Finally, Corporate, which refers to the provision of corporate-level services by the company to its subsidies and is eliminated at group-level consolidation, contributed S$41,000 to total revenue. Of note would be that in H1 2022, SP Corporation, the core component of the Industrial Services segment, recorded 0 revenue due to the absence of deliveries from its coal suppliers. Comparatively, in H1 2021, Real Estate Development recorded S$26.58 million in revenue, contributing 18.5%; Real Estate Development recorded S$55.93 million revenue, contributing 38.9%; Hospitality recorded S$25.76 million, contributing 17.9%; and Corporate contributed S$90,000 to revenue.

Exhibit 17: Tuan Sing's Historical Segment Revenue (H1 2021 – H1 2022)

S$'000	H1 2021		1H2022	
	Revenue	Contribution (%)	Revenue	Contribution (%)
Real Estate Investment	26,581	18.5%	25,602	22.5%
Real Estate Development	55,931	38.9%	45,916	40.3%
Hospitality	25,757	17.9%	37,401	32.8%
Industrial Services	35,584	24.7%	4,989	4.4%
Other investments	-	0.0%	-	0.0%
Corporate	90	0.1%	41	0.0%
Total	**143,943**	**100.0%**	**113,949**	**100.0%**

Source: Tuan Sing, FPA Financial

Accordingly, for the half year ended 30 June 2022 (H1 2022), Tuan Sing recorded a total revenue of S$113.9 million. This represents a 20.8% yoy decrease from the S$143.9 million revenue recorded for the half year ended 30 June 2021. The decrease is attributed mainly to a S$30.6 million decline in revenue from the Industrial Services segment, with SP Corporation, the main driver of Industrial Services revenue, recording 0 revenue due to the absence of deliveries from coal suppliers. In other segments, the Hospitality recorded increased revenue as Australia relaxed border restriction in H1 2022. However, the increases in Hospitality revenue were offset by decreases in revenue from Real Estate Development and Real Estate Investment. Lower revenue from Real Estate Development is attributed to the absence of contribution from Kandia Residence, which was fully sold and obtained temporary occupation permit in H1 2021. Lower revenue from Real Estate Investment is attributed to the absence of contribution from Robinson Point, which was divested in June 2021. However, alongside the decrease in revenue, cost of sales also decreased by 31.9% yoy from S$99.8 million in H1 2021 to S$67.9 million H1 2022. As a result, Tuan Sing recorded a 4.2% increase in gross profit from S$44.2 million in H1 2021 to S$46.0 million H1 2022.

Tuan Sing recorded a 99.4% decrease in other operating income from S$93.1 million to S$0.5 million due to the divestment of Robinson Point in H1 2021, and a 2188.7% increase in other operating expenses from S$53,000 to S$1.2 million due to exchange losses. Fair value adjustment also increased 1214.4% from a S$0.1 million loss in H1 2021 to a S$1.6 million loss in H1 2022, attributed to the fair value loss recognised by an associate. Consequently, Tuan Sing reported profit before tax of S$10.9 million in H1 2022, compared to S$100.9 million in H1 2021, an 89.2% decrease. Income tax expense in H1 2022 was S$2.1 million, a 120.4% increase from S$0.9 million in H1 2021, due to higher profit generated from Tuan Sing's operations in Australia. Consequently, profit for the period amounted to S$8.8 million in H1 2022, compared to S$99.9 million in H1 2021, a 91.2% decrease. Tuan Sing's profit attributable to owners of the company was S$9.7 million in H1 2022, compared to S$100.7 million a year earlier. Accordingly, Tuan Sing reported earnings per share (including fair value adjustments) of 0.8 cents for H1 2022.

We have summarised Tuan Sing's H1 2022 and H1 2021 financial results in **Exhibit 18**.

Exhibit 18: Tuan Sing's H1 2021 and H1 2022 Financial Results

S$'000	H1 2021	H1 2022	y-o-y change
Revenue	143,943	113,949	-20.8%
Cost of sales	-99,764	-67,920	-31.9%
Gross profit	**44,179**	**46,029**	**4.2%**
Other operating income	93,073	541	-99.4%
Distribution costs	-7,272	-5,190	-28.6%
Administrative expenses	-23,107	-25,652	11.0%
Other operating expenses	-53	-1,213	2188.7%
Share of results of equity accounted investees	17,028	17,115	0.5%
Interest income	1,258	1,478	17.5%
Finance costs	-24,120	-20,661	-14.3%
Profit before tax and fair value adjustments	**100,986**	**12,447**	**-87.7%**
fair value adjustments	-118	-1,551	1214.4%
Profit before tax	**100,868**	**10,896**	**-89.2%**
Income tax expense	-945	-2,083	120.4%
Profit for the period	**99,923**	**8,813**	**-91.2%**
Profit attributable to:			
Owners of the Company	100,721	9,702	-90.4%
Non-controlling interests	-798	-889	11.4%
Basic and diluted earnings per share (cents)			
Including fair value adjustments	**8.5**	**0.8**	**-90.6%**
Excluding fair value adjustments	8.5	0.9	-89.4%

Source: Tuan Sing, FPA Financial

Review of Historical Financials

We have also reviewed Tuan Sing's historical financial results to evaluate its pre-pandemic performance. We note that Tuan Sing's revenue has been decreasing from FY2017 to FY2020, with revenue in FY2021 increasing as the company recovers from the effects of the pandemic. However, in that period, Tuan Sing's gross profit margin has been increasing from FY2017 to FY2020 as cost of sales decreased. In FY2021, gross profit margin decreased to 23.2% due to construction delays and higher construction costs caused by labour shortages and price hikes in construction materials.

We also note that Tuan Sing's net gearing, which has been increasing from FY2017 to FY2019, decreased in FY2020 and FY2021 due to decreases in liabilities associated with disposed subsidiaries, net repayment of loans & borrowings, and decreases in trade & other receivables. Conversely, Tuan Sing's net asset value per share has been increasing, from 83.2 cents in FY2017 to 104.0 cents in FY2021.

Tuan Sing's dividends per share, from FY2017 to FY2020, has been at 0.6 cents per share, with a special dividend of 0.9 cents per share declared in FY2018. In FY2021, Tuan Sing decided to increase its dividends to 0.7 cents per share. Based on Tuan Sing's closing unit prices as at 31 December between FY2017 and FY2021, Tuan Sing has a dividend yield ranging between 1.44% and 2.67%.

We have summarized Tuan Sing's historical financial figures in **Exhibit 19**.

Exhibit 19: Tuan Sing's Historical Financial Figures (FY2017-FY2021)

S$'000	FY2017	FY2018	FY2019	FY2020	FY2021
Revenue	355,964	336,108	310,689	196,817	245,341
Gross profit	64,785	69,505	71,536	48,577	56,805
Gross profit margin	18.2%	20.7%	23.0%	24.7%	23.2%
Profit after tax	62,744	131,430	32,679	58,531	81,820
Net gearing	1.24x	1.36x	1.38x	1.01x	0.75x
Earnings per share (cents)	5.3	11.1	2.8	5.0	7.0
Net asset value per share (cents)	83.2	91.7	93.1	97.7	104.0
Dividend per share (cents)	0.6	0.9	0.6	0.6	0.7
Closing price as at 31 December	0.416*	0.337	0.312	0.310	0.447
Dividend yield (%)	1.44%	2.67%	1.93%	1.94%	1.57%

**closing price as at 29.12.2017*

Source: Tuan Sing, Yahoo Finance, FPA Financial

(II) Capital Management

Review of Balance Sheet

Net Asset Value

Tuan Sing reported total assets of S$2,742.6 million as at 30 June 2022 compared to S$2,764.3 million as at 31 December 2021. The decreases in development properties, cash & cash equivalents, and plant, property, & equipment was slightly offset by increases in contract assets, and investments in equity accounted investees. At the same time, total liabilities decreased to S$1,478.4 million as at 30 June 2022 from S$1,499.9 million as at 31 December 2021. The decrease can be attributed to the reduction of loans and borrowings.

Accordingly, Tuan Sing recorded total equity or net assets of S$1,264.2 million as at 30 June 2022 compared to S$1,264.4 million as at 31 December 2021. Excluding perpetual securities and non-controlling interests, net assets attributable to owners of the Company amounted to S$1,248.1 million as at 30 June 2022.

As a result, Tuan Sing's net asset value (NAV) per ordinary share as at 30 June 2022 stood at S$1.02 based on 1,218.1 million units in issued share capital, excluding treasury shares.

A summary of Tuan Sing's balance sheet as at 31 December 2021 and 30 June 2022 is shown in **Exhibit 20**.

Exhibit 20: Summary of Tuan Sing's Balance Sheet as at 31 Dec 2021 and 30 June 2022

S$'000	31-Dec-21	30-Jun-22
Total assets	2,764,328	2,742,579
Total liability	1,499,911	1,478,359
Total equity / net assets	1,264,417	1,264,220
Net assets attributable to owners of the Company	1,250,200	1,248,310
Issued share capital	1,201,565	1,218,095
Net asset value per share (S$)	1.04	1.02

Source: Tuan Sing

Borrowings

We note that Tuan Sing's total borrowings decreased from S$1,352.7 million as at 31 December 2021 to S$1,336.0 million as at 30 June 2022. Of Tuan Sing's total borrowings as at 30 June 2022, S$714.0 million are current borrowings and S$622.0 million are non-current borrowings as shown in **Exhibit 21**. We note that as at 31 December 2021, approximately 76% of Tuan Sing's borrowings are exposed to SGD, while the remaining 24% is exposed to AUD.

Exhibit 21: Breakdown of Tuan Sing's Borrowings

S$'000	31-Dec-21	30-Jun-22
Current borrowings		
Secured	557,291	712,797
Unsecured	1,215	1,227
Total current borrowings	**558,506**	**714,024**
Non-current borrowings		
Secured	593,869	420,410
Unsecured	200,353	201,560
Total non-current borrowings	**794,222**	**621,970**
Total borrowings	**1,352,728**	**1,335,994**

Source: Tuan Sing

Net Gearing Ratio

Tuan Sing uses net gearing ratio, which is calculated as net borrowings as a percentage of total equity. As at 30 June 2022, Tuan Sing's borrowings were S$1,336.0 million and its cash & cash equivalents was S$372.0 million. Hence, Tuan Sing's net debt increased from S$947.68 million as at 31 December 2021 to S$964.34 million as at 30 June 2022. Accordingly, Tuan Sing's net gearing ratio increased to 0.76 as at 30 June 2022, as shown in **Exhibit 22**.

Exhibit 22: Tuan Sing's Net Gearing Ratio as at 31 December 2021 and 30 June 2022

S$'000	31-Dec-21	30-Jun-22
Total borrowings	1,352,728	1,335,994
Cash & cash equivalents	405,044	371,955
Net debt	**947,684**	**964,039**
Total equity	1,264,417	1,264,220
Net gearing ratio	**0.75**	**0.76**

Source: Tuan Sing

POTENTIAL CATALYSTS

(I) Rebound of Tourism in Australia

Tuan Sing's Hospitality segment is centered around its Australian hotel properties in Melbourne and Perth. From 6 July 2022 onwards, Australia removed its COVID-19-related border restrictions, no longer requiring visitors to declare or prove their vaccination status. Since then, according to the Australian Bureau of Statistics, total visitor arrivals in July and August have increased to 1.1 million and 1.0 million visitors respectively, compared to 730,400 visitors in June. As international travel to Australia recovers and normalises, Tuan Sing might see a strong recovery in its hotel revenue, which already contributes 32.82% of Tuan Sing's revenue as at 30 June 2022.

(II) Redevelopment of Australia hotels

On 14 September 2017, Tuan Sing announced that it had received written approval for an Asset Enhancement Initiative (AEI) in respect to Hyatt Centre and the development of Lot 11, properties adjacent to Tuan Sing's Hyatt Regency Perth hotel. The AEI will offer approximately 20,000 sqm of retail spaces upon completion. As at 30 June 2022, Tuan Sing has reported that asset enhancement work at Hyatt Regency Perth has commenced. Separately, Tuan Sing disclosed that it was planning the re-development of its Grand Hyatt Melbourne complex following the expiry of the Hotel Management Agreement with Hyatt in December 2022. The planned redevelopment would transform the property into a mixed-use development comprising premium office space, luxury retail, and an upper-scale hospitality business. The planned developments of Tuan Sing's Australian hotel properties would further diversify the company's revenue streams and could underpin future revenue through synergies between the different uses of the properties.

(III) Development of Opus Bay, Indonesia

On 9 April 2021, Tuan Sing announced the launch of the first phase of its integrated township project in Batam, Opus Bay. Opus Bay is a 125 hectare (ha) integrated development, with the first phase comprising 40ha that includes residential developments Balmoral Tower & Cluny Villas, a shopping galleria, a beachfront resident's clubhouse, and a renovated international ferry terminal. Phase one is expected to be completed between 2024 and 2025. The successful development and launch of Opus Bay into a tourism node in Batam could underpin Tuan Sing's revenue and earnings in the long term, while also diversifying its revenue streams away from Singapore and Australia.

(IV) Other Development Projects

On 22 March 2022, Tuan Sing announced a 50:50 joint venture with Mistubishi Estate Co., Ltd. to develop a luxury outlet mall in Karawang, Indonesia called The Grand Outlet – East Jakarta. The mall will be developed on a nine-hectare site at an estimated total cost of S$90 million. Work is scheduled to commence in Q2 2022, with a targeted opening in Q4 2023, with an estimated leasable area of 26,000 sqm. Tuan Sing also has a 7.8% equity interest in Sanya Summer Real Estate Co. Ltd which owns and is developing two plots of land in Sanya, Hainan. The two developments are integrated developments comprising commercial and retail components, with one of them also adding hotel components. Finally, on 18 August 2021 Tuan Sing acquired the tender for a freehold site on 870 Dunearn Road, adjacent to its Link@896 property, and the company has disclosed that it is evaluating a potential redevelopment of the two properties, 870 Dunearn Road and Link@896. The developments in Jakarta and Hainan have estimated completion dates of H1 2023 and 2024-2027 respectively. These developments, if successful, could underpin Tuan Sing's earnings, while the developments in Indonesia and China could reduce Tuan Sing's dependence on the Singapore and Australian markets.

FINANCIAL PROJECTION

In this section, we will be providing our projections for Tuan Sing's revenue, earnings and distribution for FY2022 and FY2023

(I) Revenue Projection

(a) Real Estate Development

As shown in **Exhibit 3** on page 5, Tuan Sing's investment properties include: Mont Botanik &Peak Residence in Singapore, and Balmoral Tower & Cluny Villas in Indonesia. To determine the total sales value of each property, we calculated the average sales price of the last 20 transactions for Mont Botanik and Peak Residence, as shown in **Exhibit 23** and **Exhibit 24**. For the average sales prices of Balmoral Tower and Cluny Villas, we calculated the average unit price based on the asking price for each type of unit offered by the properties, as shown in **Exhibit 25** and **Exhibit 26** respectively. Accordingly, the average sales price of one unit of Mont Botanik is estimated to be S$1.34 million, one unit of Peak Residence to be S$2.17 million, one unit of Balmoral Tower to be S$113,345, and one unit of Cluny Villas to be S$401,455 as shown below and on the next page:

Exhibit 23: Average sales Value of Mont Botanik

No.	Project Name	Price (S$)	Area (Sqft)	Unit Price ($psf)	Date of Sale
1	MONT BOTANIK RESIDENCE	1,502,200	947	1,586	Sep-22
2	MONT BOTANIK RESIDENCE	1,689,800	947	1,784	Apr-22
3	MONT BOTANIK RESIDENCE	1,726,300	947	1,822	Feb-22
4	MONT BOTANIK RESIDENCE	1,278,600	689	1,856	Jan-22
5	MONT BOTANIK RESIDENCE	1,730,000	947	1,826	Dec-21
6	MONT BOTANIK RESIDENCE	1,252,900	700	1,791	Nov-21
7	MONT BOTANIK RESIDENCE	1,308,000	689	1,899	Nov-21
8	MONT BOTANIK RESIDENCE	1,228,000	689	1,783	Nov-21
9	MONT BOTANIK RESIDENCE	1,217,000	700	1,739	Oct-21
10	MONT BOTANIK RESIDENCE	1,266,000	700	1,809	Aug-21
11	MONT BOTANIK RESIDENCE	1,190,600	689	1,728	Aug-21
12	MONT BOTANIK RESIDENCE	1,220,000	689	1,771	Aug-21
13	MONT BOTANIK RESIDENCE	1,677,300	947	1,771	Aug-21
14	MONT BOTANIK RESIDENCE	1,282,900	700	1,834	Aug-21
15	MONT BOTANIK RESIDENCE	1,182,700	700	1,690	Jul-21
16	MONT BOTANIK RESIDENCE	1,280,000	700	1,829	Jul-21
17	MONT BOTANIK RESIDENCE	1,217,000	700	1,739	Jul-21
18	MONT BOTANIK RESIDENCE	1,186,100	689	1,722	Jun-21
19	MONT BOTANIK RESIDENCE	1,226,000	700	1,752	Jun-21
20	MONT BOTANIK RESIDENCE	1,180,000	700	1,687	Jun-21
AVERAGE	MONT BOTANIK RESIDENCE	**1,342,070**	**758**	**1,771**	-

Source: URA, FPA Financial

Exhibit 24: Average Sales Value of Peak Residence

No.	Project Name	Price (S$)	Area (Sqft)	Unit Price ($psf)	Date of Sale
1	PEAK RESIDENCE	1,873,000	797	2,351	Sep-22
2	PEAK RESIDENCE	2,849,319	1,066	2,674	Sep-22
3	PEAK RESIDENCE	2,136,950	829	2,578	Aug-22
4	PEAK RESIDENCE	1,924,500	775	2,483	Aug-22
5	PEAK RESIDENCE	3,807,243	1,389	2,742	Aug-22
6	PEAK RESIDENCE	1,939,288	807	2,402	Jul-22
7	PEAK RESIDENCE	3,517,767	1,389	2,533	Jul-22
8	PEAK RESIDENCE	1,607,700	560	2,872	Jul-22
9	PEAK RESIDENCE	1,430,800	560	2,556	Jul-22
10	PEAK RESIDENCE	1,932,736	807	2,394	Jul-22
11	PEAK RESIDENCE	2,793,500	1,087	2,570	Jul-22
12	PEAK RESIDENCE	2,740,956	1,087	2,521	Jul-22
13	PEAK RESIDENCE	1,360,000	527	2,579	Jul-22
14	PEAK RESIDENCE	1,248,888	527	2,368	Jun-22
15	PEAK RESIDENCE	1,989,600	829	2,400	Jun-22
16	PEAK RESIDENCE	1,248,400	538	2,320	Jun-22
17	PEAK RESIDENCE	1,293,600	538	2,404	Jun-22
18	PEAK RESIDENCE	1,823,600	775	2,353	Jun-22
19	PEAK RESIDENCE	3,264,200	1,389	2,351	Jun-22
20	PEAK RESIDENCE	2,537,080	1,066	2,381	May-22
AVERAGE	PEAK RESIDENCE	**2,165,956**	**867**	**2,492**	-

Source: Tuan Sing, FPA Financial

Exhibit 25: Average Sales Value of Balmoral Tower

Unit type	Number of units	Asking price (S$)
Studio	400	85,000
1-bedroom	103	160,000
2-bedroom	56	230,000
Total	**559**	**63,360,000**
Average	**-**	**113,345**

Source: Tuan Sing, EdgeProp, Huttons, FPA Financial

Exhibit 26: Average Sales Value of Cluny Villas

Unit type	Number of units	Asking price (S$)
Deluxe	231	350,000
Premium	35	600,000
Superior	9	950,000
Total	**275**	**110,400,000**
Average	-	**401,455**

Source: Tuan Sing, EdgeProp, Huttons, FPA Financial

Based on the estimated average sales value per unit, the estimated attributable total sales value for Tuan Sing's development properties are as follows:

- Mont Botanik: 108 units x S$1.34 million = S$144.72 million
- Peak Residence: 90 units x S$2.17 million = S$195.30 million
- Balmoral Tower: 559 units x S$113,345 = S$63.36 million
- Cluny Villas: 275 units x S$401,455 = S$110.40 million

For Mont Botanik, as at 30 June 2022, 107 out of 108 units have been sold according to URA data, resulting in the project's sales completion percentage of 99%. Although the project is expected to be completed in Q4 2022, there has not been news regarding the TOP of the project. Thus, we would assume that the project has only been 60% completed. Hence, the attributable revenue recognised up to 30 June 2022 would be 99% (sales completion) x 60% (project completion) x S$144.72 million (attributable total sales) = S$86.16 million. As at 13 October 2022, Mont Botanik is 100% sold, according to URA data. Accordingly, the balance attributable revenue would be recognised on the completion of the project, which is expected to be in Q4 2022.

For Peak Residence, as at 30 June 2022, the project's sales completion percentage is 30%, and the project is estimated to be 20% complete. Hence, attributable revenue recognised up to 30 June 2022 would be 30% (sales completion) x 20% (projection completion) x S$195.30 million (attributable total sales) = S$10.88 million. The balance attributable revenue to be recognised in FY2022 and FY2023 would be based on the project's progress in FY2022 and FY2023, as well as the projected number of units sold in FY2022 and FY2023.

For Balmoral Tower, as at 31 December 2021, the project's sales completion percentage is 12%, and as at 31 December 2021, the project is estimated to be 20% completed. Assuming Tuan Sing recognises revenue from Balmoral Tower based on the percentage completion of the project, and based on sales completion as at 31 December 2021, the attributable revenue recognised up to 31 December 2021 would be 12% (sales completion) x 20% (project completion) x S$63.36 million (attributable total sales) = S$1.50 million. The balance attributable revenue to be recognised in FY2022 and FY2023 would be based on the project's progress in FY2022 and FY2023, as well as the projected number of units sold in FY2022 and FY2023.

For Cluny Villas, as at 31 December 2021, the project's sales completion percentage is 3%, and as at 31 December 2021, the project is estimated to be 20% completed. Assuming that Tuan Sing recognises revenue from Cluny Villas based on the percentage completion of the project, and based on sales completion as at 31 December 2021, the attributable revenue recognised up to 31 December 2021 would be 3% (sales completion) x 20% (project completion) x S$110.40 million = S$560,000. The balance attributable revenue to be recognised in FY2022 and FY2023 would be based on the project's progress in FY2022 and FY2023, as well as the projected number of units sold in FY2022 and FY2023.

For each property, the total units, sales completion, attributable total sales value, completion as at 30 June 2022 for the Singapore properties and 31 December 2021 for the Indonesian properties, balance attributable revenue to be recognised from 1 July 2022 till completion, and the expected completion date is summarised in **Exhibit 27.**

Exhibit 27: Summary of Tuan Sing's Development Properties as at 30 June 2022 and 31 December 2021

Project name	Launch date	Total units	Sales completion as at 30 June 2022		Attributable total sales value (1)	% Completion as at 30 June 2022 (2)	Attributable revenue recognised up to 30 June 2022	Balance attributable revenue to be recognised from 1 July 2022 till completion	Expected completion
Singapore	Period	Unit	Unit sold (1)	% sold	S$ million	%	S$ million	S$ million	Period
Mont Botanik	Q3 2018	108	107	99%	144.94	60%	86.16	58.78	Q4 2022
Peak Residence	Q2 2021	90	27	30%	181.32	20%	10.88	170.44	H1 2024
Balmoral Tower (3)	Q1 2021	559	66	12%	63.36	20%	1.50	61.86	2025
Cluny Villas (3)	Q1 2021	277	7	3%	110.40	20%	.56	109.84	2024

(1) Figures might be different due to rounding
(2) estimated based on Singapore's Housing Developer Rules
(3) units sold and % completion as at 31 December 2021
Source: Tuan Sing, FPA Financial

As highlighted on page 15, real estate demand remains strong, but is balanced against rising interest rates and economic slowdown. With that in mind, we expect private residential sales to maintain at their current levels in H2 2022.

Projected Sales for Mont Botanik

As at 13 October 2022, according to URA data, Mont Botanik has been fully sold in H2 2022. Hence, the projected units sold in FY2022 is summarised in **Exhibit 28.**

Exhibit 28: Projected Sales for Mont Botanik for H2 2022 and FY2023

Project name	Sales completion as at 30 June 2022		Projected units sold		Projected % of units sold	
Singapore	**Unit**	**%**	**H2 2022**	**FY2023**	**H2 2022**	**FY2023**
Mont Botanik	107	99%	1	0	100%	100%

Source: Tuan Sing, URA, FPA Financial

Projected Sales for Peak Residence

As at 13 October, according to URA data, 13 units of Peak Residence have been sold since 30 June 2022. With that in mind, we project the sale of another 13 units in the rest of the year, for a total of 26 units in H2 2022. in FY2023, we project that the project's remaining 37 units to be sold as shown in **Exhibit 29:**

Exhibit 29: Projected Sales for Peak Residence for H2 2022 and FY2023

Project name	Sales completion as at 30 June 2022		Projected units sold		Projected % of units sold	
Singapore	**Unit**	**%**	**H2 2022**	**FY2023**	**H2 2022**	**FY2023**
Peak Residence	27	30%	26	37	59%	100%

Source: Tuan Sing, URA, FPA Financial

Projected Sales for Balmoral Tower
As at 31 December 2021, 66 units of Balmoral Tower have been sold. In FY2022 and FY2023, we project that another 66 units would be sold in each year, as shown in **Exhibit 30:**

Exhibit 30: Projected Sales for Balmoral Tower for FY2022 and FY2023

Project name	Sales completion as at 31 December 2021		Projected units sold		Projected % of units sold	
Indonesia	**Unit**	**%**	**FY2022**	**FY2023**	**FY2022**	**FY2023**
Balmoral Tower	66	12%	66	66	24%	35%

Source: Tuan Sing, FPA Financial

Projected Sales for Cluny Villas
As at 31 December 2021, 7 units of Cluny Villas have been sold. In FY2022 and FY2023, we project that another 7 units would be sold in each year, as shown in **Exhibit 31:**

Exhibit 31: Projected Sales for Cluny Villas for FY2022 and FY2023

Project name	Sales completion as at 31 December 2021		Projected units sold		Projected % of units sold	
Indonesia	**Unit**	**%**	**FY2022**	**FY2023**	**FY2022**	**FY2023**
Cluny Villas	7	3%	7	7	5%	8%

Source: Tuan Sing, FPA Financial

Projected Revenue for Mont Botanik

As Mont Botanik is fully sold as at 13 October 2022, the balance attributable revenue to be recognised would be based upon the completion of the project, which is expected to be in Q4 2022. As highlighted in **Exhibit 27**, the balance attributable revenue to be recognised for Mont Botanik is S$144.72 million (attributable total sales) – S$86.16 million (attributable revenue recognised as at 30 June 2022) = S$58.78 million, which would be recognised in H2 2022 as shown in **Exhibit 32.**

Exhibit 32: Projected Revenue for Mont Botanik for H2 2022 and FY2023

Project name	Completion as at 30 June 2022	Attributable total sales value	Projected % completion to recognise		Attributable revenue recognised up till 30 June 2022	Projected revenue recognised (S$ million)	
Singapore	%	S$ million	H2 2022	FY2023	S$ million	H2 2022	FY2023
Mont Botanik	60%	144.94	100%	100%	86.16	58.78	0

Source: Tuan Sing, URA, FPA Financial

Projected Revenue to Recognise for Peak Residence

The balance attributable revenue to be recognised in H2 2022 and FY2023 for Peak Residence is also based on the completion of the project. As noted in **Exhibit 29**, we are projecting 59% of Peak Residence's units to be sold by the end of H2 2022, and 100% of the units to be sold by the end of FY2023. We also note that as at 30 June 2022, we estimate that the project is 20% complete.

According to the Housing Developers Rules, payments for incomplete projects or buildings under construction are progressively collected following the schedule shown in **Exhibit 33:**

Exhibit 33: Housing Developers Rules Progressive Payment Schedule

Stage of Construction	Description	Percentage of purchase price
1	Signing the Sale and Purchase Agreement	20%
2	Foundation work	10%
3	Reinforced concrete work	10%
4	Partition work	5%
5	Roofing	5%
6	Door sub-frames/door frames, window frames, electrical wiring (without fittings), internal plastering, and plumbing	5%
7	Car parks, roads, drains serving the housing project	5%
8	Building; roads, drainage, and sewage works; connection of water, electricity, and gas supplies (At this stage, the Temporary Occupation Permit (TOP) is normally released)	25%
9	Final Payment Date and/or Completion	15%

Source: Singapore Statutes Online, FPA Financial

Considering the expected completion date of Peak Residence in H1 2024, we would assume that stage 3 would be completed by the end of FY2022, and stages 4-7 would be completed by FY2023. Consequently, the percentage completion to be recognised for H2 2022 and FY2023 would be 40% and 60% respectively. Hence, the projected revenue to be recognised for Peak Residence for H2 2022 and FY2023 would be S$31.83 million and S$66.08 million respectively as follows:

- Projected revenue to recognised for Peak Residence for H2 2022 = S$195.30 million (attributable total sales value) x [40% - 20% (% completed in H2 2022 from H1 2022)] x 30% (% sold as at 30 June 2022) + S$195.30 million (attributable total sales value) x 40% (projected % completed in H2 2022) x [26/90] (projected % of units sold in H2 2022) = S$31.83 million

- Projected revenue to recognise for Peak Residence for FY2023 = S$195.30 million (attributable total sales value) x [60% - 40%] (% completed in FY2023) x 59% (projected % sold at end FY2022) + S$195.30 million (attributable total sales value) x 60% (projected % completed at end FY2023) x [100% - 59%] (projected % sold in FY2023) = S$66.08 million

Accordingly, our projected revenue from Peak Residence in H2 2022 and FY2023 is summarised in **Exhibit 34:**

Exhibit 34: Projected Revenue for Peak Residence for H2 2022 and FY2023

Project name	Completion as at 30 June 2022	Attributable total sales value	Projected % completion to recognise		Attributable revenue recognised up till 30 June 2022	Projected revenue recognised (S$ million)	
Singapore	**%**	**S$ million**	**H2 2022**	**FY2023**	**S$ million**	**H2 2022**	**FY2023**
Peak Residence	20%	181.32	40%	60%	10.88	31.83	66.08

Source: Tuan Sing, FPA Financial

Projected revenue to recognise for Balmoral Tower

Given a lack of information on how Tuan Sing recognises revenue from sales of Balmoral Tower, we shall assume that balance attributable revenue shall be recognised based on the percentage completion of the project, using Singapore's Housing Developers Rules. Considering the expected completion date of 2025, we project that Balmoral Tower would complete stage 2 in FY2022 and complete stage 3 in FY2023. Based on an estimated percentage completion as at 31 December 2021 of 20%, the projected revenue to be recognised for Balmoral Tower in FY2022 and FY2023 would be S$3.31 million and S$4.49 million respectively as shown in **Exhibit 35** and as follows:

- Projected revenue to be recognised for Balmoral Tower in FY2022 = S$63.36 million (total attributable sales value) x 24% (projected sales completion at end FY2022) x 30% (projected % completion) – S$1.50 million (attributable revenue recognised in FY2021) = S$2.99 million

- Projected revenue to be recognised for Balmoral Tower in FY2023 = S$63.36 million (total attributable sales value) x 35% (projected sales completion at end FY2023) x 40% (projected % completion) – S$2.99 million (attributable revenue recognised in FY2022) – S$1.50 million (attributable revenue recognised in FY2021) = S$4.49 million

Exhibit 35: Projected Revenue for Balmoral Tower for FY2022 and FY2023

Project name	Completion as at 31 December 2021	Attributable total sales value	Projected % completion to recognise		Attributable revenue recognised up till 31 December 2021	Projected revenue recognised (S$ million)	
Indonesia	**%**	**S$ million**	**FY2022**	**FY2023**	**S$ million**	**FY2022**	**FY2023**
Balmoral Tower	20%	63.36	30%	40%	1.50	2.99	4.49

Source: Tuan Sing, FPA Financial

<u>Projected Revenue for Cluny Villas</u>

Given a lack of information on how Tuan Sing recognises revenue from sales of Cluny Villas, we shall also assume that balance attributable revenue shall be recognised based on the percentage completion of the project, according to Singapore's Housing Developers Rules. Considering a conservative expected completion date of 2024, we project that Cluny Villas would complete stage 2 in FY2022 and complete stage 5 in FY2023. Based on an estimated percentage completion as at 31 December 2021 of 20%, the projected revenue to be recognised for Cluny Villa in FY2022 and FY2023 would be S$1.12 million and S$2.51 million respectively as shown in **Exhibit 36** and as follows:

- Projected revenue to be recognised for Cluny Villas in FY2022 = S$110.40 million (total attributable sales value) x 5% (projected sales completion in FY2022) x 30% (projected % completion in FY2022) – S$560,000 (attributable revenue recognised in FY2021) = S$1.12 million

- Projected revenue to be recognised for Cluny Villas in FY2023 = S$110.40 million (total attributable sales value) x 8% (projected sales completion in FY2023) x 50% (projected % completion in FY2023) – S$1.12 million (attributable revenue recognised in FY2022) – S$560,000 (attributable revenue recognised in FY2021) = S$2.51 million

<u>Exhibit 36: Projected Revenue for Cluny Villas for FY2022 and FY2023</u>

Project name	Completion as at 31 December 2021	Attributable total sales value	Projected % completion to recognise		Attributable revenue recognised up till 31 December 2021	Projected revenue recognised (S$ million)	
Indonesia	**%**	**S$ million**	**H2 2022**	**FY2023**	**S$ million**	**FY2022**	**FY2023**
Cluny Villas	20%	110.40	30%	50%	.56	1.12	2.51

Source: Tuan Sing, FPA Financial

Given the above, the projected revenue for Tuan Sing's development properties in FY2022 for Singapore and Indonesia would be S$136.32 million and S$4.11 million respectively. For FY2023, the projected revenue from Singapore and Indonesia development properties would be S$66.08 million and S$7.00 million respectively, as summarised in **Exhibit 37:**

<u>Exhibit 37: Projected Revenue for Development Properties for FY2022 and FY2023</u>

Development properties	Actual	Forecast		
	H1 2022	H2 2022	FY2022	FY2023
Singapore	45,704	90,615	136,319	66,082
Indonesia	212	3,896	4,108	6,999
Total	**45,916**	**94,511**	**140,427**	**73,081**

Source: Tuan Sing, FPA Financial

(b) Hospitality

We will estimate the revenue generated by Tuan Sing's hotel properties by projecting occupancy, room rate, and RevPAR for Tuan Sing's Australian hotel properties, Grand Hyatt Melbourne & Hyatt Regency Perth. We acquired quotes for the lowest priced room-rates for 1 adult for a 1-night stay at the end/close to the end of the month to calculate the average room rate for each hotel. The projected room rates of Tuan Sing's hotel properties for H2 2022 and FY2023 are summarised in **Exhibit 38** and **Exhibit 39** respectively.

Exhibit 38: Projected room rates for H2 2022

Name of property	Room Rates (S$)			
	Oct-22	Nov-22	Dec-22	Average
Grand Hyatt Melbourne	464	300	329	**364**
Hyatt Regency Perth	282	302	206	**263**

Based on lowest priced room for 1 adult for 1 night at end/close to end of month. Data extracted on 5 Oct 22.
Data points may vary by a few days to account for aberrations
Rates denominated in AUD are converted to SGD at the exchange rate as at 5 Oct 22 of A$1:S$0.92714
Source: Hyatt, FPA Financial

Exhibit 39: Projected room rates for FY2022

Name of property	Room Rates (S$)												
	Jan-22	Feb-22	Mar-22	Apr-22	May-22	Jun-22	Jul-22	Aug-22	Sep-22	Oct-22	Nov-22	Dec-22	Average
Grand Hyatt Melbourne	-	-	-	-	-	-	-	-	-	-	-	-	**-**
Hyatt Regency Perth (1)	203	209	211	216	214	210	270	270	185	185	-	-	**217**

(1) While hotel is operational, room rates for Nov-23 and Dec-23 are unavailable
Based on lowest priced room for 1 adult for 1 night at end/close to end of month. Data extracted on 5 Oct 22.
Data points may vary by a few days to account for aberrations
Rates denominated in AUD are converted to SGD at the exchange rate as at 5 Oct 22 of A$1:S$0.92714
Source: Hyatt, FPA Financial

As mentioned on page 25, the Hotel Management Agreement between Tuan Sing and Hyatt for Grand Hyatt Melbourne is set to expire in December 2022, with Tuan Sing disclosing plans to redevelop the area into a mixed-use development. As such, we would assume that Grand Hyatt Melbourne would no longer be in operation in FY2023. On the other hand, while Hyatt Regency Perth is expected to continue operating in FY2023, the full-year room rates were unavailable. Hence, the average room rate calculated excludes the holiday season of November and December, where room rates might be higher. Furthermore, as the room rates were recorded on 5 October 2022, we recognise that the room rates for FY2023 might be more conservative due to higher vacancy at the hotel at the time of data collection. We note on page 16 that according to Colliers, average room rates in Perth increased 13.7% yoy in June 2022. In FY2023, we would assume the normalisation of international travel as borders continue to open, balanced against slowing global economic growth. With that in mind, for FY2023 we project that the average room rate for Hyatt Regency Perth would increase by 13.7% / 2 = 6.85%, half the yoy increase in average room rates of Perth hotels. As a result, the projected average daily rate for Hyatt Regency Perth in FY2023 would be S$263 (estimated ARR in H2 2022) x 106.85% (projected increase in FY2023) = S$281.

As mentioned on page 25, Australia fully opened its borders in July 2022. With that in mind, we would project that as international travel normalises, occupancy rates for Tuan Sing's hotels would progressively recover to their pre-pandemic levels of 91% for Grand Hyatt Melbourne and 76% for Hyatt Regency Perth. We project that the recovery in occupancy rates would be spread out equally in FY2022 and FY2023, from FY2021. Accordingly, the projected increases in occupancy rate for Tuan Sing's hotels per year would be calculated as follows on the next page:

- Projected occupancy rate increase for Grand Hyatt Melbourne per year = [91% (occupancy in 2019) – 24% (occupancy in 2021)] / 2 (increase over two years) = 34%
- Projected occupancy rate increase for Hyatt Regency Perth per year = [76% (occupancy in 2019) – 47% (occupancy in 2021)] / 2 (increase over two years) = 15%

Hence, our projected occupancy rates for Tuan Sing's hotel properties in FY2022 and FY2023 are as follows:

- Occupancy for Grand Hyatt Melbourne for FY2022 = [24% (occupancy in 2021) + 34% (projected occupancy increase) = 58%
- Occupancy for Hyatt Regency Perth for FY2022 = [47% (occupancy in 2021) + 15% (projected occupancy increase) = 62%
- Occupancy for Hyatt Regency Perth for FY2023 = 76% (occupancy in 2019)

Given the above, assuming the occupancy rates in FY2022 remain the same throughout the year and H2 2022, both hotels are fully operational in H2 2022, and Hyatt Regency Perth is fully operational in FY2023, our projected revenue from Tuan Sing's hotels in H2 2022 and FY2023 would be S$32.15 million and S$28.61 million as summarised on **Exhibit 40**.

Exhibit 40: Projected Hospitality Revenue for FY2023

Property	Number of Keys	H2 2022				FY2023			
		Occupancy Rate (%)	Occupied rooms	ADR	Revenue S$'000	Occupancy Rate (%)	Occupied rooms	ADR	Revenue S$'000
Grand Hyatt Melbourne	550	58%	319	364	21,212	-	-	-	-
Hyatt Regency Perth	367	62%	228	263	10,934	76%	279	281	28,607
Total	**917**	-	**547**	-	**32,147**	-	**279**	-	**28,607**

Source: Tuan Sing, Hyatt, FPA Financial

(c) Industrial Services

We note that in H1 2022, Tuan Sing recorded revenue from industrial services of S$4.99 million, compared to S$35.58 million in H1 2021. The decrease is due to a lack of revenue contribution from SP Corporation, Tuan Sing's commodity trading subsidiary, which had terminated its long-term coal purchase agreement with its Indonesian supplier in December 2021. SP Corporation has explored spot purchases from the coal mine in H1 2022 but did not record any revenue. Given a lack of information regarding a new agreement, we would assume no contribution from SP Corporation in H2 2022, and project that revenue from the industrial services segment in H2 2022 would remain the same as H1 2022. For FY2023, we would assume that in FY2022, SP Corporation would be able to secure a new coal trading agreement from suppliers and resume its coal trading operations in earnest. However, assuming the proposed privatization of SP Corporation by Tuan Sing as mentioned on page 19 goes through, we would expect a period of transition for SP Corporation from a public to a private company, which might negatively affect its ability to fully resume operations immediately. We thus project that revenue in FY2023 revert back to 50% its FY2021 level of S$59.22 million for a total of S$59.22 million (revenue in FY2021) / 2 = S$29.61 million as shown in **Exhibit 41.**

Exhibit 41: Projected Revenue for Industrial Services for H2 2022 and FY2023

S$'000	Actual		Forecast		
	FY2021	H1 2022	H2 2022	FY2022	FY2023
Industrial Services	59,217	4,989	4,989	9,978	29,609

Source: Tuan Sing

(d) Real Estate Investment

As shown in **Exhibit 2** on page 5, Tuan Sing's has investment properties in Singapore, Australia, and China. Tuan Sing's investments in Singapore include 18 Robinson, Link@896, the first three floors of The Oxley, the 11th floor of Far East Finance Building, and 3 units in L&Y Building. Tuan Sing's Australian investment properties include the commercial centre & carpark within Grand Hyatt Melbourne, and the commercial centre & carpark within Hyatt Regency Perth. Tuan Sing's China properties are concentrated in Shanghai, and include 2950 Chunshen Road, Lakeside Ville, and Luyinyuan.

Of Tuan Sing's investment properties in Singapore, The Oxley & Far East Finance Building are for office use, while 18 Robinson & Link@896 are split between office & retail use, and L&Y Building is for industrial use. Of Tuan Sing's Australian properties, the commercial centre within Grand Hyatt Melbourne is for retail use, while the commercial centre within Hyatt Regency Perth is split between office and retail use. Among Tuan Sing's properties in China, 2950 Chunshen Road and Luyinyuan are for office use, while Lakeside Ville is split between office and residential use. For Link@896, given insufficient information as to how much area is used for office or retail purposes, we would assume an equal split between office and retail space in Link@896 based on the current tenants and its location in the city fringe.

<u>Singapore Office</u>

Given insufficient information on the occupancy & rental rates of each property, for H1 2022 we assumed a rental rate for Tuan Sing's office real estate properties based on data according to Knight Frank on page 8. Accordingly, we assumed a rental of S$9.25 per square foot (psf) per month for 18 Robinson and Far East Finance Building, S$5.20 psf per month for Link@896, and S$8.05 psf per month for The Oxley. We estimated the occupancy rate of 18 Robinson and Link@896 based on their occupancy as at 31 December 2021. The occupancy rate of Far East Finance Building is estimated based on the average vacancy of Singapore office buildings of 12.0% according to URA data on page 8. The occupancy rate of The Oxley was estimated to be 67% as Tuan Sing disclosed that out of the three floors owned by Tuan Sing, one is currently used as Tuan Sing's corporate headquarters, while the other two floors are leased to a major shareholder of Tuan Sing.

Accordingly, our estimated revenue from Singapore office properties in H1 2022 is summarised in **Exhibit 42**:

Exhibit 42: Estimated Revenue from Singapore Office Properties in H1 2022

Property	Net Lettable Area (Sq m)	H1 2022			
		Occupancy Rate (%)	Occupied Area (Sq m)	Rent (S$ per sqm per annum) (1)	Estimated Revenue (S$'000)
Singapore Office					
18 Robinson	15,106	72.0%	10,876	1,195	6,497
Link@ 896 (2)	9,024	76.0%	6,858	672	2,303
Far East Finance Building (3)	284	88.0%	250	1,195	149
The Oxley (4)	2,557	66.7%	1,705	1,040	886
Singapore office market					**9,836**

(1) rent rate estimated based on data according to Knight Frank
(2) net lettable Area estimated based on available data
(3) occupancy estimated based on data according to URA
(4) occupancy assumes that Tuan Sing occupies 33% of the building and the remainder was leased out
Source: Tuan Sing, Knight Frank, FPA Financial

As noted on page 8, URA data shows that office rentals have increased by 2.4% in Q2 2022 and 1.6% in Q1 2022, while various commercial real estate services companies are positive on the office market. On page 8 we noted that the Singapore office vacancy rate has decreased by 0.8 percentage points (ppts) in H1 2022, according to the URA. While office supply remains tight and demand remains strong as employees return to the office, slowing global economic growth might also dampen business sentiments. Thus, for H2 2022 and FY2023, we would project a 0.8ppts increase in occupancy rates, the same rate of increase as in H1 2022, as shown in **Exhibit 43.** For The Oxley, as we have previously assumed all the floors owned by Tuan Sing are either leased out or used by Tuan Sing itself, we would not project any further increases in its occupancy rate.

Exhibit 43: Projected Occupancy Rate for Singapore Office Properties for H2 2022 and FY2023

Property	H1 2022	2H2022		FY2023	
	Occupancy Rate (%)	Growth Rate (%)	Occupancy Rate (%)	Growth Rate (%)	Occupancy Rate (%)
Singapore Office					
18 Robinson	72.0%	0.8%	72.8%	0.8%	73.6%
Link@896	76.0%	0.8%	76.8%	0.8%	77.6%
Far East Finance Building	88.0%	0.8%	88.8%	0.8%	89.6%
The Oxley	66.7%	0.0%	66.7%	0.0%	66.7%

Source: Tuan Sing, URA, FPA Financial

On the other hand, on page 8 C&W forecasts 5.4% growth in office rental rates in FY2022, and 3% growth in FY2023 which we would use for our Singapore office revenue projection. Given that in H1 2022 office rental rates have already increased by 4.0% = 1.6% (Q1 2022) + 2.4% (Q2 2022), we would project that in H2 2022 rental rates would grow by 1.4% = 5.4% (projected FY2022 growth) – 4.0% (H1 2022 rental growth). Accordingly, the projected rental rates for H2 2022 and FY2023 are summarised in **Exhibit 44:**

Exhibit 44: Projected Rental Rate for Singapore Office Properties in H2 2022 and FY2023

Property	H1 2022	2H2022		FY2023	
	Rent (S$ per sqm per annum)	Growth Rate (%)	Rent (S$ per sqm per annum)	Growth Rate (%)	Rent (S$ per sqm per annum)
Singapore Office					
18 Robinson	1195	1.4%	1212	3.0%	1248
Link@896	672	1.4%	681	3.0%	702
Far East Finance Building	1195	1.4%	1212	3.0%	1248
The Oxley	1040	1.4%	1054	3.0%	1086

Source: Tuan Sing, C&W, FPA Financial

Taken together, the projected revenue for Tuan Sing's Singapore office properties in H2 2022 and FY2023 are S$10.07 million and S$20.96 million respectively, as shown in **Exhibit 45**.

Exhibit 45: Projected Revenue for Singapore office for H2 2022 and FY2023

Property	Net Lettable Area (Sq m)	H2 2022				FY2023			
		Occupancy Rate (%)	Occupied Area (Sq m)	Rent (S$ per sqm per annum)	Projected Revenue (S$'000)	Occupancy Rate (%)	Occupied Area (Sq m)	Rent (S$ per sqm per annum)	Projected Revenue (S$'000)
Singapore Office									
18 Robinson	15,106	72.8%	10,997	1,212	6,662	73.6%	11,118	1,248	13,874
Link@896	9,024	76.8%	6,930	681	2,360	77.6%	7,003	702	4,912
Far East Finance Building	284	88.8%	252	1,212	153	89.6%	254	1,248	318
The Oxley	2,557	66.7%	1,705	1,054	899	66.7%	1,705	1,086	1,851
Singapore office market					**10,073**				**20,955**

Source: Tuan Sing, FPA Financial

Singapore Retail

Given insufficient information regarding the rental rates of Tuan Sing's Singapore retail properties, for H1 2022, we assumed a rental rate of S$23.1 psf per month for 18 Robinson, based on data from Knight Frank on page 10. Rental for Link@896 was estimated based on the asking rental of S$14.30 psf per month for retail units of the property on CommercialGuru. On the other hand, the occupancy rate for Singapore retail properties was estimated based on the properties' occupancy rate as at 31 December 2021. Accordingly, our estimated revenue for Singapore retail properties is summarised in **Exhibit 46**:

Exhibit 46: Estimated Revenue for Singapore retail for H1 2022

Property	Gross Floor Area (Sq m)	H1 2022			
		Occupancy Rate (%)	Occupied Area (Sq m)	Rent (S$ per sqm per annum) (1)	Estimated Revenue (S$'000)
Singapore Retail					
18 Robinson	2,632	72.0%	1,895	2,984	2,827
Link@896 (2)	9,024	76.0%	6,858	1,847	6,334
Singapore retail market	**11,656**	**-**	**8,753**	**-**	**9,161**

(1) rent rate assumed based on data from Knight Frank and CommercialGuru
(2) occupancy estimated based on available data
Source: Tuan Sing, Knight Frank, CommercialGuru, FPA Financial

As noted on page 9, according to URA data, rentals of retail space fell by 0.5% in Q2 2022, following a 0.4% drop in Q1 2022. However, various commercial real estate services companies remain positive on their outlook for retail rentals, with Savills projecting a 3% growth in retail rents in FY2022. In addition, Colliers remains positive on retail rentals going in FY2023, as retail space supply is expected to remain muted and international travel restrictions continue to be lifted in 2023. Thus, for FY2023 we would continue to assume a 3% increase in retail rentals. Considering that slowing economic growth in Singapore might reduce demand for retail space, balanced against Singapore's transition to endemic COVID-19, which boosts retailer confidence and hence demand, we would assume no changes in occupancy rate for H2 2022 and FY2023. With that in mind, given that retail rentals had decreased by 0.9% = 0.4% (Q1 2022) + 0.5% (Q2 2022), we would project that rentals in H2 2022 would increase by 3.9% = 3.0% (projected FY2022 increase) + 0.9% (decrease in H1 2022). Accordingly, our projected revenue for Singapore retail properties would be S$9.52 million and S$19.61 million respectively, as shown in **Exhibit 47**on the next page

Exhibit 47: Projected Revenue from Singapore Retail properties for H2 2022 and FY2023

Property	H2 2022					FY2023				
	Occupancy Rate (%)	Occupied Area (Sq m)	Rental Growth Rate (%)	Rent (S$ per sqm per annum)	Projected Revenue (S$'000)	Occupancy Rate (%)	Occupied Area (Sq m)	Rental Growth Rate (%)	Rent (S$ per sqm per annum)	Projected Revenue (S$'000)
Singapore Retail										
18 Robinson	72.0%	1,895	3.9%	3100	2,937	72.0%	1,895	3.0%	3,193	6,051
Link@896 (2)	76.0%	6,858	3.9%	1919	6,581	76.0%	6,858	3.0%	1,977	13,557
Singapore retail market	-	**8,753**	-	-	**9,518**	-	**8,753**	-	-	**19,608**

Source: Tuan Sing, FPA Financial

Singapore Industrial

Given insufficient information regarding the rental rate of Tuan Sing's Singapore industrial property, we estimated a rental rate based on the average rental of ground floor factories of S$1.56 psf per month, according to CBRE on page 12. The occupancy rate was estimated based on the average vacancy rate of multiple-user factories of 10.6%, according to Savills on page 12. As such, our estimated revenue for Singapore industrial real estate for H1 2022 is as follows in **Exhibit 48**:

Exhibit 48: Estimated Revenue from Singapore Industrial for H1 2022

Property	Net Lettable Area (Sq m)	H1 2022			
		Occupancy Rate (%) (1)	Occupied Area (Sq m)	Rent (S$ per sqm per annum) (2)	Estimated Revenue (S$'000)
Singapore Industrial					
L&Y Building	2,100	89%	1,877	202	189

(1) estimated based on average vacancy rate of multiple-user factories according to Savills
(2) estimated based on average rent of multiple-user business parks according to CBRE
Source: Tuan Sing, Savills, CBRE, FPA Financial

As noted on page 12, various commercial real estate services companies are positive on industrial rentals, with C&W forecasting rental growth of 3.2% and 2.1% in FY2022 and FY2023 respectively. As Singapore transitions towards endemic COVID-19, we project that vacancy rates would continue to decrease. We project that vacancy would continue to decrease at a rate of 0.6% per quarter, the same rate of qoq decrease as Q2 2022, according to Savills on page 12. As such, we project that occupancy in H2 2022 would grow by 1.2% = 0.6% (qoq growth in Q2 2022) x 2 quarters to 90.6% = 89.4% (estimated occupancy in H1 2022) + 1.2% (projected occupancy increase for H2 2022). Occupancy in FY2023 is projected to grow another 2.4% = 0.6% (qoq growth in Q2 2022) x 4 quarters to 93.0% = 90.6% (projected H2 2022 occupancy) + 2.4% (projected occupancy increase in FY2023). We would also project that rental rates would increase by 1.6% = 3.2% (projected growth for FY2022) / 2 half years. Accordingly, our projected occupancy rates and rental rates for Singapore industrial real estate for H2 2022 and FY2023 are summarised in **Exhibit 49** and **Exhibit 50**.

Property	H1 2022	2H2022		FY2023	
	Occupancy	Growth	Occupancy	Growth	Occupancy
Singapore Industrial					
L&Y Building	89.4%	1.2%	90.6%	2.4%	93.0%

Source: Tuan Sing, C&W, FPA Financial

Exhibit 50: Projected Rental Rate for Singapore Industrial for H2 2022 and FY2023

Property	H1 2022	2H2022		FY2023	
	Rent (S$ per sqm	Growth Rate	Rent (S$ per sqm	Growth Rate	Rent (S$ per sqm
Singapore Industrial					
L&Y Building	202	1.6%	205	2.1%	209

Source: Tuan Sing, C&W, FPA Financial

Consequently, our projected revenue for Singapore industrial for H2 2022 and FY2023 would be S$195,000 and S$408,000 as shown in **Exhibit 51.**

Exhibit 51: Projected Revenue for Singapore Industrial for H2 2022 and FY2023

Property	2H2022				FY2023			
	Occupancy Rate (%)	Occupied Area (Sq m)	Rent (S$ per sqm per annum)	Estimated Revenue (S$'000)	Occupancy Rate (%)	Occupied Area (Sq m)	Rent (S$ per sqm per annum)	Estimated Revenue (S$'000)
Singapore Industrial								
L&Y Building	90.6%	1903	205	**195**	93.0%	1953	209	**408**

Source: Tuan Sing, FPA Financial

Australia

We estimated the rental rate of Tuan Sing's Australian investment properties based on the average office and rental rates in Melbourne and Perth according to JLL. As such, we estimated an average office rental rate of S$1,434 per sqm per annum for Melbourne retail, and S$429 per sqm per annum for Perth commercial. However, rental for Perth retail was estimated based on the retail rent in Melbourne of S$1,434 per sqm per annum as a proxy. We note, however, that Melbourne is Australia's second largest city roughly twice the size of Perth. With that in mind, and also based on various other industry reports as well as our own reconciliation, we would estimate a 50% discount on Grant Hyatt Melbourne's retail rent of S$1,434 per sqm per annum for our rental projection for the retail component of Hyatt Regency Perth to account for the rental premium Tuan Sing would recognise from Melbourne as opposed to Perth. Accordingly, our estimated rental rate for the retail component of Hyatt Regency Perth would be S$717 per sqm per annum = [S$1,434 x 50.0%]. Meanwhile, the occupancy rates for both properties were estimated based on the properties' occupancy as at 31 December 2021. Accordingly, we have summarised our estimated revenue for Australian investment properties for H1 2022 in **Exhibit 52**.

Exhibit 52: Estimated Revenue of Australia Investment Properties for H1 2022

Property	Net Lettable Area (Sq m)	H1 2022			
		Occupancy Rate (%)	Occupied Area (Sq m)	Rent (S$ per sqm per annum) (1)	Estimated Revenue (S$'000)
Australia					
Commercial Centre within Grand Hyatt Melbourne	3,159	98%	3,096	1,434	2,220
Commercial Centre within Hyatt Regency Perth					
Commercial component	15,251	83%	12,658	429	2,715
Retail component	3,813	83%	3,165	717	1,135
Australia investment properties	**22,223**	-	**18,919**	-	**6,070**

(1) estimated based on average rental rates from JLL and converted based on the exchange rate as at 30.06.22 of S$1:A$1.04441
Source: Tuan Sing, JLL, FPA Financial

As noted on pages 17 and 18, various commercial real estate services companies are neutral on Australia retail rents, but are positive on Australia office rents. Of note, JLL noted that in Q2 2022, retail rents in Melbourne and Perth decreased by 1.5% yoy and 1.2% yoy respectively. JLL also noted that net effective office rents in Perth increased by 0.1% qoq in Q2 2022. With Australia lifting its border restrictions in July 2022, and the country begins to transition towards endemic COVID-19, we project an improvement in Australian rentals. Hence, for H2 2022 we would project no changes in occupancy and rental rates for retail, and a 0.1% increase in rents for Perth offices with no changes to occupancy.

For FY2023, we would project an increase in retail rents. For Tuan Sing's Australian retail properties, we project that rentals would reverse the decrease in Q2 2022 as reported by JLL on pages 17 and 18. Accordingly, we project that rentals increase by 1.5% for Melbourne retail, and 1.2% for Perth retail, with no changes in occupancy for either property. For Perth office, we would project a 0.2% increase in rents for FY2023, double the 0.1% qoq increase in Q2 2022. Accordingly, our projected occupancy rates and rental rates for Australia investment properties are summarised in **Exhibit 53** and **Exhibit 54** on the next page:

Exhibit 53: Projected Occupancy for Australia Investment Properties for H2 2022 and FY2023

Property	H1 2022	2H2022		FY2023	
	Occupancy Rate (%)	Growth Rate (%)	Occupancy Rate (%)	Growth Rate (%)	Occupancy Rate (%)
Australia					
Commercial Centre within Grand Hyatt Melbourne	98.0%	0.0%	98.0%	0.0%	98.0%
Commercial Centre within Hyatt Regency Perth					
Commercial component	83.0%	0.0%	83.0%	0.0%	83.0%
Retail component	83.0%	0.0%	83.0%	0.0%	83.0%

Source: Tuan Sing, FPA Financial

Exhibit 54: Projected Rental for Australia Investment Properties for H2 2022 and FY2023

Property	H1 2022	2H2022		FY2023	
	Rent (S$ per sqm per annum)	Growth Rate (%)	Rent (S$ per sqm per annum)	Growth Rate (%)	Rent (S$ per sqm per annum)
Australia					
within Grand Hyatt Melbourne	1434	0.0%	1434	1.5%	1456
within Hyatt Regency Perth					
Commercial component	429	0.1%	429	0.2%	430
Retail component	717	0.0%	717	1.2%	726

Source: Tuan Sing, FPA Financial

Accordingly, our projected revenue for Australian investment properties for H2 2022 and FY2023 would be S$6.07 million and S$12.25 million are as follows in **Exhibit 55:**

Exhibit 55: Projected Revenue for Australia Investment Properties for H2 2022 and FY2023

Property	Net Lettable Area (Sq m)	2H2022				FY2023			
		Occupancy Rate (%)	Occupied Area (Sq m)	Rent (S$ per sqm per annum)	Estimated Revenue (S$'000)	Occupancy Rate (%)	Occupied Area (Sq m)	Rent (S$ per sqm per annum)	Estimated Revenue (S$'000)
Australia									
Commercial Centre within	3,159	98%	3,096	1,434	2,220	98.0%	3,096	1456	4,507
Commercial Centre within Hyatt Regency Perth									
Commercial component	15,251	83%	12,658	429	2,718	83.0%	12,658	430	5,446
Retail component	3,813	83%	3,165	717	1,135	83.0%	3,165	726	2,297
Australia investment properties	**22,223**	**-**	**18,919**	**2,581**	**6,073**	**-**	**18,919**	**-**	**12,250**

Source: Tuan Sing, FPA Financial

China

We note that historically, revenue from China investment properties has been increasing as a proportion of total revenue from FY2017 to FY2019. As the effects of COVID-19 continue to wane worldwide, we project that revenue from China in H2 2022 and FY2023 would begin to revert to its pre-pandemic trend. To that end, we would project that revenue from China take up the average proportion from FY2017 to FY2019 of [3.86% (FY2017) + 4.30% (FY2018) + 6.28% (FY2019)] / 3 = 4.81%. In H2 2022, our projected revenue from China is calculated as follows in **Exhibit 56:**

- Projected Real Estate Investment revenue for H2 2022 less China = S$10.07 million (projected Singapore office revenue) + S$9.52 million (projected Singapore retail revenue) + S$195,000 (projected Singapore industrial revenue) + S$6.07 million (projected Australia investment revenue) = S$25.86 million

- Projected revenue for H2 2022 less China = S$94.51 million (projected revenue from Real Estate Development) + S$32.15 million (projected revenue from Hospitality) + S$4.99 million (projected revenue from Industrial Services) + S$25.86 million (projected revenue from Real Estate Investment less China) = S$157.51 million

- Projected China revenue for H2 2022 = 4.81% (projected China revenue contribution) x [S$157.50 million (projected total revenue less China) / (1-4.81%) (rebasing to 100%)] = S$7.96 million

Exhibit 56: Projected China Investment Property Revenue for H2 2022

S$'000	H2 2022	Contribution (%)
Real Estate Development	94,511	57.12%
Hospitality	32,147	19.43%
Industrial Services	4,989	3.02%
Real Estate Investment		
Singapore office	10,073	6.09%
Singapore retail	9,518	5.75%
Singapore industrial	195	0.12%
Australia	6,073	3.67%
Total less China	**157,505**	**95.19%**
China	7,959	4.81%
Total	**165,464**	**100.00%**

Source: Tuan Sing, FPA Financial

Similarly, for FY2023, our projected revenue, less contribution from China, is calculated as follows in **Exhibit 57** on the next page:

- Projected Real Estate Investment revenue for FY2023 less China = S$20.96 million (projected Singapore office revenue) + S$19.61 million (projected Singapore retail revenue) + S$408,000 (projected Singapore industrial revenue) + S$12.25 million (projected Australia revenue) = S$53.22 million

- Projected revenue for FY2023 less China = S$73.08 million (projected revenue from Real Estate Development) + S$28.61 million (projected revenue from Hospitality) + S$29.61 million (projected revenue from Industrial Services) + S$53.22 million (projected revenue from Real Estate Investment less China) = S$184.52 million

- Projected China revenue for FY2023 = 4.81% (projected China revenue contribution) x [S$185.10 (projected total revenue less China) / (1-4.81%)] (rebasing to 100%) = S$9.32 million

Exhibit 57: Projected China Investment Property Revenue for FY2023

S$'000	FY2023	Contribution (%)
Real Estate Development	73,081	37.70%
Hospitality	28,607	14.76%
Industrial Services	29,609	15.27%
Real Estate Investment		
Singapore office	20,955	10.81%
Singapore retail	19,608	10.12%
Singapore industrial	408	0.21%
Australia	12,250	6.32%
Total less China	**184,518**	**95.19%**
China	9,324	4.81%
Total	**193,841**	**100.00%**

Source: Tuan Sing, FPA Financial

Taken together, the projected revenue for China for H2 2022 and FY2022 would be S$7.96 million and S$9.32 million as summarised in **Exhibit 58:**

Exhibit 58: Projected Revenue for China for H2 2022 and FY2023

S$'000	Actual	Forecast		
	H1 2022	H2 2022	FY2022	FY2023
China	366	7,959	8,325	9,324

Source: Tuan Sing, FPA Financial

Real Estate Investment Revenue

Taken together, we project, for Real Estate Investment, revenue of S$33.82 million in H2 2022 and S$62.55 million for FY2023, as summarised in **Exhibit 59**:

Exhibit 59: Projected Revenue for Real Estate Investment for H2 2022 and FY2023

S$'000	Actual (1)	Forecast	
	H1 2022	H2 2022	FY2023
18 Robinson	6,497	6,662	13,874
Link@896	2,303	2,360	4,912
Far East Finance Building	149	153	318
The Oxley	886	899	1,851
Singapore office market	**9,836**	**10,073**	**20,955**
18 Robinson	2,827	2,937	6,051
Link@896	6,334	6,581	13,557
Singapore retail market	**9,161**	**9,518**	**19,608**
L&Y Building	189	195	408
Singapore industrial market	**189**	**195**	**408**
Commercial Centre within Grand Hyatt Melbourne	2,220	2,220	4,507
Commercial Centre within Hyatt Regency Perth			
Commercial component	2,715	2,718	5,446
Retail component	1,135	1,135	2,297
Australia market	**6,070**	**6,073**	**12,250**
China	**366**	**7,959**	**9,324**
Discrepency	(20)	-	-
Total	**25,602**	**33,818**	**62,545**

(1) Individual components are estimated based on available data and might not add up
Source: Tuan Sing, FPA Financial

(e) Total Revenue

Given the above, we project revenue in H2 2022 to be S$165.46 million, and revenue in FY2023 to be S$193.84 million, as summarised in **Exhibit 60:**

Exhibit 60: Projected Total Revenue for H2 2022, FY2022, and FY2023

S$'000	Actual		Forecast					
	H1 2022	Contribution (%)	H2 2022	Contribution (%)	FY2022	Contribution (%)	FY2023	Contribution (%)
Real Estate Development	45,916	40.3%	94,511	57.1%	140,427	50.3%	73,081	37.7%
Hospitality	37,401	32.8%	32,147	19.4%	69,548	24.9%	28,607	14.8%
Industrial Services	4,989	4.4%	4,989	3.0%	9,978	3.6%	29,609	15.3%
Real Estate Investment	25,602	22.5%	33,818	20.4%	59,420	21.3%	62,545	32.3%
Corporate (1)	41	0.0%	-	0.0%	41	0.0%	-	0.0%
Total Revenue	**113,949**	**100.0%**	**165,464**	**100.0%**	**279,414**	**100.0%**	**193,841**	**100.0%**

(1) Corporate refers to the aggregation of provision of corporate-level services by Tuan Sing to subsidiaries and are eliminated at group-level consolidation
Source: Tuan Sing, FPA Financial

(II) Earnings Projection

Given our projected revenue figures for FY2022 and FY2023, we will now estimate Tuan Sing's earnings for these periods. We note that in H1 2022, Tuan Sing has presented certain expenses previously classified under cost of sales and other operating income to administrative expenses, distribution costs, and other operating expenses. For our projections, we would make use of the restated FY2021 figures. Accordingly, the following figures in H1 2021 have been reclassified in **Exhibit 61**:

Exhibit 61: Reclassification of H1 2021 Figures

Restatement of H1 2021 figures	Previously reported (S$'000)	Reclassified (S$'000)	Difference
Cost of sales	(107,847)	(99,764)	8,083
Other operating income	93,256	93,073	(183)
Distribution costs	(5,392)	(7,272)	(1,880)
Administrative expenses	(16,878)	(23,107)	(6,229)
Other operating expenses	(262)	(53)	209
Total	**(37,123)**	**(37,123)**	**-**

Source: Tuan Sing, FPA Financial

Gross profit

As noted above, Tuan Sing changed its presentation of cost of sales. Hence, we would avoid the use of Tuan Sing's historical figures from FY2017 to FY2021 as they might not accurately Tuan Sing's current cost of sales. As a result, we would project that in H2 2022, gross profit margin would be the same as H1 2022 at 40.4%, and FY2023's gross profit margin would be the same as FY2022, also 40.4%. Thus, projected gross profit for H2 2022 and FY2023 would be S$66.84 million and S$78.30 million respectively, as shown in **Exhibit 62.**

Exhibit 62: Projected Gross Profit for H2 2022 and FY2023

S$ '000	Actual						Forecast		
	FY2017	FY2018	FY2019	FY2020	FY2021	H1 2022	H2 2022	FY2022	FY2023
Total revenue	355,964	336,108	310,689	196,817	245,341	113,949	165,464	279,413	193,841
Cost of sales	(291,179)	(266,603)	(239,153)	(148,240)	(180,453)	(67,920)	(98,626)	(166,546)	(115,540)
Gross profit	**64,785**	**69,505**	**71,536**	**48,577**	**64,888**	**46,029**	**66,838**	**112,867**	**78,301**
Gross profit margin	18.2%	20.7%	23.0%	24.7%	26.4%	40.4%	40.4%	40.4%	40.4%

Source: Tuan Sing, FPA Financial

Other operating income

On the other hand, while we note that Tuan Sing's other operating income has been reclassified and restated, we also note above that the change due to reclassification was small at S$183,000. Furthermore, in FY2020 and FY2021, Tuan Sing recorded one-off increases to other operating income from COVID-19 government grants and the divestment of its Robinson Point property respectively. Hence, we would project for FY2022 and FY2023 other operating income by taking the average other operating income from FY2017 to FY2019 = S$6.21 million = [S$7.35 million (FY2017) + S$5.75 million (FY2018) + S$5.52 million (FY2019)] / 3, which we feel yields a more representative result. Accordingly, projected other operating income stands at S$5.67 million in H2 2022 and S$6.21 million in FY2023, as shown in **Exhibit 63.**

Exhibit 63: Projected Other Operating Income for FY2022 and FY2023

S$ '000	Actual						Forecast		
	FY2017	FY2018	FY2019	FY2020	FY2021	H1 2022	H2 2022	FY2022	FY2023
Other operating income	7,346	5,754	5,520	28,505	96,127	541	5,666	6,207	6,207

Source: Tuan Sing, FPA Financial

Distribution costs

As mentioned above, Tuan Sing's distribution costs were restated in H1 2022. We also note that revenue from development projects is unavailable prior to FY2020. Thus, we would similarly avoid using Tuan Sing's historical figures from FY2020 and FY2021 in our projection. We would project that as a percentage of development revenue, distribution costs would not change from H1 2022. Similarly, we would project that distribution costs as a percentage of development revenue would remain the same as in FY2022. Accordingly, we would project distribution costs of S$10.68 million and S$8.26 million for H2 2022 and FY2023 respectively, as shown in **Exhibit 64:**

Exhibit 64: Projected Distribution Costs for FY2022 and FY2023

S$ '000	Actual			Forecast		
	FY2020	FY2021	H1 2022	H2 2022	FY2022	FY2023
Distribution costs	5,931	10,922	5,190	10,683	15,873	8,261
Development revenue	75,158	91,643	45,916	94,511	140,427	73,081
As a % of development revenue	7.9%	11.9%	11.3%	11.3%	11.3%	11.3%

Source: Tuan Sing, FPA Financial

Administrative expenses

As noted earlier, Tuan Sing reclassified expenses to administrative expenses, superseding Tuan Sing's historical figures from FY2017 to FY201. Thus, for H2 2022, we would project the same amount of administrative expenses as a percentage of revenue as H1 2022 of 22.5%. For FY2023 we would also project the same percentage level as in FY2022. Hence, we would project administrative expenses of S$37.25 million in H2 2022 and FY2023 and S$43.64 million, as shown in **Exhibit 65.**

Exhibit 65: Projected Administrative Expenses for FY2022 and FY2023

S$ '000	Actual						Forecast		
	FY2017	FY2018	FY2019	FY2020	FY2021	H1 2022	H2 2022	FY2022	FY2023
Administrative expenses	26,319	25,494	29,151	33,469	45,955	25,652	37,249	62,901	43,637
Revenue	355,964	336,108	310,689	196,817	245,341	113,949	165,464	279,413	193,841
As a % of revenue	7.4%	7.6%	9.4%	17.0%	18.7%	22.5%	22.5%	22.5%	22.5%

Source: Tuan Sing, FPA Financial

Other Operating Expenses

Tuan Sing's other operating expenses have also been reclassified, as stated above, superseding historical figures from FY2017 to FY2021. Hence, we would project that other operating expenses, as percentage of revenue, would remain the same from H1 2022 to H2 2022, and from FY2022 and FY2023. Consequently, we project other operating expenses of S$1.76 million and S$2.06 million respectively, as shown in **Exhibit 66:**

Exhibit 66: Projected Other Operating Expenses for FY2022 and FY2023

S$ '000	Actual						Forecast		
	FY2017	FY2018	FY2019	FY2020	FY2021	H1 2022	H2 2022	FY2022	FY2023
Other operating expenses	3,390	5,577	1,313	5,658	3,313	1,213	1,761	2,974	2,063
Revenue	355,964	336,108	310,689	196,817	245,341	113,949	165,464	279,413	193,841
As a % of revenue	0.95%	1.66%	0.42%	2.87%	1.35%	1.06%	1.06%	1.06%	1.06%

Source: Tuan Sing, FPA Financial

Share of results of equity accounted investees

Tuan Sing's share of results of equity accounted investees refers to income generated from Tuan Sing's "Other Investments" segment which comprises investments Tuan Sing has minority interest in. We note that between FY2019 and FY2021, share of results of equity accounted investees in the second half of the year has been consistent, as shown in **Exhibit 67.**

Exhibit 67: Historical Share of Results of Equity Accounted Investees

S$'000	H1 2019	H2 2019	H1 2020	H2 2020	H1 2021	H2 2021	H1 2022
Share of results of equity accounted investees	10,256	11,305	14,253	11,392	17,028	11,304	17,115

Source: Tuan Sing, FPA Financial

Thus, for H2 2022, we would assume the average of H2 2019, H2 2020, and H2 2021 = [S$11.31 million (H2 2019) + S$11.39 million (H2 2020) + S$11.30 million (H2 2021)] / 3 = S$11.33 million. For FY2023, we would assume the same share of results as FY2023 of S$28.45 million, as shown in **Exhibit 68.**

Exhibit 68: Projected Share of Results of Equity Accounted Investees for FY2022 and FY2023

S$ '000	Actual	Forecast		
	H1 2022	H2 2022	FY2022	FY2023
Share of results of equity accounted investees	17,115	11,334	28,449	28,449

Source: Tuan Sing, FPA Financial

Given the above, the operating profit projected for H2 2022, FY2022, and FY2023 amount to S$34.14 million, S$65.77 million, and S$59.00 million respectively, as shown in **Exhibit 69.**

Exhibit 69: Projected Operating Profit for H2 2022, FY2022 and FY2023

S$'000	Actual	Forecast		
	H1 2022	H2 2022	FY2022	FY2023
Revenue	113,949	165,464	279,413	193,841
Cost of sales	(67,920)	(98,626)	(166,546)	(115,540)
Gross profit	**46,029**	**66,838**	**112,867**	**78,301**
Other operating income	541	5,666	6,207	6,207
Distribution costs	(5,190)	(10,683)	(15,873)	(8,261)
Administrative expenses	(25,652)	(37,249)	(62,901)	(43,637)
Other operating expenses	(1,213)	(1,761)	(2,974)	(2,063)
Share of results of equity accounted investees	17,115	11,334	28,449	28,449
Operating profit	**31,630**	**34,144**	**65,774**	**58,995**

Source: Tuan Sing, FPA Financial

Interest Expense on Loans and Borrowings

Tuan Sing's total borrowings have decreased from S$1,352.7 million as at 31 December 2021 to S$1,336.0 million as at 30 June 2022. We note that on 18 October 2021, Tuan Sing issued S$200 million Series IV 6.90% unsecured notes paid semi-annually due October 2024. In addition, Tuan Sing also has S$200 million 2.80% secured notes paid semi-annually due October 2022 issued via a wholly-owned subsidiary on 13 October 2019. Of Tuan Sing's short term bank loans, Tuan Sing extended the maturity date of S$105.06 million secured bank loans from August 2022 to August 2024. Given that, as at 31 December 2021, approximately 76% of Tuan Sing's borrowings are denominated in Singapore Dollar (SGD) while the remaining 24% are denominated in Australian Dollar (AUD), we shall estimate the amount of proportion of bank loans denominated in each currency as shown in **Exhibit 70** as follows on the next page:

- Estimated bank loans denominated in AUD = 24% x S$1,352.73 million (total borrowings) = S$324.66 million
- Estimated bank loans denominated in SGD = S$956.53 million (total bank loans) – S$324.66 million (estimated bank loans in AUD) = S$631.88 million
- Estimated % of bank loans denominated in AUD = S$324.66 million (estimated bank loans in AUD) / S$956.53 million (total bank loans) = 34%
- Estimated % of bank loans denominated in SGD = S$634.88 million (estimated bank loans in SGD) / S$956.53 million (total bank loans) = 66%

Exhibit 70: Estimated Breakdown of Bank Loans by Currency

S$'000	FY2021	% of bank loans
Singapore Dollar secured fixed rate notes	199,529	-
Singapore Dollar unsecured fixed rate notes	196,668	-
Bank loans	**956,531**	**-**
SGD	631,876	66%
AUD	324,655	34%
Total	**1,352,728**	-

Source: Tuan Sing, FPA Financial

Given the lack of information as to the interest rate for Tuan Sing's fixed rate bank loans, we would assume that Tuan Sing's bank loans are all variable rate. We would also assume that Tuan Sing's current borrowings, when expired, would be refinanced, thus leaving their total borrowings unchanged. Furthermore, we would also assume that given the high interest rate environment, Tuan Sing would refinance its note due October 2022 via additional bank borrowings instead of reissuing a new bond.

With that in mind, Tuan Sing's current and forecasted borrowings are summarized in **Exhibit 71:**

Exhibit 71: Summary of Tuan Sing's Borrowings

S$ '000	Actual	Forecast	
	H1 2022	FY2022	FY2023
Secured bank loans	933,207	1,133,207	1,133,207
Unsecured bank loans	1,560	1,560	1,560
Singapore Dollar secured notes due 2022	200,000	-	-
Singapore Dollar unsecured notes due 2024	200,000	200,000	200,000
Total	1,334,767	1,334,767	1,334,767

Source: Tuan Sing, FPA Financial

To project the interest expense on Tuan Sing's borrowings, we would use the average 10-year bond yield of the respective geographies as a proxy for the projected interest rate. Accordingly, in the first 10 months of FY2022, the average yield of the Singapore SGS 10-year bond = 2.69%, while the Australian Government 10-year bond = 3.16%, compared to an average yield in FY2021 of 1.52% in Singapore and 1.59% in Australia. In the second half of FY2022, the average yield of the Singapore SGS 10-year bond = 3.16%, while the Australian Government 10-year bond = 3.65, as shown in **Exhibit 72.**

Exhibit 72: Average 10-year bond yield

Date	2021		2022	
	Singapore	Australia	Singapore	Australia
Jan	1.00%	1.10%	1.77%	1.90%
Feb	1.33%	1.89%	1.90%	2.14%
Mar	1.74%	1.80%	2.34%	2.84%
Apr	1.59%	1.70%	2.53%	3.13%
May	1.48%	1.67%	2.71%	3.35%
Jun	1.58%	1.54%	2.98%	3.67%
Jul	1.30%	1.19%	2.66%	3.07%
Aug	1.41%	1.17%	2.98%	3.61%
Sep	1.59%	1.50%	3.48%	3.90%
Oct	1.84%	2.09%	3.52% (1)	4.01% (1)
Nov	1.70%	1.71%		
Dec	1.67%	1.68%		
Average	**1.52%**	**1.59%**	**2.69%**	**3.16%**
Average H2	**-**	**-**	**3.16%**	**3.65%**

(1) As at 13 October 2022

Source: Monetary Authority of Singapore, Reserve Bank of Australia, FPA Financial

Consequently, we note that the average 10-year bond yields have increased by 1.17 percentage points (ppts) = 2.69% (average yield in first 10 months of 2022 in Singapore) – 1.52% (average Singapore yield in 2021) in Singapore, and 1.57ppts = 3.16% (average yield in first 10 month of 2022 in Australia) – 1.59% (average Australia yield in 2021) in Australia. For the rest of FY2022 and FY2023, we would assume that while interest rates would continue to remain elevated, the rate of interest rate hikes might slow down. Hence, for H2 2022, we would use the average interest rate since June 2022 of 3.16% for Singapore and 3.65% for Australia. In FY2023 we would assume that with global economic slowdown and tapering inflation, interest rates would remain high but stay at the same levels as H2 2022, as shown in **Exhibit 73** on the next page**.**

Exhibit 73: 10-year bond yield

Currency	Actual		Forecast	
	FY2021	FY2022 (1)	H2 2022 (2)	FY2023
SGD	1.52%	2.69%	3.16%	3.16%
AUS	1.59%	3.16%	3.65%	3.65%

(1) Average of the first 10 months of FY2022 (as at 13 October 2022)

(2) Average interest rate since June 2022 (as at 13 October 2022)

Source: MAS, RBA, FPA Financial

Accordingly, the projected interest expense for 2H2022 is as follows:

- Interest expense on SGD secured bank loans in 2H2022 = S$615.92 million (SGD secured bank loans) x [3.16% / 2] (half-year interest rate) = S$9.73 million

- Interest expense on SGD unsecured bank loans in 2H2022 = S$1.03 million (SGD unsecured bank loans) x [3.16% / 2] (half-year interest rate) = S$16,000

- Interest expense on AUD secured bank loans in 2H2022 = S$317.29 million (AUD secured bank loans) x [3.65% / 2] (half-year interest rate) = S$5.79 million

- Interest expense on AUD unsecured bank loans in H2 2022 = S$530,000 (AUD unsecured bank loans) x [3.65% / 2] (half-year interest rate) = S$10,000

- Interest expense on SGD fixed rate notes due October 2022 = S$200 million (SGD fixed rate note due 2022) x [2.80% / 12 x 4] (interest rate from June 2022 to October 2022) = S$1.87 million

- Interest expense on SGD fixed rate notes due October 2024 = S$200 million (SGD fixed rate note due 2024) x [6.90% / 2] (half-year interest rate) = S$6.90 million

The total projected interest expense on all SGD and AUD borrowings in H2 2022 would be S$24.18 million as follows and as shown in **Exhibit 74.**

- Total projected interest expense on borrowings in H2 2022 = S$24.31 million = S$9.73 million (interest expense for SGD secured bank loans) + S$16,000 (interest expense for SGD unsecured bank loans) + S$5.79 million (interest expense for AUD secured bank loans) + S$10,000 (interest expense for AUD unsecured bank loans) + S$1.87 million (interest expense for SGD fixed rate notes due 2022) + S$6.90 million (interest expense for SGD fixed rate bonds due 2024)

Exhibit 74: Forecasted interest expense in H2 2022

S$ '000	Forecast		
	H2 2022	Interest rate	Interest expense
Secured bank loans	**933,207**	-	
SGD denominated	615,917	3.16%	9,731
AUD denominated	317,290	3.65%	5,785
Unsecured bank loans	**1,560**	-	
SGD denominated	1,030	3.16%	16
AUD denominated	530	3.65%	10
Singapore Dollar secured notes due Oct 2022	200,000	2.80%	1,867
Singapore Dollar unsecured notes due Oct 2024	200,000	6.90%	6,900
Total	**1,334,767**		**24,309**

Source: Tuan Sing, FPA Financial

In FY2023, we would assume that Tuan Sing would roll-over its current SGD fixed rate note of S$200 million into secured bank loans denominated in SGD. Therefore, the projected interest expense for FY2023 is as follows:

- Interest expense on SGD secured bank loans = S$747.92 million (SGD secured bank loans) x 3.16% (projected FY2023 interest rate) = S$23.63 million

- Interest expense on SGD unsecured bank loans = S$1.03 million (SGD unsecured bank loans) x 3.16% (projected FY2023 interest rate) = S$33,000

- Interest expense on AUD secured bank loans= S$385.29 million (AUD secured bank loans) x 3.65% (interest rate) = S$14.05 million

- Interest expense on AUD unsecured bank loans = S$530,000 (AUD unsecured bank loans) x 3.65% (interest rate) = S$19,000

- Interest expense on SGD fixed rate notes = S$200 million (SGD fixed rate notes) x 6.9% (interest rate) = S$13.8 million

Therefore, the projected total interest expense on all SGD and AUD borrowings in FY2023 would be S$51.54 million as follows and as shown in **Exhibit 75.**

- Total projected interest expense on borrowings in FY2023 = S$51.54 million = S$23.63 million (interest expense on SGD secured bank loans) + S$33,000 million (interest expense on SGD unsecured bank loans) + S$14.05 million (interest expense on AUD secured bank loans) + S$19,000 (interest expense on AUD unsecured bank loans) + S$13.8 million (interest expense on SGD fixed rate notes)

Exhibit 75: Forecasted interest expense in FY2023

S$ '000	Forecast		
	FY2023	Interest rate	Interest expense
Secured bank loans	**1,133,207**	-	
SGD denominated	747,917	3.16%	23,634
AUD denominated	385,290	3.65%	14,051
Unsecured bank loans	**1,560**	-	
SGD denominated	1,030	3.16%	33
AUD denominated	530	3.65%	19
Singapore Dollar secured notes due Oct 2022	-	-	-
Singapore Dollar unsecured notes due Oct 2024	200,000	6.90%	13,800
Total	**1,334,767**		**51,537**

Source: Tuan Sing, FPA Financial

Amortisation of Capitalised Finance Costs

While we note that amortisation of capitalised finance costs have consistently increased from FY2017 to FY2021, due to insufficient information regarding the details of the capitalized finance costs, we would project that amortization of capitalized finance costs in FY2022 and FY2023 be the same as in FY2021 at S$8.22 million, as shown in **Exhibit 76** on the next page**.**

Exhibit 76: Projected Amortisation of Capitalised Finance Costs for FY2022 and FY2023

S$ '000	Actual					Forecast	
	FY2017	FY2018	FY2019	FY2020	FY2021	FY2022	FY2023
Amortisation of capitalised finance costs	1,603	1,858	2,869	4,913	8,224	8,224	8,224

Source: Tuan Sing, FPA Financial

Loss on Extinguishment of Financial Liability

In FY2021, Tuan Sing recorded a S$1.3 million loss on extinguishment of financial liability, due to its redemption of a note at 102% of the principal amounts in November 2021. Historically, Tuan Sing has not recorded similar losses/gains and as such in FY2022 and FY2023, we would assume that no losses/gains on the extinguishment of financial liabilities.

Interest Expense on Lease Liabilities

Between FY2019 and FY2021, Tuan Sing's interest expense on lease liabilities has fluctuated from S$2,000 in FY2019 to S$6,000 in FY2020 and S$3,000 in FY2021. We would thus project the average interest expense on lease liabilities of S$4,000 = [S$2,000 (FY2019) + S$6,000 (FY2020) + S$3,000 (FY2021)] / 3 for FY2022 and FY2023, as summarised in **Exhibit 77**

Exhibit 77: Projected Interest Expense on Lease Liabilities

S$ '000	Actual			Forecast	
	FY2019	FY2020	FY2021	FY2022	FY2023
Interest expense on lease liabilities	2	6	3	4	4

Source: Tuan Sing, FPA Financial

Total Finance Costs

Given the above, we project finance costs in FY2022 and FY2023 of S$53.20 million and S$59.76 million respectively, as summarised in **Exhibit 78.**

Exhibit 78: Projected Finance Costs for FY2022 and FY2023

S$ '000	Estimated	Forecast		
	H1 2022	H2 2022	FY2022	FY2023
Interest expense on loans and borrowings	**20,661**	24,309	44,970	51,537
Amortisation of capitalised finance costs	-	8,224	8,224	8,224
Loss on extinguishment of financial liability	-	-	-	-
Interest expense on lease liabilities	-	4	4	4
Total finance cost	**20,661**	**32,537**	**53,198**	**59,764**

Source: Tuan Sing, FPA Financial

Interest Income on Bank Deposits

We note that as at 30 June 2021, Tuan Sing had cash & cash equivalents of S$329.43 million. Meanwhile, as at 31 December 2021, Tuan Sing reported cash & cash equivalents of S$405.04 million. Consequently, we estimate Tuan Sing's weighted average cash for FY2021 of S$367.49 million = [S$329.94 million (cash in H1 2021) + S$405.04 million (cash in H2 2021)] / 2. Comparing to Tuan Sing's interest income from bank deposits in FY2021 of S$1.69 million, we estimated the effective deposit rate for Tuan Sing's bank deposits of 0.46% = S$1.69 million (interest income from bank deposits) / S$367.49 million (weighted average cash in FY2021), as summarised in **Exhibit 79** on the next page.

Exhibit 79: Estimated Effective Deposit Rate for FY2021

H1 2021 cash (S$'000)	H2 2021 cash (S$'000)	Weighted average cash (S$'000)	FY2021 interest income from bank deposits (S$'000)	Effective deposit rate (%)
329,944	405,044	367,494	1,694	0.46%

Source: Tuan Sing, FPA Financial

According to the Monetary Authority of Singapore (MAS), the average Singapore Standing Facility Deposit Rate for the first half of 2022 was 0.51%, while the average deposit rate from July to October was 3.02%. The deposit rate has increased by 2.51% = 3.02% (average deposit rate from July to October) – 0.51% (average deposit rate in H1 2022) as shown in **Exhibit 80:**

Exhibit 80: Estimated Effective Deposit Rate for FY2021

2022	Singapore Deposit Rate (%)
Jan-22	0.00%
Feb-22	0.00%
Mar-22	0.30%
Apr-22	0.20%
May-22	0.47%
Jun-22	2.06%
Jul-22	1.98%
Aug-22	2.15%
Sep-22	4.69%
Oct-22 (1)	3.24%
Average	**0.51%**
Average H2	**3.02%**

(1) As at 13 October 2022
Source: Tuan Sing, FPA Financial

We would assume the increase in average deposit rates as a proxy for the increase in effective deposit rates in H2 2022. Accordingly, the effective deposit rate for H2 2022 would be 2.97% = [0.46% (FY2021) + 2.51%]. In FY2023, due to the possibility of slowdown in economic growth and interest rate increases, we would assume that the effect deposit rate would be maintained at 2.97% in FY2023. Accordingly, assuming that Tuan Sing maintains the same cash level as at 30 June 2022 in both H2 2022 and FY2023, we would project interest income on bank deposits of S$5.53 million in H2 2022 and S$11.05 million in FY2023 as shown in **Exhibit 81.**

Exhibit 81: Projected Finance Income for FY2022 and FY2023

S$ '000	Forecast	
	H2 2022	FY2023
Interest income on bank deposits	5,525	11,051
Cash & cash equivalents	371,955	371,955
Effective deposit rate	2.97%	2.97%

Source: Tuan Sing, FPA Financial

Interest Income from Related Parties

To project interest income related parties, we first need to project the amount due from related parties for FY2022 and FY2023. As a percentage of revenue, income from related parties has varied greatly from FY2017 to FY2021, from 2.38% to 11.60%. We would thus use the average percentage of 13.70% = [14.29% (FY2017) + 15.14% (FY2018) + 18.59% (FY2019) + 15.26% (FY2020) + 5.22% (FY2021)] / 5 in our projection of amount due from related parties for FY2022 and FY2023. Accordingly, we project amount due from related parties in FY2022 and FY2023 to be S$38.28 million and S$26.56 million respectively, as shown in **Exhibit 82.**

Exhibit 82: Projected Amount Due from Related Parties for FY2022 and FY2023

S$ '000	Actual					Forecast	
	FY2017	FY2018	FY2019	FY2020	FY2021	FY2022	FY2023
Amount due from related parties	50,878	50,878	57,762	30,042	12,813	38,284	26,560
Revenue	355,964	336,108	310,689	196,817	245,341	279,413	193,841
% of revenue	14.29%	15.14%	18.59%	15.26%	5.22%	13.70%	13.70%

Source: Tuan Sing, FPA Financial

We also note that interest income from related parties, as a percentage of amount due from related parties, has varied greatly from FY2017 to FY2021, ranging from 2.12% in FY2017 to 9.37% in FY2020. Hence, we shall use the average percentage of 5.13% = [2.12% (FY2017) + 3.31% (FY2018) + 5.91% (FY2019) + 9.37% (FY2020) + 4.93% (FY2021)] / 5 for our FY2022 and FY2023 projections. Accordingly, we project interest income from related parties of S$1.96 million in FY2022 and S$1.36 million in FY2023, as shown in **Exhibit 83.**

Exhibit 83: Projected Interest Income from Related Parties for FY2022 and FY2023

S$ '000	Actual					Forecast	
	FY2017	FY2018	FY2019	FY2020	FY2021	FY2022	FY2023
Interest income from related parties	1,078	1,682	3,411	2,816	632	1,963	1,362
Amount due from related parties	50,878	50,878	57,762	30,042	12,813	38,284	26,560
% of amount due	2.12%	3.31%	5.91%	9.37%	4.93%	5.13%	5.13%

Source: Tuan Sing, FPA Financial

Interest Income from Debtors

Similarly, we would have to project interest income from debtors by first projecting amount due from debtors in FY2022 and FY2023. As a percentage of revenue, receivables from debtors has ranged between 4.95% to 8.96% from FY2017 to FY2021. For FY2022 and FY2023, we would take the average percentage of 6.55% = [6.59% (FY2017) + 5.54% (FY2018) + 6.715 (FY2019) + 8.96% (FY2020) + 4.95% (FY2021)] / 5. Accordingly, projected receivables from debtors for FY2022 and FY2023 would be S$18.30 million and S$12.69 million respectively, as shown in **Exhibit 84.**

Exhibit 84: Projected Receivables from Debtors for FY2022 and FY2023

S$ '000	Actual					Forecast	
	FY2017	FY2018	FY2019	FY2020	FY2021	FY2022	FY2023
Receivables from debtors*	23,451	18,616	20,834	17,627	12,146	18,296	12,692
Revenue	355,964	336,108	310,689	196,817	245,341	279,413	193,841
As a % of revenue	6.59%	5.54%	6.71%	8.96%	4.95%	6.55%	6.55%

**summed from trade debtors and sundry debtors*
Source: Tuan Sing, FPA Financial

We also note that from FY2018 to FY2021, interest income from debtors as a percentage of receivables from debtors has been decreasing from 1.24% to 0.25%. However, keeping in mind the prevailing high interest rate environment, we would project, for FY2022 and FY2023, interest income from debtors as a percentage of receivables of debtors would revert to the levels in FY2019 and FY2018, with FY2022 reverting to FY2019 and FY2023 reverting to FY2018. Accordingly, our projected interest income from debtors for FY2022 and FY2023 would be S$165,000 and S$157,000 respectively, as shown in **Exhibit 85.**

Exhibit 85: Projected Interest Income from Debtors for FY2022 and FY2023

S$ '000	Actual					Forecast	
	FY2017	FY2018	FY2019	FY2020	FY2021	FY2022	FY2023
Interest income from debtors	155	231	188	69	30	165	157
Receivables from debtors*	23,451	18,616	20,834	17,627	12,146	18,296	12,692
As a % of receivables from debtors	0.66%	1.24%	0.90%	0.39%	0.25%	0.90%	1.24%

** Summed from trade debtors and sundry debtors*
Source: Tuan Sing, FPA Financial

Total Interest Income

Given the above, we project for FY2022 and FY2023 interest income of S$9.13 million for FY2022 and S$12.57 million for FY2023, as shown in **Exhibit 86.**

Exhibit 86: Projected Interest Income or FY2022 and FY2023

S$ '000	Estimated			Forecast		
	FY2020	FY2021	H1 2022	H2 2022	FY2022	FY2023
Interest income on bank deposits	1,948	1,694	1,478	5,525	7,003	11,051
Interest income from debtors	69	30	-	165	165	157
Interest income from related parties	2,816	632	-	1,963	1,963	1,362
Total interest income	**4,833**	**2,356**	**1,478**	**7,653**	**9,131**	**12,570**

Source: Tuan Sing, FPA Financial

Fair Value Adjustments

From FY2017 to FY2020, Tuan Sing has been recording fair value gains, and started recording losses in FY2021 and H1 2022. However, we would assume no fair value gains or losses for FY2022 and FY2023, as shown in **Exhibit 87:**

Exhibit 87: Projected Fair Value Adjustments for FY2022 and FY2023

S$ '000	Actual						Forecast		
	FY2017	FY2018	FY2019	FY2020	FY2021	H1 2022	H2 2022	FY2022	FY2023
Fair value adjustments	44,814	113,084	33,207	45,188	(3,434)	(1,551)	-	(1,551)	-

Source: Tuan Sing, FPA Financial

Profit Before Income Tax

Given the above projections, we estimate a profit before tax of S$20.16 million in FY2022 and S$11.80 million in FY2023 as shown in **Exhibit 88.**

Exhibit 88: Projected Profit before Income Tax for FY2022 and FY2023

S$'000	Actual	Forecast		
	H1 2022	H2 2022	FY2022	FY2023
Revenue	113,949	165,464	279,413	193,841
Cost of sales	(67,920)	(98,626)	(166,546)	(115,540)
Gross profit	**46,029**	**66,838**	**112,867**	**78,301**
Other operating income	541	5,666	6,207	6,207
Distribution costs	(5,190)	(10,683)	(15,873)	(8,261)
Administrative expenses	(25,652)	(37,249)	(62,901)	(43,637)
Other operating expenses	(1,213)	(1,761)	(2,974)	(2,063)
Share of results of equity accounted investees	17,115	11,334	28,449	28,449
Operating profit	**31,630**	**34,144**	**65,774**	**58,995**
Interest income	1,478	7,653	9,131	12,570
Finance costs	(20,661)	(32,537)	(53,198)	(59,764)
Profit before tax and fair value adjustments	**12,447**	**9,261**	**21,708**	**11,801**
fair value adjustments	(1,551)	-	(1,551)	-
Profit before tax	**10,896**	**9,261**	**20,157**	**11,801**

Source: Tuan Sing, FPA Financial

Income Tax Expense

For our projections for H2 2022, we would use tax expense in FY2021 and FY2020 as a proxy. Given limited information regarding Tuan Sing's components to income tax expense, we would assume the average percentage of each component as a proportion of profit before tax between FY2020 and FY2021. Consequently, the average percentage of income tax components as a proportion of profit before tax between FY2020 and FY20221 is 2.50% as summarised in **Exhibit 89**.

Exhibit 89: Tuan Sing's income tax expense for FY2020 and FY2021

S$ '000	Actual				
	FY2020	% of profit before tax	FY2021	% of profit before tax	Average
Profit before tax	**59,887**		**84,115**		
Current income tax					
Singapore	1,357	2.3%	464	0.55%	1.41%
Foreign	(1,024)	-1.7%	1,213	1.44%	-0.13%
Under/(Over) provision in prior years	(421)	-0.7%	192	0.23%	-0.24%
Withholding tax expense	107	0.2%	43	0.05%	0.11%
Deferred tax	1,337	2.2%	383	0.46%	1.34%
Income tax expense	**1,356**	2.3%	**2,295**	2.73%	**2.50%**

Source: Tuan Sing, FPA Financial

For FY2023, we would assume the same percentage of income tax components as FY2022. Accordingly, we projected income tax expense in FY2022 and FY2023 of S$2.31 million and S$1.36 million as shown in **Exhibit 90.**

Exhibit 90: Projected Income Tax Expense for FY2022 and FY2023

S$ '000	Actual			Forecast					
	Average	H1 2022	% of profit before tax	H2 2022	% of profit before tax	FY2022	% of profit before tax	FY2023	% of profit before tax
Profit before tax		**10,896**		**9,261**		**20,157**		**11,801**	
Current income tax									
Singapore	1.41%	88	0.81%	130	1.41%	218	1.08%	128	1.08%
Foreign	-0.13%	42	0.39%	(12)	-0.13%	30	0.15%	17	0.15%
Under/(Over) provision in prior years	-0.24%	(85)	-0.78%	(22)	-0.24%	(107)	-0.53%	(63)	-0.53%
Withholding tax expense	0.11%	(365)	-3.35%	11	0.11%	(354)	-1.76%	(207)	-1.76%
Deferred tax	1.34%	2,403	22.05%	124	1.34%	2,527	12.54%	1,480	12.54%
Income tax expense	**2.50%**	**2,083**	**19.12%**	**231**	**2.50%**	**2,314**	**11.48%**	**1,355**	**11.48%**

Source: Tuan Sing, FPA Financial

Total Profit

Adjusted for tax expense, the projected total profit for FY2022 would be S$17.84 million = [S$20.16 million (FY2022 profit before income tax) – S$2.31 million (FY2022 income tax expense)]. For FY2023, projected profit would be S$10.45 million =[S$11.80 million (FY2023 profit before income tax) – S$1.36 million (FY2023 income tax expense)].

We note that losses attributable to non-controlling interest (NCI) for H1 2022 was a S$889,000. As we are projecting a strong increase in revenue in 2H2022, we would assume that NCI rebounds to break even. For FY2023, although we are projecting an increase in profit, we would similarly project no changes to NCI. Accordingly, profit attributable to equity holders of the company would amount to S$18.73 million in FY2022 and S$10.45 million in FY2023, as shown in **Exhibit 91.**

Exhibit 91: Projected Total Profit for FY2022 and FY2023

S$'000	Actual	Forecast		
	H1 2022	H2 2022	FY2022	FY2023
Revenue	113,949	165,464	279,413	193,841
Cost of sales	(67,920)	(98,626)	(166,546)	(115,540)
Gross profit	**46,029**	**66,838**	**112,867**	**78,301**
Other operating income	541	5,666	6,207	6,207
Distribution costs	(5,190)	(10,683)	(15,873)	(8,261)
Administrative expenses	(25,652)	(37,249)	(62,901)	(43,637)
Other operating expenses	(1,213)	(1,761)	(2,974)	(2,063)
Share of results of equity accounted investees	17,115	11,334	28,449	28,449
Operating profit	**31,630**	**34,144**	**65,774**	**58,995**
Interest income	1,478	7,653	9,131	12,570
Finance costs	(20,661)	(32,537)	(53,198)	(59,764)
Profit before tax and fair value adjustments	**12,447**	**9,261**	**21,708**	**11,801**
fair value adjustments	(1,551)	-	(1,551)	-
Profit before tax	**10,896**	**9,261**	**20,157**	**11,801**
Income tax expense	(2,083)	(231)	(2,314)	(1,355)
Profit for the period	**8,813**	**9,029**	**17,842**	**10,446**
Profit attributable to:				
Owners of the Company	9,702	9,029	18,731	10,446
Non-controlling interests	(889)	-	(889)	-

Source: Tuan Sing, FPA Financial

Earnings Per Share

Earnings per share is calculated by dividing the profit attributable to ordinary shareholders of the company by the weighted average number of ordinary shares outstanding during the financial year.

As at 30 June 2022, the latest available weighted average number of ordinary shares less treasury shares is 1,202.01 million, and as at 13 October 2022, the latest available number of issued shares is 1,218.04 million. Assuming no further changes to the number of issued shares, we estimated the weighted average number of shares in FY2022 to be 1,210.03 million = [1,202.01 million (weighted average number of shares as at H1 2022) + 1,218.04 million (number of issued shares as at 13 October 2022)] / 2. In FY2023, as we assume no changes to the number of issued shares, the weighted average number of ordinary shares would be estimated to be 1,218.04 million. Accordingly, we projected an earnings per share of 1.55 cents in FY2022 and 0.86 cents in FY2023 as shown in **Exhibit 92.**

Exhibit 92: Projected Earnings Per Share for FY2022 and FY2023

S$'000	Actual	Forecast		
	1H2022	2H2022	FY2022	FY2023
Earnings per share attributable to ordinary shareholders of the Company (cents):				
Profit attributable to ordinary shareholders	9,702	9,029	18,731	10,446
Weighted average number of ordinary shares	1,202,009	1,218,044	1,210,027	1,218,044
Earnings per share	**0.81**	**0.74**	**1.55**	**0.86**

Source: Tuan Sing, FPA Financial

(III) Dividends Projection

Tuan Sing strives to distribute, year after year and when its cash flow permits, an appropriate sum of dividend such that its medium-term dividend yield would exceed the first quartile of a benchmarked group of Real Estate Development and Holding Companies. Keeping in mind that earnings in FY2020 and FY2021 were distorted by one-time increases to other income from government pandemic grants and the sale of Robinson Point, and the lack of information regarding the benchmarked group Tuan Sing uses to compare their dividend yield against, we would project, for FY2022 and FY2023, the average dividend yield from FY2017 to FY2019 of 2.01% = [1.44% (FY2017) + 2.67 (FY2018) + 1.93 (FY2019)] / 3. Assuming that the share price of S$0.300 as at 13 October 2022 is maintained in FY2022 and FY2023, the projected cash dividends per share would equate to 0.6 cents per share for both FY2022 and FY2023, as shown in **Exhibit 93.**

Exhibit 93: Projected Dividend for FY2022 and FY2023

Cents	Actual					Forecast	
	FY2017 (1)	FY2018	FY2019	FY2020	FY2021	FY2022 (2)	FY2023 (2)
Earnings per share	5.3	11.1	2.8	5.0	7.0	1.5	0.9
Cash dividends per share	0.6	0.9	0.6	0.6	0.7	0.6	0.6
Share price as at 31 December	0.416	0.337	0.312	0.310	0.447	0.300	0.300
Dividend yield	**1.44%**	**2.67%**	**1.93%**	**1.94%**	**1.57%**	**2.01%**	**2.01%**

(1) closing price as at 29.12.2017

(2) price as at 13.10.2022

Source: Tuan Sing, FPA Financial

VALUATION ANALYSIS

(I) Peer Comparison Analysis

We performed a peer comparison analysis to review where Tuan Sing stands against industry peers in terms of valuation metrics. We selected peer companies similar to Tuan Sing in terms of industry and business operations, conducting a comparison by considering the peer's P/B and dividend yield. Considering the above, we selected Singapore listed real estate investment holding companies with similar market capitalisation. We have included the summary of the peer companies' corporate profile as follows:

(a) Hong Fok Corporation

Hong Fok Corporation is a Singapore-based regional investment holding company. The company has interests in real estate investment, real estate development, and hospitality. The Company has property investments and developments in Singapore and Hong Kong.

(b) Wing Tai Holdings Limited

Wing Tai Holdings Limited is a Singapore-based regional property company. The principal activity of the Company and its subsidiaries is that of an investment holding company focused on key markets in Asia Pacific, including Singapore, Malaysia, Hong Kong, China, Australia, and Japan. The core business of the Company is that of property investment & development, lifestyle retail, and hospitality management.

(c) OUE Limited

OUE Limited is a Singapore-based regional investment holding company. The principal activities of the company include full service real estate development, investment & management across the commercial, hospitality, retail, residential, and healthcare sectors. The Company operates in Singapore, China, Indonesia, and Japan

(d) Bukit Sembawang Estates Ltd

Bukit Sembawang Estates Limited is an investment holding company. The company is focused on the investment holding, property development and operating of serviced apartments. It operates through three segments: Property development, which includes development of residential properties for sale; Investment holding, which includes holding and management of office buildings and investments, and Hospitality, which operates serviced apartment units.

(e) Oxley Holdings Ltd

Oxley Holdings is a Singapore-based property developer whose interests include property development, property investment, and project management. The company operates in eight geographies including Singapore, the United Kingdom, Ireland, Cyprus, Cambodia, Malaysia, the People's Republic of China, and Vietnam. Oxley's property portfolio comprises residential, commercial, industrial, and hospitality projects

(f) Stamford Land Corporation Ltd

Stamford Land Corporation is a Singapore-based regional investment holding company. The company operates in hospitality, property development, property investment, and trading. The geographic markets the company operates in includes Australia, Singapore, and the United Kingdom.

The results of our peer comparison analysis are summarized in **Exhibit 92**.

Exhibit 92: Peer Comparison

Company	Stock code	Price as at 13 October 2022	Market cap (million)	EPS [1] (cents)	P/E (x)	DPS [1] (cents)	Dividend yield (%)	NAV per share [2]	P/B (x)
Tuan Sing Holdings Ltd	T24	0.300	365.41	(0.60)	NM	0.70	2.33	1.02	0.29
Peer companies:									
Hong Fok Corporation Ltd	H30	0.905	744.14	6.46	14.01	1.00	1.10	3.10	0.29
Wing Tai Holdings Ltd	W05	1.540	1,171.70	22.80	6.75	5.00	3.25	4.32	0.36
OUE Ltd	LJ3	1.250	1,071.27	16.01	7.81	2.00	1.60	4.39	0.28
Bukit Sembawang Estates Ltd [3]	B61	4.290	1,110.73	32.03	13.39	16.00	3.73	5.72	0.75
Oxley Holdings Ltd	5UX	0.156	660.33	0.63	24.76	0.25	1.60	0.25	0.62
Stamford Land Corporation Ltd [3]	H07	0.365	542.27	5.91	6.18	0.50	1.37	0.54	0.68
Peer average	-	-	-	-	**12.15**	**-**	**2.11**	-	**0.50**

Figures have been rounded. NM: not meaningful

(1) Trailing 12-month data

(2) NAV as at 30 June 2022

(3) NAV as at 31 March 2022

Source: Respective company data, Yahoo Finance, FPA Financial

(a) P/B Multiple

Based on the results in **Exhibit 92** above, we note that Tuan Sing's P/B multiple of 0.29x is lower than the peer average P/B multiple of 0.50x, which might suggest that it is undervalued at the current share price of S$0.300. Adopting a relative valuation approach, we estimate a target price of S$0.510 as follows:

➢ Estimated target price = [peer average P/B] x [Tuan Sing's NAV per share] = 0.50 x S$1.02 = S$0.510

The estimated target price of S$0.510 would imply an upside potential of 70.00% from the current price of S$0.300.

(b) Dividend Yield

Based on the results in **Exhibit 92** above, we note that Tuan Sing's dividend yield of 2.33% is higher and thus more attractive than the peer average dividend yield of 2.11%. Adopting a relative valuation approach, we estimate a target price of S$0.331 as follows:

➢ Estimated target price = [(Tuan Sing's dividend yield / peer average dividend yield) x Tuan Sing's current share price] = (2.33% / 2.11%) x 0.300 = S$0.331

The estimated target price of S$0.331 would imply an upside potential of 10.43% from the current price of S$0.300.

(c) Estimated target price

Considering the above, Tuan Sing is currently undervalued compared to its peers in terms of P/B and dividend yield. Adopting a relative valuation approach, we estimate a target price of S$0.510 and S$0.331 based on the peer average P/E and dividend yield comparison analysis respectively. Taking the average of our estimated target prices, we derived a target price of S$0.421 as follows:

➢ Estimated target price = [(Estimated target price from P/B analysis + Estimated target price from dividend yield analysis) / 2] = [(S$0.510 + S$0.331) / 2] = S$0.421

The estimated target price of S$0.421 would imply an upside potential of 40.33% from the current price of S$0.300.

(II) Potential Tuan Sing Privatisation

Tuan Sing's Chief Executive Officer & family ("the Liem family") are deemed to hold a 53.24% stake in Tuan Sing, comprising direct interest of 404,863 units and deemed interest of 639,206,697 units.

We note the trend of company privatisations on the Singapore Exchange (SGX) in the past 2 years. Tuan Sing is currently trading at S$0.300 as at 13 October 2022, which represents a 70% discount to NAV per share of S$1.02 as at 30 June 2022. Considering the trend of privatisation offers for SGX-listed companies and the fact that Tuan Sing is currently trading at 69% discount to NAV, we identify a possible privatisation offer for Tuan Sing by the Liem family.

To estimate the potential takeover cost for Tuan Sing, we reviewed privatisation offers for SGX-listed companies in 2021 and 2022. Reviewing 21 privatisation offers between 2021 and 2022, we shortlisted 8 privatisation offers which we deemed to be similar to Tuan Sing. The average price premium of the 8 privatisation offers was 42.2% as shown in **Exhibit 93**.

Exhibit 93: Privatisation offers for SGX-listed Companies

Target	Acquirer	Currency	Last transaction (1)		Offer price per share	Price premium (2)
			Date	Price		
GL Limited	Guoco Group Limited	SGD	14-Jan-21	0.560	0.800	42.9%
World Class Global Limited	Aspial Corporation Limited	SGD	11-Mar-21	0.099	0.210	112.1%
Fragrance Group Limited	JK Global Treasures Pte Ltd	SGD	8-Jul-21	0.118	0.138	16.9%
SPH	Cuscaden Peak Pte Ltd	SGD	2-Aug-21	1.500	2.360	57.3%
Roxy-Pacific Holdings Limited	TKL & Family Pte Ltd	SGD	14-Sep-21	0.405	0.485	19.8%
SingHaiyi Group	Haiyi Treasure Pte. Ltd	SGD	8-Nov-21	0.108	0.117	8.3%
Hwa Hong Corporation Limited	Sanjuro United Pte. Ltd.	SGD	17-May-22	0.290	0.400	37.9%
GYP Properties Limited	Rumah & Co. Pte. Ltd.	SGD	8-Jul-22	0.149	0.200	34.2%
Average						**42.2%**

(1) Refers to last transaction prior to takeover announcement
(2) Refers to premium of offer price over last traded share price prior to takeover announcement
Source: Respective companies' announcements

In Tuan Sing's case, the Liem family is deemed to hold a 53.24% stake in Tuan Sing, which suggests that approximately 100% - 53.24% = 46.76% of Tuan Sing's issued ordinary shares are held by outsiders. This translates to S$170.87 million in market capitalisation at the current share price of S$0.300 = [46.76% x current market capitalisation of S$365.41 million].

While we are unaware of any proposed privatisation plan, should privatisation to occur, we have projected 3 scenarios for the estimated acquisition cost with a price premium of 8.3%, 42.2% and 57.3% for scenario 1, 2 and 3 respectively. The total acquisition cost for scenario 1, 2 and 3 would be S$185.1 million, S$242.9 million and S$268.8 million respectively as shown in **Exhibit 94**.

Scenario 2 is our base scenario. With a 42.2% average privatisation price premium, the estimated acquisition cost to privatise Tuan Sing would be approximately S$0.427 per share, equating to a total cost of S$242.9 million = [142.2% x S$170.87 million] as shown in **Exhibit 94**.

Exhibit 94: Estimated Total Cost for the Potential Tuan Sing Privatisation

Scenario	Current share price (S$)	Price premium	Estimated offer price per share (S$)	Estimated total cost (S$ million)
1	0.300	8.33%	0.325	185.1
2	0.300	42.2%	0.427	242.9
3	0.300	57.3%	0.472	268.8

Source: FPA Financial

(III) Valuation Summary

The results from our peer comparison analysis suggest that Tuan Sing is currently undervalued compared to its peers in terms of its P/B multiple and dividend yield. Adopting a relative valuation approach, we estimate a target price of S$0.510 and S$0.331 based on its P/B and dividend yield analysis respectively.

Meanwhile, our base case is that Tuan Sing will continue to be listed publicly. However, as Tuan Sing's Chief Executive Officer & family are deemed to hold 53.24% stake in the company and that Tuan Sing is trading at almost 70% discount to NAV, there is a possibility for Tuan Sing to be taken private. Should Tuan Sing be privatised, according to our base scenario we estimate a privatisation offer price of S$0.427 per share based on the average price premium of 42.2% across the 8 privatisation offers for SGX-listed companies

Considering the above, by taking the average of our estimated target price of S$0.510 and S$0.331 based on the P/B and dividend yield analysis respectively, we derived an estimated target price of S$0.421 = [(S$0.510 + S$0.331) / 2]. Accordingly, our estimated target price of S$0.421 implies a potential upside of 40.33% from the current price of S$0.300.

SWOT AND COMPETITIVE ANALYSIS

In this section, we undertake a SWOT analysis in **Exhibit 95** to evaluate the various components of the analysis thus far.

Exhibit 95: SWOT analysis

SWOT analysis	
Strengths • Diverse portfolio • Stable financial track record • Award-winning management & properties • Land bank for development	Weaknesses • Limited geographical presence
Opportunities • Redevelopment pipeline	Threats • Rising inflation • Regulatory challenges

(I) Strengths

As mentioned on page 4, Tuan Sing's operates in 5 different business segments across 5 different geographies. Furthermore, Tuan Sing's investments and projects stretches across industries, from real estate to commodities trading to printed circuit board manufacturing. This allows Tuan Sing to achieve a relatively balanced profile in terms of diversifying its revenue stream across business segments.

As noted on page 23, Tuan Sing's gross profit margins and net asset value have been generally improving. This suggests that Tuan Sing has been able to consistently create value for shareholders. Furthermore, even in times of weaker financial performance, Tuan Sing continued to consistently distribute dividends.

In FY2021, Tuan Sing won a combined 12 corporate governance, design, and service awards, including winner of "Most Transparent Company Award- Real Estate" and runner-up of "Singapore Corporate Governance Award", and 23rd place amongst 519 listed companies in the Singapore Governance and Transparency Index Ranking. 18 Robinson, Singapore obtained the BCA Green Mark Award Platinum, BCA Construction Excellence Award (Merit), and "Award of Excellence Winner for Best Tall Building 100-199 meters and Urban Habitat- Single Site Scale". Grand Hyatt Melbourne, Australia won "Best Business Hotel in the World"; "Top 3 Best Business Hotel Brand in Asia-Pacific"; "Top 3 Best Business Hotel in Melbourne"; "Outstanding Achievement in Training & Development"; "Front Office Services Employee of the Year", and "Top 5 City Hotels in Australia and New Zealand". Finally, Hyatt Regency Perth, Australia won "Food & Beverage Award"; "Hotel Housekeeping Award"; "Hotel Engineering and Maintenance Award"; and "Service to Australia Award".

Aside from the 125ha of land slated for development into Opus Bay as mentioned on page 25, Tuan Sing also owns 2 plots of vacant land in Perth adjacent to its Hyatt Regency Perth property totaling 3,072 sqm and a plot of land in rural Fuzhou of approximately 163,740 sqm. This land bank could be tapped on for future development, or sold if the conditions are favourable. Prudent use of these plots of land could create additional catalysts for Tuan Sing in the future and generate returns for shareholders.

(II) Weaknesses

Despite Tuan Sing's diversification of its revenue streams across business segments and industries, as mentioned on page 6, approximately 95.1% of Tuan Sing's revenue is from the Singapore and Australia markets. Such concentration in only a few countries leaves Tuan Sing vulnerable to potential economic, social, and regulatory risks that might stifle Tuan Sing's growth. However, we note that the development of Opus Bay in Indonesia has the potential to significantly increase Indonesia's contribution towards Tuan Sing's revenue, which would mitigate some of Tuan Sing's limited geographical presence.

(III) Opportunities

As noted on page 25, Tuan Sing currently has several development projects underway, which redeveloping its hotel properties in Australia, embarking on an ambitious township development project in Batam, Indonesia, retail developments in Jarkata, Indonesia, developments in Hainan, China, as well as planned developments along Dunearn Road in Singapore. These projects, if successful, could go a long way in underpinning Tuan Sing's financial performance in the long term, and provide superior value to shareholders.

(IV) Threats

Singapore recorded a 5.1% yoy increase in core inflation in August 2022. With inflation expected to remain elevated, Tuan Sing might experience rising costs for construction materials for its various development projects. Given that Tuan Sing is currently undergoing a period of development with multiple projects in the pipeline, rising material costs could greatly erode Tuan Sing's profitability and its negatively impact its financial performance.

The Singapore government's implementations of cooling measures to the property market in December 2021 had led to a slowdown in private home price growth in 1Q2022. Singapore's Ministry of Finance had also announced that any transfer of residential property into a living trust will be subject to an additional buyer's stamp duty (ABSD) of 35 per cent starting 9 May 2022. However, as noted on page 15, the private residential property market continues to grow due to pent-up demand and investors' seeking inflation hedges. Should the private residential market continue to grow, it might prompt another round of cooling measures by the government, which would negatively affect sales of Tuan Sing's Singapore development properties, Peak Residence and Mont Botanik.

INVESTMENT RECOMMENDATION

Based on the reported NAV per share of S$1.02 as at 30 June 2022, Tuan Sing is currently trading at a P/B of 0.29x, representing a discount of approximately 70% to NAV. While we note that while the other comparable real estate companies are also trading at a discount to NAV, our peer comparison results suggest that Tuan Sing is trading at a steeper discount. Tuan Sing's current P/B of 0.29x is lower compared to the peer average P/B of 0.50x. Adopting a relative valuation approach, we estimate a target price of S$0.510 if Tuan Sing were to trade at the peer average P/B of 0.50x.

Furthermore, our peer comparison analysis suggests that Tuan Sing's dividend yield of 2.33% is relatively more attractive than the peer average dividend yield of 2.11%. Adopting a relative valuation approach, we estimate a target price of S$0.331.

Taken together, by calculating the average of our estimated target price based on the P/B and dividend yield analysis, we derived a target price of S$0.421 = [(S$0.510 + S$0.331) / 2].

In addition, while we note that there has not been any indication of a privatisation offer for Tuan Sing, our base scenario estimates a privatisation offer of S$0.427 per share, representing a price premium of 42.2%.

In terms of financials, we note that Tuan Sing has maintained a diverse portfolio across different segments and industries and has managed to consistently grow its gross profit margins and NAV for shareholders. Considering that property markets domestically and abroad are regaining momentum, we are expecting a strong financial performance for Tuan Sing for FY2022 and FY2023. This could provide some additional upside potential for Tuan Sing.

Considering the above, we believe a buy recommendation is warranted on Tuan Sing. Our target price of S$0.421 would represent a 40.33% upside from the current price of S$0.300. However, there are still risks to our target price which we will highlight in the next section.

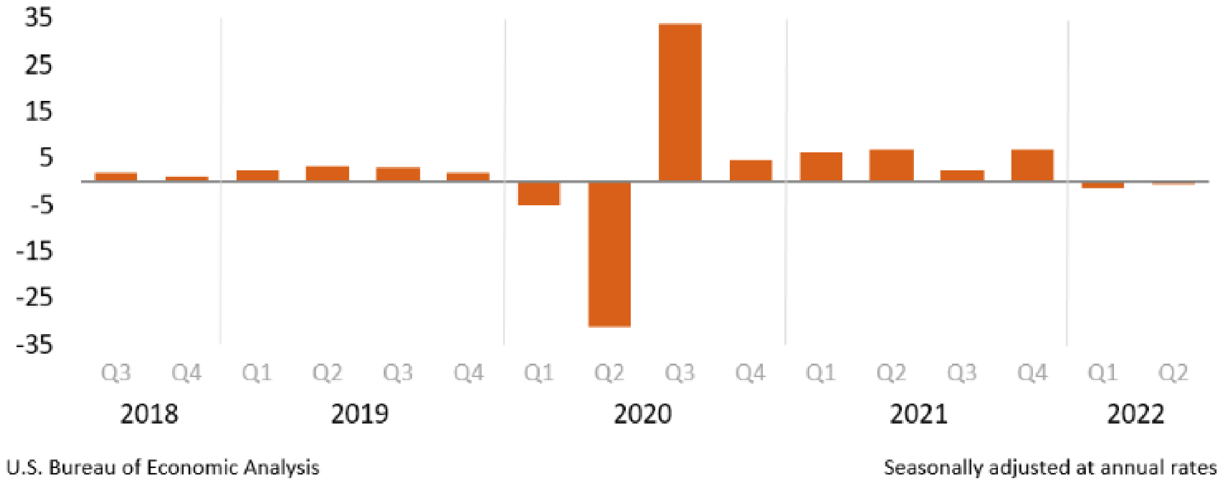
RISKS TO THE TARGET PRICE

In this section, we highlight below risk factors that may limit the potential upside to Tuan Sing's target price.

(I) Weak Economic Recovery in Singapore and Australia

Despite the loosening of safe management measures and the relaxation of international travel restrictions, the Singapore economy is experiencing slowdown as mentioned in page 7, where the economy contracted from Q1 2022 to Q2 2022 on a seasonally adjusted basis. According to an advance estimate by the Bureau of Economic Analysis (BEA) in the US, real Gross Domestic Product (GDP) in the US decreased by 0.6% yoy in 2Q2022 as shown in **Exhibit 96**, following a 1.6% decline in 1Q2022, signalling a technical recession.

Exhibit 96: Change in US Quarterly GDP (%, yoy)



Source: U.S. Bureau of Economic Analysis

As mentioned on page 16, the Australian economy did relatively better than Singapore and grew at a seasonally adjusted rate of 3.6% from Q1 2022 to Q2 2022 as the country relaxes COVID-19 restrictions. However, a slowing global economy could have cascading effects on economic growth in both Australia and Singapore. Continued contraction in other major economics could derail Singapore's economic recovery and thus negatively impact Tuan Sing's financial performance.

(II) Rising Interest Rates

With interest rates globally on the rise in 2022, it has resulted in a corresponding rise in mortgage rates in Singapore. This could negatively impact buyers' sentiment and stifle sales of Tuan Sing's development properties. In H1 2022, Real Estate Development was Tuan Sing's largest source of revenue, comprising 40.30% of Tuan Sing's revenue for the period. Persistently high interest rates thus has the potential to severely hamper Tuan Sing's growth.

(III) Exchange Rate Risk

We note that Tuan Sing is exposed to foreign exchange risk arising from currency exposure to the Singapore Dollar (SGD), Australian Dollar (AUD), United States Dollar (USD), Malaysian Ringgit (MYR), and Indonesian Rupiah (IDR). A significant strengthening of USD and SGD against the AUD, MYR, and IDR could have a negative impact on both Tuan Sing's revenue as well as asset valuations arising from currency exchange losses.

CORPORATE GOVERNANCE

(I) Remuneration

Non-Executive Directors have no service contracts (except for the letter of appointment) with the Company and their terms in office are specified in the Constitution. The remuneration packages of Non-Executive Directors consist of Directors' fees and attendance fees, which are computed based on a fees scale covering basic retainer fees as Director; additional fees for serving on any of the Board Committees; and attendance fees for participation in meetings of the Board and the Board Committees. The Remuneration Committee (RC) takes into consideration factors such as the frequency of meetings, the time spent and responsibilities of Non-Executive Directors, as well as the need to stay competitive with industry practices when determining the appropriate level of Directors' fees. The RC also considers the nature and responsibilities of the Chairman and members of the Audit & Risk Committee (ARC) who receive higher additional fees which are commensurate with their roles and responsibilities. The structure of the fees paid or payable to non-Executive Directors of Tuan Sing for FY2021 is summarised in **Exhibit 97.**

Exhibit 97: Disclosure of Fee Structure of non-Executive Independent Directors (FY2021)

Roles	Members (per annum)	Chairman (per annum)
Board of Directors	$50,000	Additional $50,000
Audit and Risk Committee	$20,000	Additional $20,000
Other Committees	$7,500	Additional $7,500
Attendance Fee	$1,000 per meeting	
Overseas Engagement Fee	$2,000 per trip	
Special or *Ad hoc* Project(s)	Appropriate sum depending on complexity and time involved, as recommended by the Board after the completion of the projects and approved by Shareholders in a general meeting	

Source: Tuan Sing

The Company's remuneration structure for the Executive Director/Chief Executive Officer (CEO) and Key Managerial Personnel (KMP) (or executives of equivalent rank) has been benchmarked against entities of a comparable size and in similar industries. It consists of both fixed and variable portions with the aim to attract, retain and motivate appropriate talents on a sustainable basis. The fixed compensation comprises a base salary and fixed allowances. The variable component, on the other hand, is a cash-based, short-term incentive that is performance-related and is linked to the Company and the individual's performance. This is designed to align the employees' remuneration with the interests of Shareholders and to link rewards to corporate and individual performance so as to promote the long-term success of the Group. Given the above information, a breakdown of the Directors' remuneration paid to each Director for FY2020 and FY2021 is shown in **Exhibit 98** on the next page.

Exhibit 98: Disclosure of Remuneration of Executive Director/CEO and non-Executive Directors (FY2020)

Name of Directors	Directors' Fees[(1)] $	Salary[(2)] $	Benefits[(3)] $	Variable Bonus $	Total $
Executive Director					
William Nursalim alias William Liem[(4)]	–	1,045,440	48,026	740,520	1,833,986
Non-Executive Directors					
Albert Choo Teow Huat[(5)]	38,829	–	–	–	38,829
Richard Eu Yee Ming[(6)]	128,432	–	–	–	128,432
Michelle Liem Mei Fung	96,000	–	–	–	96,000
Cheng Hong Kok	79,500	–	–	–	79,500
Ooi Joon Hin[(7)]	63,932	–	–	–	63,932
Total Directors' Remuneration	**406,693 (18%)**	**1,045,440 (47%)**	**48,026 (2%)**	**740,520 (33%)**	**2,240,679 (100%)**

Annotations:
(1) If approved, the aggregate amount of Directors' fees of $406,693 will be paid to the Non-Executive Directors upon approval by Shareholders at the forthcoming AGM.
(2) Salary refers to basic salary (CPF contribution is not applicable).
(3) Benefits refer to car and handphone benefits.
(4) As an Executive Director, Mr William Nursalim alias William Liem does not receive Director's fees.
(5) Mr Albert Choo Teow Huat retired at the conclusion of the Company's AGM on 23 April 2021. His Retainer Fees for Board and Committees are pro-rated to 113/365 days.
(6) Mr Richard Eu Yee Ming was appointed as Board Chairman on 24 February 2021, NC Chairman and RC member on 7 May 2021. His Retainer Fees for Board and Committees are pro-rated to 311/365 days and 239/365 days respectively.
(7) Mr Ooi Joon Hin was appointed as a Board director and Chairman of ARC on 7 May 2021. His Retainer Fee is pro-rated to 239/365 days.

Source: Tuan Sing

The aggregate remuneration paid to the above top five management personnel including the KMP (excluding the Executive Director/CEO of the Group) for FY2021 was $2,632,782, as shown in **Exhibit 99**.

Exhibit 99: Disclosure of Remuneration of Top Five Management Personnel including the KMP

Name of Top 5 Management Personnel including KMP	Designation	Breakdown of Remuneration by Percentage (%) Salary[(1)]	Benefits[(2)]	Incentives[(3)]	Total	Total Remuneration in Compensation Bands of $250,000
Alexander Loh	Director, Group Human Resources	63%	1%	36%	100%	$250,000 - $499,999
Nick Ng	SVP, Business Development	72%	1%	27%	100%	$250,000 - $499,999
Patrick Tan	Head, Asset & Fund Management	63%	1%	36%	100%	$500,000 - $749,999
Peggy Wong	General Counsel	67%	1%	32%	100%	$500,000 - $749,999
Tan Choong Kiak	Group Chief Financial Officer	60%	1%	39%	100%	$500,000 - $749,999
Total Remuneration of Top 5 Management Personnel including the KMP		**1,708,843 64%**	**11,820 1%**	**912,319 35%**	**2,632,782 100%**	

Annotations:
(1) Salary refers to basic salary, allowance and employer's provident fund or equivalent contribution thereof.
(2) Benefits refer to handphone benefits.
(3) Bonus refers to variable bonus and employer's provident fund or equivalent contribution thereof.
(4) The KMP of the Company are the CEO, the CFO and the General Counsel. The CEO's compensation is disclosed in Table A above.

Source: Tuan Sing

SUSTAINABILITY INFORMATION

Sustainability Pillars

Sustainable practices have been progressively introduced into the day-to-day operations of Tuan Sing since the implementation of the Company's Sustainability Policy in 2016. These practices have guided the Tuan Sing's business conduct, and they have formed an integral part of Tuan Sing's business strategy. The three core pillars of Tuan Sing's Sustainability Policy is shown in **Exhibit 100:**

Exhibit 100: Tuan Sing's Sustainability Policy Pillars

		
Nurture Our Planet	**Care For Our People**	**Grow Sustainable Profit**
As an advocate of the spirit of "caring" for our society and the environment, we ensure that our new builds are built sustainably and our investment properties are operated efficiently. We actively encourage our employees to volunteer for both environmentally friendly and charitable causes.	We are committed to the wellbeing of all stakeholders, especially the professional development of our employees through the provision of training and upskilling opportunities, as well as creation of an inclusive and collaborative work environment.	We strive for sustainable growth and performance as a corporate by adhering to a high standard of corporate governance and embracing a risk-centric culture.

Source: Tuan sing

Stakeholder Engagement

Tuan Sing believes it is important for an organisation to understand the differences between organisation's business priorities and stakeholders' concerns so that the concerns can be addressed with solutions that do not compromise the business priorities. Tuan Sing believes tt is only through timely engagements that they can better understand their stakeholders' expectations and concerns. This is fundamental to the formulation of Tuan Sing's business strategies which play a crucial role in sustainable business development and Growth. Tuan sing has identified their key stakeholders and summarised their engagement approach in **Exhibit 101** on the next page**.**

Exhibit 101: Tuan Sing's Stakeholder Engagement

Our Stakeholders	Frequency	Engagement Platforms	Key Topics and Concerns Raised	Our Response
Investors	At least once a year	• Annual General Meeting • Site visits • Corporate website • Investor Relations email • Investors' calls • Annual Report • SGXNET announcements	• Sustainable returns • Company growth • Corporate governance practices • Risk management practices	Refer to "Message to Shareholders", "CEO's Review of Operations", "Corporate Governance", "Managing Risk in Delivering Our Strategy" and "Business Dynamics & Risk Factors Statement" of the Annual Report.
Employees	Throughout the year	• Performance appraisal discussions • 360-degree feedback • E-communications • Town hall sessions	• Remuneration and welfare • Workplace safety and health • Training and career development	Refer to "Social Responsibility and Human Assets" within the Sustainability Report.
Customers	Throughout the year	• Tenant meetings • Show flat • Email correspondence • Social media channels	• Quality of products and services • Workmanship and defects rectification • Environmental impacts	Refer to "Corporate Governance for Fair and Conducive Business Environment" within the Sustainability Report and "Corporate Governance" of the Annual Report.
Business Partners	At least once a year	• Meetings • On-site inspections • Price quotations and email correspondence • Vendor evaluation and assessment	• Ethical and fair trading • Workplace safety and health	Refer to "Corporate Governance for Fair and Conducive Business Environment" within the Sustainability Report and "Corporate Governance" of the Annual Report.
Community	At least once a year	• Community service engagements • Surveys	• Environmental and social impact	Refer to "Social Responsibility and Human Assets" and "Care for Environment" within the Sustainability Report.
Regulators	At least once a year	• Meetings • On-site inspections • Email correspondence • Seminars • Official circulations	• Ethical and fair trading • Environmental and social impact • Workplace safety and health	Refer to "Introduction" and "Corporate Governance for Fair and Conducive Business Environment" within the Sustainability Report and "Corporate Governance" of the Annual Report.

Source: Tuan sing

Materiality Assessment

Tuan Sing has identified the following material ESG topics to be discussed in this sustainability report in accordance with its level of significance to Tuan Sing's economic, environmental, and social impact, as well as their importance to Tuan Sing's stakeholders. Majority of the material topics and topic boundaries are in line with those previously reported in the Year 2020 report, except for the topic on Health and Safety, which is newly identified, as shown in **Exhibit 102** below and **Exhibit 103** on the next page.

Exhibit 102: Tuan Sing's Materiality Assessment

Sustainability Focus Areas and Relevant UN SDGs	Materiality Topics	Relevant Sections of the Annual Report	Impact Boundary
SDG 3 – Healthy lives and wellbeing	Occupational Health and Safety	• "Social Responsibility and Human Assets" within the Sustainability Report	• Employees • Customers • Business Partners • Community
SDG 8 – Sustainable economic growth, productive employment	Economic Performance	• "Statutory Reports and Accounts" of the Annual Report • "Social Responsibility and Human Assets" and "Corporate Governance within the Sustainability Report • "Corporate Governance" of the Annual Report	All business segments
SDG 16 - Inclusive societies, access to justice	Anti-corruption		
SDG 7 – Access to affordable, sustainable and modern energy	Energy	• "Care for Environment" within the Sustainability Report	All business segments
SDG 6 – Sustainable management of water and sanitation	Water and Effluents		
SDG 11 – Safe and resilient human settlements	Waste		
SDG 13 – Combat climate change			
SDG 8 – Sustainable economic growth, productive employment	Employment	• "Social Responsibility and Human Assets" within the Sustainability Report	Employees
SDG 4 – Equitable quality education and lifelong learning opportunities	Training and Education	• "Social Responsibility and Human Assets" within the Sustainability Report	Employees

Source: Tuan Sing

Exhibit 103: Tuan Sing's Materiality Assessment

Sustainability Focus Areas and Relevant UN SDGs		Materiality Topics	Relevant Sections of the Annual Report	Impact Boundary
5 GENDER EQUALITY	SDG 5 – Gender equality	Diversity and Equal Opportunity	• "Social Responsibility and Human Assets" within the Sustainability Report	• Employees • Business Partners
1 NO POVERTY	SDG 1 – End poverty	Local Communities	• "Social Responsibility and Human Assets" within the Sustainability Report	• Employees • Communities

Source: Tuan Sing

COVID-19 Pandemic Efforts

Second year into the global pandemic, Singapore had reacted promptly. By late 2021, Singapore has become the world's most-vaccinated country, with more than 85% of its total population fully vaccinated. Strict social distancing ruling by the authority and Tuan Sing's corporate house rules aimed to safeguard the wellbeing of employees, customers and the community. The measures that Tuan Sing had put in place are:

- Facilitating telecommuting and intensifying the cleaning and disinfection operations, as well as upgrading the filters of air-condition systems at our commercial buildings to ensure that clean and safe indoor environment is in place.
- Upholding strict contact tracing and visitor registrations by installing automatic "SafeEntry" turnstile (or an equivalent contact tracing system) in all our buildings.
- Information technology and other technical supports for staff who are on 'work-from-home' arrangements.
- Ensuring staff working on site or in office adhere strictly to safe distancing and other control measures.
- Regular briefing for personnel in-charge at various properties of the importance of their roles and protocols to be followed in the event of emergency and confirmed cases.
- Instructing employees working in offices to carry out ART (Antigen Rapid Test) before they report to work physically in office on a weekly basis.
- Advising employees to update their vaccination status in the human resource online portal.
- Introducing tele-consultation as part of the medical benefits to employees.
- Holding virtual talks on mental and physical health for employees.
- Facilitating non-government organisations ("NGO") in distribution of goodies bags to delivery riders as tokens of appreciation.

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