



TIONG SENG HOLDINGS LIMITED

(Incorporated in the Republic of Singapore)

(Co. Reg. No: 200807295Z)

UNAUDITED HALF-YEAR 2019 FINANCIAL STATEMENT ANNOUNCEMENT FOR THE PERIOD ENDED 30 JUNE 2019

PART I - INFORMATION REQUIRED FOR ANNOUNCEMENTS OF QUARTERLY (Q1, Q2 & Q3), HALF-YEAR AND FULL YEAR RESULTS

1(a)(i) Consolidated statement of comprehensive income, together with a comparative statement for the corresponding period of the immediately preceding financial year.

	3 Months Ended 30 June 2019 S\$'000	3 Months Ended 30 June 2018 S\$'000	Change %	6 Months Ended 30 June 2019 S\$'000	6 Months Ended 30 June 2018 S\$'000	Change %
Revenue						
Revenue from construction contracts	74,980	49,233	52	156,547	181,064	-14
Revenue from sales of development properties	5,139	6,258	-18	12,402	14,688	-16
Rental income	420	438	-4	863	931	-7
	<u>80,539</u>	<u>55,929</u>	44	<u>169,812</u>	<u>196,683</u>	-14
Other income	8,317	834	>100	9,160	2,377	>100
Costs of construction	(70,497)	(39,029)	81	(141,079)	(157,737)	-11
Costs of sales of development properties	(3,297)	(5,158)	-36	(8,706)	(12,524)	-30
Depreciation and amortisation	(1,828)	(2,128)	-14	(3,592)	(4,046)	-11
Selling expenses	(248)	(324)	-23	(549)	(604)	-9
Staff costs	(5,011)	(5,214)	-4	(10,240)	(10,386)	-1
Other expenses	(2,574)	(2,565)	-	(5,638)	(5,338)	6
	<u>(83,455)</u>	<u>(54,418)</u>	53	<u>(169,804)</u>	<u>(190,635)</u>	-11
Profit from operating activities	5,401	2,345	>100	9,168	8,425	9
Finance income	(115)	314	N.M.	562	1,028	-45
Finance expenses	(1,611)	(1,179)	37	(3,242)	(2,572)	26
Net finance expense	(1,726)	(865)	100	(2,680)	(1,544)	74
Share of profit of joint ventures, net of tax	962	132	>100	35	213	-84
Profit before tax	4,637	1,612	>100	6,523	7,094	-8
Tax	(3,388)	(597)	>100	(4,174)	(1,813)	>100
Profit for the year	1,249	1,015	23	2,349	5,281	-56

N.M : Not meaningful

	3 Months Ended 30 June 2019 S\$'000	3 Months Ended 30 June 2018 S\$'000	Change %	6 Months Ended 30 June 2019 S\$'000	6 Months Ended 30 June 2018 S\$'000	Change %
Other comprehensive income						
Items that may be reclassified subsequently to profit or loss:						
Translation differences relating to financial statements of foreign subsidiaries	(3,768)	(2,117)	78	(1,276)	455	N.M.
Exchange differences on monetary items forming part of net investment in a foreign operation	(1,879)	(1,236)	52	(516)	347	N.M.
Realisation of translation difference from disposal of subsidiary companies	268	-	100	268	-	100
Realisation of exchange differences on monetary items previously forming part of net investment in a foreign operation transferred to income statement	-	-	-	-	299	-100
Other comprehensive income for the period	(5,379)	(3,353)	60	(1,524)	1,101	N.M.
Total comprehensive income for the period	(4,130)	(2,338)	77	825	6,382	-87
Profit attributable to:						
Owners of the Company	1,399	1,113	26	2,736	6,054	-55
Non-controlling interests	(150)	(98)	53	(387)	(773)	-50
Profit for the period	1,249	1,015	23	2,349	5,281	-56
Total comprehensive income attributable to:						
Owners of the Company	(2,954)	(1,545)	91	1,470	6,807	-78
Non-controlling interests	(1,176)	(793)	48	(645)	(425)	52
Total comprehensive income for the period	(4,130)	(2,338)	77	825	6,382	-87
Earnings per share						
- Basic and diluted (cents) ¹	0.31	0.25		0.62	1.36	

¹ Based on weighted average number of shares outstanding after share consolidation and excluding treasury shares of 444,785,349 (2018: 446,261,263)

1(a)(ii) Notes to the consolidated statement of comprehensive income

The following items have been charged or (credited) in arriving at profit for the period:

2a. Other income

	3 Months Ended 30 June 2019 S\$'000	3 Months Ended 30 June 2018 S\$'000	Change %	6 Months Ended 31 June 2019 S\$'000	6 Months Ended 30 June 2018 S\$'000	Change %
Included in other income:						
Fees from project and property management	(223)	(160)	39	(361)	(321)	12
Gain on disposal of scrap parts and materials	(268)	(37)	>100	(345)	(89)	>100
Governments grants/ credit scheme	(6)	(77)	-92	(119)	(193)	-38
Training and testing fee income	(1)	(27)	-96	(74)	(126)	-41
Consultancy services fees	39	(183)	N.M.	(9)	(259)	-97
Gain on disposal of subsidiary companies	(7,371)	-	100	(7,371)	-	100
Gain on disposal of property, plant and equipment	(16)	15	N.M.	(17)	(393)	-96

1(a)(ii) Notes to the consolidated statement of comprehensive income (Cont'd)

2b. Selling expenses

	3 Months Ended 30 June 2019	3 Months Ended 30 June 2018	Change	6 Months Ended 31 June 2019	6 Months Ended 30 June 2018	Change
<u>Included in selling expenses:</u>	S\$'000	S\$'000	%	S\$'000	S\$'000	%
Advertisement and commission expenses	205	267	-23	454	363	25

2c. Other expenses

	3 Months Ended 30 June 2019	3 Months Ended 30 June 2018	Change	6 Months Ended 31 June 2019	6 Months Ended 30 June 2018	Change
<u>Included in other expenses:</u>	S\$'000	S\$'000	%	S\$'000	S\$'000	%
Entertainment	65	119	-45	187	264	-29
Legal and professional fees	338	378	-11	852	791	8
Operating lease expenses	194	582	-67	541	1,298	-58
Property management expenses	227	190	19	423	394	7
Property tax	178	137	30	355	280	27
Repair and maintenance	377	234	61	1,127	427	>100
Travelling and transport	167	226	-26	358	408	-12

2d. Finance income

	3 Months Ended 30 June 2019	3 Months Ended 30 June 2018	Change	6 Months Ended 31 June 2019	6 Months Ended 30 June 2018	Change
<u>Included in finance income:</u>	S\$'000	S\$'000	%	S\$'000	S\$'000	%
Interest income on:						
- cash and cash equivalents	(116)	(33)	>100	(140)	(75)	87
- loan to a joint venture	(26)	(62)	-58	(65)	(125)	-48
- other investment	(7)	(4)	75	(7)	(6)	17

2e. Finance expenses

	3 Months Ended 30 June 2019	3 Months Ended 30 June 2018	Change	6 Months Ended 31 June 2019	6 Months Ended 30 June 2018	Change
<u>Included in finance expenses:</u>	S\$'000	S\$'000	%	S\$'000	S\$'000	%
Interest expense on:						
- bank loans	852	503	70	1,725	905	91
- lease	27	4	>100	55	10	>100
- medium term notes	-	-	-	-	17	-100
Exchange loss/ (gain) (net)	660	189	>100	380	(267)	N.M.

2f. Tax expenses

	3 Months Ended 30 June 2019	3 Months Ended 30 June 2018	Change	6 Months Ended 31 June 2019	6 Months Ended 30 June 2018	Change
<u>Included in tax expenses:</u>	S\$'000	S\$'000	%	S\$'000	S\$'000	%
Underprovision in prior year	-	36	-100	-	96	-100

1(b)(i) A balance sheet (for the issuer and group), together with a comparative statement as at the end of the immediately preceding financial year.

	Group		Company	
	30.06.2019	31.12.2018	30.06.2019	31.12.2018
	S\$'000	S\$'000	S\$'000	S\$'000
Non-current assets				
Property, plant and equipment	111,493	121,016	-	-
Intangible assets	343	387	-	-
Investment properties	4,000	16,273	-	-
Right-of-use assets	2,852	-	-	-
Investment in subsidiaries	-	-	59,624	59,624
Associates and joint ventures	41,508	42,579	-	-
Trade and other receivables	8,731	11,741	-	-
Amount due from related parties	3,677	3,500	-	-
Other investments	1,272	1,271	-	-
Deferred tax assets	264	431	-	-
	174,140	197,198	59,624	59,624
Current assets				
Inventories	1,174	1,045	-	-
Contract costs	904	877	-	-
Contract assets	70,549	73,969	-	-
Development properties	231,990	234,290	-	-
Trade and other receivables	79,113	79,444	12	7
Amount due from related parties	37,838	38,220	104,436	104,436
Cash and cash equivalents	46,140	39,975	344	82
	467,708	467,820	104,792	104,525
Assets held for sale	215	215	-	-
	467,923	468,035	104,792	104,525
Total assets	642,063	665,233	164,416	164,149
Equity attributable to owners of the Company				
Share capital	181,947	181,947	181,947	181,947
Treasury shares	(4,452)	(4,452)	(4,452)	(4,452)
Reserves	(79,494)	(76,757)	(45,850)	(45,850)
Retained earnings / (Accumulated losses)	167,960	167,684	(28,456)	(25,771)
	265,961	268,422	103,189	105,874
Non-controlling interests	29,539	38,301	-	-
Total equity	295,500	306,723	103,189	105,874
Non-current liabilities				
Trade and other payables	8,618	7,588	-	-
Loans and borrowings	11,924	13,585	-	-
Lease liabilities	3,081	-	-	-
Deferred tax liabilities	3,691	3,509	-	-
	27,314	24,682	-	-
Current liabilities				
Contract liabilities	52,563	35,383	-	-
Trade and other payables	152,578	169,893	111	219
Amount due to related parties	19,386	22,676	61,116	58,056
Loans and borrowings	85,251	96,325	-	-
Lease liabilities	106	-	-	-
Current tax payable	9,365	9,551	-	-
	319,249	333,828	61,227	58,275
Total liabilities	346,563	358,510	61,227	58,275
Total equity and liabilities	642,063	665,233	164,416	164,149

1(b)(ii) Aggregate amount of group's borrowings and debt securities.

Amount repayable in one year or less, or on demand

As at 30.06.2019		As at 31.12.2018	
Secured	Unsecured	Secured	Unsecured
S\$'000	S\$'000	S\$'000	S\$'000
85,251	-	96,325	-

Amount repayable after one year

As at 30.06.2019		As at 31.12.2018	
Secured	Unsecured	Secured	Unsecured
S\$'000	S\$'000	S\$'000	S\$'000
11,924	-	13,585	-

Details of any collateral

1. Secured loan from a bank

Pursuant to a loan facility arrangement with a bank, the Group pledges its shares in Chang De Investment Private Limited ("ChangDe"), Tiong Seng Properties (Private) Limited ("TSP"), Tianjin Zizhulin Development Co. Ltd. ("Zizhulin"), and Suzhou Changhe Investment and Development Co., Ltd ("Changhe") as well as the subordination of the group's share of existing and future shareholder's loan to those companies, to the bank as securities. Notwithstanding this, ChangDe, TSP, Zizhulin and Changhe still remain as subsidiaries of the Group.

2. The secured bank loans and bank overdrafts are secured on the following assets:

	30 June 2019	31 December 2018
	\$'000	\$'000
Carrying amounts of assets:		
Leasehold land	11,045	11,305
Freehold land	3,938	3,959
Leasehold properties	51,421	52,681
Investment properties	4,215	4,296
Plant and machinery	220	167
Motor vehicles	612	661
Deposits pledged	598	603
Total	72,049	73,672

The secured bank loans and bank overdrafts are also secured by assignment of rights, interests and benefits in connection with the construction contracts and corporate guarantee of the Company.

1(c) A cash flow statement (for the group), together with a comparative statement for the corresponding period of the immediately preceding financial period.

	3 Months Ended 30 June 2019 S\$'000	3 Months Ended 30 June 2018 S\$'000 Restated	6 Months Ended 30 June 2019 S\$'000	6 Months Ended 30 June 2018 S\$'000
Cash flow from operating activities				
Profit from operating activities	5,401	2,345	9,168	8,425
Adjustments for:				
Depreciation and amortisation	6,010	4,052	11,695	8,090
(Gain)/loss on disposal of property, plant and equipment	(16)	15	(17)	(393)
Gain on disposal of subsidiary companies	(7,371)	-	(7,371)	-
Operating profit before working capital changes	4,024	6,412	13,475	16,122
Changes in working capital:				
Inventories	(265)	235	(129)	317
Contract costs	(43)	(301)	(27)	(1,839)
Contract assets / liabilities	14,334	896	20,600	(112,977)
Development properties	(2,941)	(1,667)	436	2,981
Trade and other receivables	1,016	22,421	10,453	118,980
Balances with related parties (trade)	1,081	1,197	(475)	1,435
Trade and other payables	(12,401)	(30,185)	(16,121)	(68,344)
Cash generated from/(used in) operations	4,805	(992)	28,212	(43,325)
Income taxes paid	(2,186)	(4,157)	(3,006)	(6,338)
Net cash generated from/(used in) operating activities	2,619	(5,149)	25,206	(49,663)
Cash flow from investing activities				
Interest received	55	95	205	202
Balances with related parties (non-trade)	(2,583)	166	(3,449)	(23)
Investment in a joint venture	(1,616)	(2,910)	(2,235)	(8,550)
Loan repayment from a joint venture	3,315	1,830	3,675	4,800
Proceeds from disposal of subsidiary companies, net of cash disposed [#]	5,912	-	5,912	-
Proceeds from disposal of property, plant and equipment	25	-	151	2,685
Purchase of property, plant and equipment	(1,774)	(1,051)	(1,930)	(2,427)
Purchase of intangible assets	(2)	(22)	(4)	(56)
Net cash (used in) / from investing activities	3,332	(1,892)	2,325	(3,369)

	3 Months Ended 30 June 2019 S\$'000	3 Months Ended 30 June 2018 S\$'000	6 Months Ended 30 June 2019 S\$'000	6 Months Ended 30 June 2018 S\$'000
Cash flow from financing activities				
Balances with related parties (non-trade)	(561)	3,190	(1,291)	3,029
Decrease/(Increase) in restricted cash	2	3	(2)	1,564
Increase in deposits pledged	-	(39)	(3)	(39)
Dividends paid to:				
- owners of the company	(2,224)	(6,675)	(2,224)	(6,675)
- non-controlling interests	(282)	(3,259)	(1,109)	(3,259)
Interest paid	(880)	(508)	(1,781)	(932)
Principal element of lease payments	(23)	-	(45)	-
Acquisition of non-controlling interest in a subsidiary	-	-	(1,598)	-
Purchase of treasury shares	-	(182)	-	(1,404)
Payments of finance lease liabilities	(47)	(75)	(105)	(202)
Proceeds from loans and borrowings	4,248	28,587	20,248	46,888
Repayment of loans and borrowings	(18,821)	(8,675)	(32,879)	(88,872)
Net cash (used in) / from financing activities	(18,588)	12,367	(20,789)	(49,902)
Net increase / (decrease) in cash and cash equivalents	(12,637)	5,326	6,742	(102,934)
Cash and cash equivalent at beginning of the period	58,119	33,749	39,146	141,334
Effect of exchange rate changes on balance held in foreign currencies	(166)	(775)	(572)	(100)
Cash and cash equivalents at end of the period	45,316	38,300	45,316	38,300

#Partial proceeds of Rmb30.0 million was received with the remaining balance of Rmb37.0 million to be received in 3Q2019.

1(d)(i) A statement (for the issuer and group) showing either (i) all changes in equity or (ii) changes in equity other than those arising from capitalisation issues and distributions to shareholders, together with a comparative statement for the corresponding period of the immediately preceding financial year.

Group	Share capital	Treasury shares	Merger reserve	Capital reserve	Statutory reserve	Fair value reserve	Foreign currency translation reserve	Retained earnings	Total	Non-controlling interests	Total equity
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
At 1 January 2019	181,947	(4,452)	(77,720)	(27)	3,564	-	(2,574)	167,684	268,422	38,301	306,723
Adjustment on initial application of SFRS(I)16	-	-	-	-	-	-	-	(236)	(236)	(83)	(319)
As restated at 1 January 2019	181,947	(4,452)	(77,720)	(27)	3,564	-	(2,574)	167,448	268,186	38,218	306,404
Profit for the period	-	-	-	-	-	-	-	2,736	2,736	(387)	2,349
Other comprehensive income											
Translation differences relating to financial statements of foreign subsidiaries	-	-	-	-	-	-	(1,018)	-	(1,018)	(258)	(1,276)
Exchange differences on monetary items forming part of net investment in a foreign operation	-	-	-	-	-	-	(516)	-	(516)	-	(516)
Realisation of translation difference from disposal of a subsidiary group	-	-	-	-	-	-	268	-	268	-	268
Total other comprehensive income	-	-	-	-	-	-	(1,266)	-	(1,266)	(258)	(1,524)
<i>Total comprehensive income for the period</i>	-	-	-	-	-	-	(1,266)	2,736	1,470	(645)	825
Transaction with owners, recognised directly in equity											
Contributions by and distributions to owners											
Dividend paid	-	-	-	-	-	-	-	(2,224)	(2,224)	(1,109)	(3,333)
Acquisition of non-controlling interest without a change in control	-	-	-	(1,471)	-	-	-	-	(1,471)	(2,389)	(3,860)
Disposal of a subsidiary group with non-controlling interest	-	-	-	-	-	-	-	-	-	(4,536)	(4,536)
<i>Total transaction with owners of the Company</i>	-	-	-	(1,471)	-	-	-	(2,224)	(3,695)	(8,034)	(11,729)
At 30 June 2019	181,947	(4,452)	(77,720)	(1,498)	3,564	-	(3,840)	167,960	265,961	29,539	295,500

Group	Share capital	Treasury shares	Merger reserve	Capital reserve	Statutory reserve	Fair value reserve	Foreign currency translation reserve	Retained earnings	Total	Non-controlling interests	Total equity
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
At 1 January 2018	181,947	(3,033)	(77,720)	(2)	3,564	-	3,009	165,588	273,353	46,982	320,335
Adjustment on initial application of SFRS(I)9 (net of tax)	-	-	-	-	-	-	-	(37)	(37)	-	(37)
As restated at 1 January 2018	181,947	(3,033)	(77,720)	(2)	3,564	-	3,009	165,551	273,316	46,982	320,298
Profit for the period	-	-	-	-	-	-	-	6,054	6,054	(773)	5,281
Other comprehensive income											
Translation differences relating to financial statements of foreign subsidiaries	-	-	-	-	-	-	107	-	107	348	455
Exchange differences on monetary items forming part of net investment in a foreign operation	-	-	-	-	-	-	347	-	347	-	347
Realisation of exchange differences on monetary items previously forming part of net investment in a foreign operation transferred to income statement	-	-	-	-	-	-	299	-	299	-	299
Total other comprehensive income	-	-	-	-	-	-	753	-	753	348	1,101
<i>Total comprehensive income for the period</i>	-	-	-	-	-	-	753	6,054	6,807	(425)	6,382
Transaction with owners, recognised directly in equity											
Contributions by and distributions to owners											
Purchase of treasury shares	-	(1,404)	-	-	-	-	-	-	(1,404)	-	(1,404)
Dividend paid	-	-	-	-	-	-	-	(6,675)	(6,675)	(3,259)	(9,934)
Acquisition of non-controlling interest without a change in control	-	-	-	(25)	-	-	-	-	(25)	25	-
<i>Total transaction with owners of the Company</i>	-	(1,404)	-	(25)	-	-	-	(6,675)	(8,104)	(3,234)	(11,338)
At 30 June 2018	181,947	(4,437)	(77,720)	(27)	3,564	-	3,762	164,930	272,019	43,323	315,342

Company	Share capital	Treasury Shares	Merger Reserve	Accumulated profits	Total equity
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
At 1 January 2019	181,947	(4,452)	(45,850)	(25,771)	105,874
Total comprehensive income for the period	-	-	-	(461)	(461)
Dividend paid	-	-	-	(2,224)	(2,224)
At 30 June 2019	181,947	(4,452)	(45,850)	(28,456)	103,189
At 1 January 2018	181,947	(3,033)	(45,850)	(27,641)	105,423
Total comprehensive income for the period	-	-	-	8,996	8,996
Purchase of treasury shares	-	(1,404)	-	-	(1,404)
Dividend paid	-	-	-	(6,675)	(6,675)
At 30 June 2018	181,947	(4,437)	(45,850)	(25,320)	106,340

1(d)(ii) Details of any changes in the company's share capital arising from rights issue, bonus issue, share buy-backs, exercise of share options or warrants, conversion of other issues of equity securities, issue of shares for cash or as consideration for acquisition or for any other purpose since the end of the previous period reported on.

State also the number of shares that may be issued on conversion of all the outstanding convertibles, if any, against the total number of issued shares excluding treasury shares and subsidiary holdings of the issuer, as at the end of the current financial period reported on and as at the end of the corresponding period of the immediately preceding financial year.

State also the number of shares held as treasury shares and the number of subsidiary holdings, if any, and the percentage of the aggregate number of treasury shares and subsidiary holdings held against the total number of shares outstanding in a class that is listed as at the end of the current financial period reported on and as at the end of the corresponding period of the immediately preceding financial year.

There is no change in the Company's share capital since the end of the previous period reported on.

As at 30 June 2019, the Company held 14,838,500 treasury shares (14,801,500 treasury shares as at 30 June 2018) which represents 3.34% (3.33% as at 30 June 2018) of the total number of issued shares of the Company (excluding treasury shares).

The Company did not have any outstanding options or convertibles as at the end of the current financial period reported on and as at the end of the corresponding period of the immediate preceding financial year.

1(d)(iii) To show the total number of issued shares excluding treasury shares as at the end of the current financial period and as at the end of the immediately preceding year.

	No of shares	
	30 June 2019	31 December 2018
Total number of issued shares excluding treasury shares	444,785,349	444,785,349

1(d)(iv) A statement showing all sales, transfers, disposal, cancellation and/or use of treasury shares as at the end of the current financial period reported on.

There were no sales, transfers, disposal, cancellation and/or use of treasury shares as at the end of the current financial period reported on.

1(d)(v) A statement showing all sales, transfers, cancellation and/or use of subsidiary holdings as at the end of the current financial period reported on.

There are no subsidiary holdings as at the end of the current financial period reported on.

2. Whether the figures have been audited or reviewed and in accordance with which auditing standard or practice.

The figures have not been audited or reviewed by the Company's independent auditors.

3. Where the figures have been audited or reviewed, the auditors' report (including any qualifications or emphasis of a matter).

Not applicable

4. Whether the same accounting policies and methods of computation as in the issuer's most recently audited annual financial statements have been applied.

Except as disclosed in paragraph 5 below, the Group has applied the same accounting policies and methods of computation in the financial statements for the current reporting period as those of the audited financial statements for the year ended 31 December 2018.

5. If there are any changes in the accounting policies and methods of computation, including any required by an accounting standard, what has changed, as well as the reasons for, and the effect of, the change.

The Group has adopted a new/revised Singapore Financial Reporting Standards (International) (SFRS(I)s) that are effective for annual periods beginning on or after 1 January 2019. Changes to the Group's accounting policies have been made as required, in accordance with the transitional provisions in the respective SFRS(I)s, SFRS(I) Interpretations and amendments to SFRS(I)s.

The following are the new or amended SFRS(I)s, and SFRS(I) Interpretations, that are relevant to the Group:

- SFRS(I) 16 Leases;
- SFR(I) INT 23 Uncertainty Over Income Tax Treatments;
- Amendments to SFRS(I) 9 Prepayment Features with Negative Compensation;
- Amendments to SFRS(I) 1-28 Long-term Interests in Associates and Joint Ventures; and
- Amendments to SFRS(I) 1-23 Borrowing costs eligible for capitalisation

There is no material impact on the financial statements in adopting the new or amended SFRS(I)s, and SFRS(I) Interpretations except for the adoption of SFRS(I)16.

In the adoption of SFRS(I) 16 for the Group financial results beginning on 1 January 2019, the Group has applied the simplified transition approach and will not restate comparative amounts for the year prior to first adoption.

SFRS(I) 16 has resulted in substantial part of leases being recognized on the balance sheet, as the distinction between operating and finance leases is removed. Under the new standard, an asset (the right to use the leased item) and a financial liability to pay rentals are recognized. The only exceptions are short-term leases and leases of low value assets. The accounting for lessors has not changed significantly.

Right-of-use assets are measured using the cost model and are carried at cost less accumulated depreciation and impairment loss, if any, subsequent to initial recognition. The carrying amount for lease liabilities subsequent to initial recognition would take into account interest on the lease liabilities, lease payments made and any reassessment or lease modifications.

The adoption of SFRS(I) 16 resulted in adjustments to the balance sheet of the Group as at 1 January 2019. The impact to balance sheet as previously reported as at 31 December 2018 are as follows:

Consolidated Financial Position	1 January 2019
	Increase/(decrease)
	S\$'000

Right-of-use	2,914
Total assets	2,914
Retained earnings	(236)
Non-controlling interest	(83)
Total equity	(319)
Lease liabilities	3,233
Total liabilities	3,233
Total equity and liabilities	2,914

6. **Earnings per ordinary share of the group for the current financial period reported on and the corresponding period of the immediately preceding financial year, after deducting any provision for preference dividends.**

	3 Months Ended 30 June 2019	3 Months Ended 30 June 2018	6 Months Ended 30 June 2019	6 Months Ended 30 June 2018
	(cents)	(cents)	(cents)	(cents)
Earnings per ordinary share of the group, after deducting any provision for preference dividends (in cents):				
(a) Based on weighted average number of ordinary shares on issue; and	0.31	0.25	0.62	1.36
(b) On a fully diluted basis	0.31	0.25	0.62	1.36

The earning per ordinary share net of non-controlling interests has been calculated based on weighted average number of shares outstanding (excluding treasury shares) of 444,785,349 (2018: 446,261,263) shares.

7. **Net asset value (for the issuer and group) per ordinary share based on the total number of issued shares excluding treasury shares of the issuer at the end of the:**
(a) current financial period reported on; and
(b) immediately preceding financial year.

	Group		Company	
	30 June 2019	31 December 2018	30 June 2019	31 December 2018
	(cents)	(cents)	(cents)	(cents)
Net asset value per ordinary share based on issued share capital at the end of:	59.80	60.35	23.20	23.80

The net asset value per ordinary share, net of non-controlling interests and excluding treasury shares, has been calculated based on 444,785,349 shares as at 30 June 2019 and 31 December 2018.

8. **A review of the performance of the group, to the extent necessary for a reasonable understanding of the group's business. It must include a discussion of the following:**
(a) any significant factors that affected the turnover, costs, and earnings of the group for the current financial period reported on, including (where applicable) seasonal or cyclical factors; and
(b) any material factors that affected the cash flow, working capital, assets or liabilities of the group during the current financial period reported on.

Review of Group Performance for 1H2019 vs 1H2018**Overview**

The breakdown of our major continuing business segment financial information as follows:

	<u>Construction</u>	<u>Property Development</u>	<u>Rental</u>	<u>Others</u>	<u>Total</u>
	6 Months Ended 30 June 2019				
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
Revenue	156,547	12,402	863	-	169,812
Costs	(141,079)	(8,706)	-	-	(149,785)
Gross profit	15,468	3,696	863	-	20,027
Other income	1,197	175	7,371	417	9,160
Depreciation and amortisation	(3,149)	(26)	(347)	(70)	(3,592)
Selling expenses	-	(549)	-	-	(549)
Staff costs	(8,473)	(914)	-	(853)	(10,240)
Other operating expenses	(3,450)	(1,210)	-	(978)	(5,638)
Profit / (loss) from operating activities	1,593	1,172	7,887	(1,484)	9,168

	<u>Construction</u>	<u>Property Development</u>	<u>Rental</u>	<u>Others</u>	<u>Total</u>
	6 Months Ended 30 June 2018				
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
Revenue	181,064	14,688	931	-	196,683
Costs	(157,737)	(12,524)	-	-	(170,261)
Gross profit	23,327	2,164	931	-	26,422
Other income	1,519	283	-	575	2,377
Depreciation and amortisation	(3,644) [^]	(30)	(358) [^]	(14)	(4,046)
Selling expenses	-	(604)	-	-	(604)
Staff costs	(8,184)	(872)	-	(1,330)	(10,386)
Other operating expenses	(3,508)	(890)	-	(940)	(5,338)
Profit / (loss) from operating activities	9,510	51	573	(1,709)	8,425

[^] S\$252,000 depreciation expense related to a construction facility was reclassified from rental segment to construction segment to better reflect the expense according to its business nature.

As a whole, the Group's profit from operating activities increased by S\$0.7 million or 8.8% year-on-year (yoy) from approximately S\$8.4 million in 1H2018 to S\$9.2 million in 1H2019. The increase in operating profit was attributable to a gain from disposal of subsidiary companies, Jiangsu Huiyang Construction Development Co., Ltd and Yangzhou Huixin Commercial Asset and Property Management Services Co., Ltd amounted to S\$7.4 million and higher profit in property development segment of S\$1.1 million partially offset by lower profit in construction segment of S\$7.9 million. The decrease in profit in construction segment was due to lower revenue recognized and decline in gross profit margin. Construction work performed decreased by S\$24.5 million from S\$181.1 million in 1H2018 to S\$156.6 million in 1H2019 whereas gross profit margin reduced by 3.0% from 12.9% in 1H2018 to 9.9% in 1H2019.

Revenue

Revenue decreased by approximately S\$26.9 million or 13.7% from approximately S\$196.7 million in 1H2018 to approximately S\$169.8 million in 1H2019, attributable mainly to decrease in work performed in construction segment by S\$24.5 million and lower revenue recognized in property development by S\$2.3 million.

Revenue from construction contract

Decrease in construction revenue was mainly due to differences in stages of various construction contracts and the net decrease in work done for various projects, as old ones got completed and contributions from new ones not being significant in contrast.

Revenue from sales of development properties

Revenue from sales of development properties in 1H2019 amounted to approximately S\$12.4 million contributed mainly from the sale recognition of 7 units (1,415 sqm) in Equinox Project, 1 unit (204 sqm) in Sunny International Project and 8 units (2,505 sqm) in Tranquility Project. In 1H2018, revenue amounted to S\$14.7 million was contributed mainly from the sale recognition of 12 units (3,413 sqm) in Equinox Project, 2 units (372 sqm) in Sunny International Project and 4 unit (1,087 sqm) in Tranquility Project.

As at 30 June 2019, approximately S\$27.4 million of gross development value were sold, but yet to be recognised as revenue in accordance to our revenue recognition policy, as follows:

Projects	Total units launched	Units sold and recognised	Units sold but yet to be recognised		Unsold units		ASP [^] psm for units sold but yet to be recognised
			Units	Sqm	Units	Sqm	Rmb
Equinox	434	271	52	8,373	111	24,050	15,068
Tranquility	636	591	2	603	43	13,875	16,906

[^] Average selling price

Gross profit in construction segment

Decrease in gross profit margin of approximately 3.0% from 12.9% in 1H2018 to 9.9% in 1H2019 as a results of lower profit margin contribution from existing projects amid competitive tender landscape combined with differences in projects' profile and relative weighted average profitability in the projects recognized over the two periods.

Gross profit in property development segment

Gross profit margin increased approximately 15.1% from 14.7% in 1H2018 to 29.8% in 1H2019 mainly due to the difference in projects' profile and relative profitability in the units recognized over the two periods.

Other Income

Other income increased by S\$6.8 million from S\$2.4 million in 1H2018 to S\$9.2 million in 1H2019 mainly due to a gain from disposal of subsidiary companies.

Depreciation and amortisation

Decrease in depreciation and amortization expenses of approximately S\$0.5 million to S\$3.6 million in 1H2019 mainly due to higher utilization of plant and equipment in the construction projects which cost was charged to costs of construction contract.

Net finance expenses

Net finance expenses increased by approximately S\$1.1 million from S\$1.6 million in 1H2018 to S\$2.7 million in 1H2019 due mainly to higher borrowing cost as a result of increase in

interest rate and overall higher borrowing level for the periods under review and exchange loss reported in 1H2019 instead of exchange gain in 1H2018 mainly due to depreciation in Renmimbi vis-à-vis Singapore Dollar.

Share of (loss)/ profit of joint ventures, net of tax

The Group registered a lower share of profit from joint ventures by approximately S\$0.2 million in 1H2019 due mainly to lower net contribution from certain joint venture projects.

Income tax expense

Income tax expense increased by approximately S\$2.4 million to S\$4.2 million in 1H2019 due mainly to increase in taxable profit in rental segment at a higher tax rate.

Profit for the period

Profit in 1H2019 decreased by approximately S\$2.9 million to S\$2.3 million as a result of the factors mentioned in the preceding paragraphs.

Review of Financial Position

Non-Current Assets

As at 30 June 2019, non-current assets stood at S\$174.1 million or approximately 27.1% of total assets, a decrease of approximately S\$23.1 million as compared to 31 December 2018.

Decrease in property, plant & equipment ("PPE") of approximately S\$9.5 million to S\$111.5 million as at 30 June 2019 was mainly due to depreciation incurred for the period.

Decrease in investment properties by S\$12.3 million to S\$4.0 million as at 30 June 2019 was due to disposal of subsidiary companies with an investment property of S\$11.8 million as well as depreciation incurred for the period.

Following the adoption of SFRS(I)16 as enumerated in section 5 above, right-of-use assets were first time being recognized in balance sheet for the financial periods beginning on or after 1 January 2019 without restatement of comparative amounts for the period prior to its first adoption.

Decrease in non-current trade and other receivables by S\$3.0 million to S\$8.7 million as at 30 June 2019 was mainly due to reclassification of retention sums receivable within 12 months to current assets.

Current Assets

As at 30 June 2019, current assets stood at S\$467.9 million or approximately 72.9% of total assets, a decrease of approximately S\$0.1 million as compared to 31 December 2018.

Decrease in contract assets by S\$3.4 million to S\$70.5 million as at 30 June 2019 was due to difference in timing between revenue recognition and actual billing over the periods under review.

Non-Current Liabilities

As at 30 June 2019, non-current liabilities amounted to S\$27.3 million or approximately 7.9% of total liabilities, an increase of approximately S\$2.6 million as compared to 31 December 2018.

Non-current trade and other payables increased by S\$1.0 million to S\$8.6 million as at 30 June 2019 due mainly to increase in retention sum payable arising from the construction projects.

Loan and borrowings decreased by S\$1.7 million to S\$11.9 million as at 30 June 2019 was mainly due to reclassification of borrowings due within 12 months to current liabilities.

Following the adoption of SFRS(I)16 as enumerated in section 5 above, lease liabilities for the right-of-use assets were first time being recognized in balance sheet for the financial periods beginning on or after 1 January 2019 without restatement of comparative amounts for the period prior to its first adoption.

Current Liabilities

As at 30 June 2019, current liabilities stood at S\$319.2 million or approximately 92.1% of total liabilities, a decrease of approximately S\$14.6 million as compared to 31 December 2018.

Contract liabilities increased by S\$17.2 million to S\$52.6 million as at 30 June 2019 mainly due to increase in the excess of progress billing over construction revenue recognized arising from timing difference between actual billing and revenue recognition over the period under review.

Trade and other payables decreased by approximately S\$17.3 million to S\$152.6 million as at 30 June 2019 due mainly to overall decrease in retention and accrued trade payables.

Amount due to related parties decreased by approximately S\$3.3 million to S\$19.4 million as at 30 June 2019 due mainly to settlement of account with a joint venture following the finalization of the project.

Loans and borrowings decreased by S\$11.1 million to S\$85.3 million as at 30 June 2019 due mainly to net repayment made for the period reported on.

Review of Statement of Cash Flows

Net cash from operating activities

For the 6 months ended 30 June 2019, the Group recorded a net cash inflow from operating activities of approximately S\$25.2 million, as compared to S\$49.7 million net cash outflow in the previous corresponding period ended 30 June 2018. This was mainly due to difference in timing in collection of construction revenue and payment for construction costs for both financial periods.

Net cash from investing activities

For the 6 months ended 30 June 2019, the Group recorded a net cash inflow from investing activities of approximately S\$2.3 million, as compared to S\$3.4 million net cash outflow in the previous corresponding period ended 30 June 2018. The net cash inflow from investing activities in 1H2019 improved mainly due to the collection of proceeds from disposal of subsidiary companies in 1H2019 and lower net investment in joint ventures.

Net cash from financing activities

For the 6 months ended 30 June 2019, the Group recorded a net cash outflow from financing activities of S\$20.8 million, decreased by S\$29.1 million as compared to previous corresponding period ended 30 June 2018. Net cash used in financing activities in both periods are mainly attributed to dividend distribution and net payment of loans and borrowings, including the redemption of S\$75.0 million multi-currency term note in 1H2018.

9. Where a forecast, or a prospect statement, has been previously disclosed to shareholders, any variance between it and the actual results.

No forecast or prospect statement has been previously disclosed to shareholders.

10. A commentary at the date of the announcement of the significant trends and competitive conditions of the industry in which the group operates and any known factors or events that may affect the group in the next reporting period and the next 12 months.

Construction Outlook

While industry observers expect a slowdown in the medium term due to a poorer economic outlook, the stronger performance currently witnessed in the buildings sector is likely to lift the construction industry in the short-term¹. In addition, Singapore's largest road project – the North-South Corridor – is set to begin by end-2019 and is poised to boost the construction sector's short-term prospects further.

In the longer term, the infrastructure sector should act as a cushion to the cyclical slowdown in the buildings sector. This is supported by Singapore's large pipeline of megaprojects including the Changi Airport Terminal 5 and North-South Corridor Expressway projects which will start construction over the next few years.

As at 30 June 2019, the Group's order book stands at approximately S\$627.6 million, expected to extend till year 2023.

Property Development Outlook

China

Average home-price growth in 70 major Chinese cities dampened for the first time since February, increasing just 0.66 per cent quarter-on-quarter in June². This was slightly slower than a 0.71 per cent growth recorded a month earlier and compares to a 0.62 per cent gain in April. The slowing growth comes after authorities widened curbs to curtail a market that was re-inflating, and represents a shift in stance from the more lenient statement of stabilising property prices and market expectations back in early 2019.

As at 30 June 2019, approximately S\$27.4 million of gross development value comprises 52 units (8,373 sqm) of the Equinox and 2 units (603 sqm) of Tranquility Residences were sold, but yet to be recognized as revenue in accordance to Tiong Seng's revenue recognition policy.

As at 30 June 2019, approximately 74.4% of the total 434 units launched for Equinox have been sold. Based on current existing phase development plan and schedule, the Group is currently carrying out construction for two of its phases, E2 and G1, with expected completion and handover in 3Q2020 and 4Q2021 respectively.

For Tranquility Residences project in Suzhou New District Development zone, approximately 93.2% of the total 636 completed units were sold.

Singapore

¹ "Singapore construction sector may face long slowdown in medium term: Fitch", The Business Times, 16 July 2019

² "China home-price growth weakens as wider curbs kick in", The Straits Times, 15 July 2019

Private home prices in Singapore rose unexpectedly in the second quarter of 2019 to reach the highest level in at least five years. The private residential property index rose 1.5 per cent to 150.8 points in the second quarter, beating initial estimates and reversing two consecutive quarters of price declines³. Industry observers believe that the property price index is expected to remain stable or show moderate growth for the rest of the year. On the other hand, downward pressure is likely to come in the mid to long term when the impact of a weaker macroeconomic environment sets in, and when developers are compelled to reduce prices as they approach their sell-by deadlines.

The Group's joint venture project located at Balmoral Road is currently under development and started its soft launch in June 2019 whereas project located at Cairnhill Rise is expected to launch sale of the units and commence its main construction work in 4Q2019.

11. Dividend

(a) Current Financial Period Reported On

Any dividend declared for the current financial period reported on?

No

(b) Corresponding Period of the Immediately Preceding Financial Year

Any dividend declared for the corresponding period of the immediately preceding financial year?

No

(c) Date payable

Not Applicable

(d) Books closure date

Not Applicable

12. If no dividend has been declared/recommended, a statement to that effect.

No dividend had been declared by the Board of the Company in respect of 1H2019. The Company has been declaring dividend annually in fourth quarter results announcement since 2010.

13. If the group has obtained a general mandate from shareholders for IPTs, the aggregate value of such transactions as require under Rule 920(1)(a)(ii). If no IPT mandate has been obtained, a statement to that effect.

Pursuant to Rule 920(1)(a)(ii), the following interested person transactions were entered into during the financial period ended 30 June 2019.

Name of Interested Person	Aggregate value of all interested person transactions during the financial year under review (excluding transactions less than S\$100,000 and	Aggregate value of all interested person transactions conducted under shareholders' mandate pursuant to Rule 920 (excluding

³ "Singapore private home prices climb 1.5% in Q2 to highest in at least 5 years"

	transactions conducted under shareholders' mandate pursuant to Rule 920)		transactions less than S\$100,000)	
	2Q2019 S\$'000	1H2019 S\$'000	2Q2019 S\$'000	1H2019 S\$'000
Hiring charges				
Peck Tiong Choon Transport (Pte) Ltd	-	-	1,510	2,851
Peck Tiong Choon Logistic (Pte) Ltd	-	-	178	395
Total	-	-	1,688	3,246
Construction revenue				
Peck Tiong Choon (Pte) Ltd*	-	-	-	-
Total	-	-	-	-

*The transaction was approved by shareholders in an extraordinary general meeting held on 16 December 2016 under Rule 906(1)(a) of the listing manual.

14. Confirmation that the issuer has procured undertakings from all its directors and executive officers (in the format set out in Appendix 7.7) under Rule 720(1).

The Company confirms that the undertakings required under Rule 720(1) of the Listing Manual have been obtained from all its directors and executive officers in the format set out in Appendix 7.7 of the Listing Manual.

On behalf of the Board of Directors

BY ORDER OF THE BOARD

Pek Lian Guan
Executive Director and CEO
8 August 2019



TIONG SENG HOLDINGS LIMITED

(Incorporated in the Republic of Singapore)

(Co. Reg. No: 200807295Z)

CONFIRMATION BY DIRECTORS PURSUANT TO RULE 705(5) OF THE LISTING MANUAL OF SGX-ST

On behalf of the Board of Directors of TIONG SENG HOLDINGS LIMITED (the “Company”), we, the undersigned, confirm that to the best of our knowledge, nothing has come to the attention of the Board of Directors of the Company which may render the half-year financial statements for the financial period ended 30 June 2019 to be false or misleading in any material aspect.

For and on behalf of the Board of Directors of
TIONG SENG HOLDINGS LIMITED

Pek Lian Guan
Executive Director & CEO

Pay Sim Tee
Executive Director

8 August 2019