



TIONG SENG HOLDINGS LIMITED

(Incorporated in the Republic of Singapore)

(Co. Reg. No: 200807295Z)

UNAUDITED HALF-YEAR 2014 FINANCIAL STATEMENT ANNOUNCEMENT FOR THE PERIOD ENDED 30 JUNE 2014

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 2014 S\$'000	3 Months Ended 30 June 2013 S\$'000	Change %	6 Months Ended 30 June 2014 S\$'000	6 Months Ended 30 June 2013 S\$'000	Change %
Revenue						
Revenue from construction contracts	151,663	103,668	46	318,661	247,717	29
Revenue from sales of development properties	1,629	25,095	-94	2,917	25,410	-89
Revenue from sales of goods	1,544	2,525	-39	2,952	4,368	-32
Rental income	291	297	-2	604	599	1
	<u>155,127</u>	<u>131,585</u>	18	<u>325,134</u>	<u>278,094</u>	17
Other income	2,041	527	>100	3,219	9,575	-66
Costs of construction	(145,319)	(89,548)	62	(300,027)	(220,266)	36
Costs of sales of development properties	(1,590)	(24,999)	-94	(2,699)	(25,122)	-89
Cost of goods sold	(883)	(1,492)	-41	(1,535)	(2,508)	-39
Depreciation and amortisation	(1,492)	(1,969)	-24	(2,936)	(3,367)	-13
Selling expenses	-	(798)	-100	(2,134)	(1,616)	32
Staff costs	(4,404)	(5,609)	-21	(9,739)	(10,462)	-7
Other expenses	(2,799)	(3,408)	-18	(5,609)	(6,736)	-17
	<u>(156,487)</u>	<u>(127,823)</u>	22	<u>(324,679)</u>	<u>(270,077)</u>	20
Profit from operating activities	681	4,289	-84	3,674	17,592	-79
Finance income	948	1,589	-40	1,453	1,891	-23
Finance expenses	(1,510)	(222)	>100	(2,892)	(2,049)	41
Net finance income / (expense)	<u>(562)</u>	<u>1,367</u>	N.M	<u>(1,439)</u>	<u>(158)</u>	>100
Share of profit of joint ventures, net of tax	616	49	>100	616	467	32
Profit before tax	735	5,705	-87	2,851	17,901	-84
Tax	(658)	(3,585)	-82	(1,231)	(4,520)	-73
Profit for the period	<u>77</u>	<u>2,120</u>	-96	<u>1,620</u>	<u>13,381</u>	-88

N.M : Not meaningful

	3 Months Ended 30 June 2014 S\$'000	3 Months Ended 30 June 2013 S\$'000	Change %	6 Months Ended 30 June 2014 S\$'000	6 Months Ended 30 June 2013 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	(73)	8,382	N.M	(4,456)	12,346	N.M
Exchange differences on monetary items forming part of net investment in a foreign operation	(28)	(618)	95	(2,396)	(433)	>100
Net change in the fair value of available-for-sale investments	5	-	N.M	10	-	N.M
Tax on other comprehensive income	(1)	105	N.M	(2)	74	N.M
Other comprehensive income for the period	(97)	7,869	N.M	(6,844)	11,987	N.M
Total comprehensive income for the period	(20)	9,989	-100	(5,224)	25,368	N.M
Profit attributable to:						
Owners of the Company	1,383	3,402	-59	3,022	14,676	-79
Non-controlling interests	(1,306)	(1,282)	2	(1,402)	(1,295)	8
Profit for the period	77	2,120	-96	1,620	13,381	-88
Total comprehensive income attributable to:						
Owners of the Company	1,528	9,725	-84	(2,877)	24,325	N.M
Non-controlling interests	(1,548)	264	N.M	(2,347)	1,043	N.M
Total comprehensive income for the period	(20)	9,989	N.M	(5,224)	25,368	N.M
Earnings per share						
- Basic and diluted (cents) ¹	0.15	0.44	-66	0.33	1.88	-82

¹ Based on 919,247,700 shares, net of non-controlling interests as at 30 June 2014 and a weighted average number of ordinary shares outstanding of 781,932,691 as at 30 June 2013.

Earnings per share for period ended 30 June 2013 has been restated to take into account the effect of the rights issue in accordance with FRS 33 Earnings per Share.

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:

	3 Months Ended 30 June 2014 S\$'000	3 Months Ended 30 June 2013 S\$'000	Change %	6 Months Ended 30 June 2014 S\$'000	6 Months Ended 30 June 2013 S\$'000	Change %
Fees from property management	(110)	(134)	-18	(207)	(223)	-7
Gain on disposal of spare parts and scrap materials	(327)	(60)	>100	(533)	(109)	>100
Gain on disposal of investment properties	(683)	-	N.M	(683)	(8,104)	-92
Operating lease expenses	272	414	-34	717	753	-5
Travelling and transport	237	277	-14	508	518	-2
Repair and maintenance expenses	137	388	-65	400	848	-53
Professional fees	346	341	1	683	648	5
Advertisement and promotional expenses	-	657	-100	1,458	1,045	40

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	
	30.06.2014	31.12.2013	30.06.2014	31.12.2013
	S\$'000	S\$'000	S\$'000	S\$'000
Non-current assets				
Property, plant and equipment	89,387	87,052	-	-
Intangible assets	5,414	6,307	-	-
Investment properties	15,834	17,999	-	-
Investment in subsidiaries	-	-	59,624	59,624
Associates and joint ventures	26,441	25,903	-	-
Trade and other receivables	27,992	33,872	-	-
Other investments	6,086	6,018	-	-
Deferred tax assets	3,808	3,921	-	-
	174,962	181,072	59,624	59,624
Current assets				
Inventories	2,719	2,714	-	-
Construction work-in-progress	25,148	43,519	-	-
Development properties	440,645	390,296	-	-
Trade and other receivables	220,176	225,115	14	10,037
Amount due from related parties	25,667	27,069	38,709	44,871
Cash and cash equivalents	69,164	79,812	27,062	26,465
	783,519	768,525	65,785	81,373
Total assets	958,481	949,957	125,409	140,997
Equity attributable to owners of the Company				
Share capital	181,947	154,552	181,947	154,552
Reserves	(68,116)	(34,822)	(45,850)	(18,455)
Retained earnings / (Accumulated losses)	142,425	144,918	(14,579)	(7,778)
	256,256	264,648	121,518	128,319
Non-controlling interests	44,064	46,301	-	-
Total equity	300,320	310,949	121,518	128,319
Non-current liabilities				
Trade and other payables	17,231	15,847	-	-
Loans and borrowings	104,851	93,582	-	1,000
Deferred tax liabilities	3,416	3,565	-	-
	125,498	112,994	-	1,000
Current liabilities				
Progress billings in excess of construction work-in-progress	5,285	1,480	-	-
Trade and other payables	340,070	331,477	1,871	1,510
Amount due to related parties	16,668	26,038	420	8,968
Loans and borrowings	163,290	158,455	1,600	1,200
Current tax payable	7,350	8,204	-	-
	532,663	525,654	3,891	11,678
Total liabilities	658,161	638,648	3,891	12,678
Total equity and liabilities	958,481	949,597	125,409	140,997

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

Amount repayable in one year or less, or on demand

As at 30.06.2014		As at 31.12.2013	
Secured	Unsecured	Secured	Unsecured
S\$'000	S\$'000	S\$'000	S\$'000
163,290	-	157,210	1,245

Amount repayable after one year

As at 30.06.2014		As at 31.12.2013	
Secured	Unsecured	Secured	Unsecured
S\$'000	S\$'000	S\$'000	S\$'000
104,851	-	93,582	-

Details of any collateral

1. Secured loan from a financial institution

Pursuant to a loan agreement dated 26 June 2010 and the shareholding entrusted agreements (the "First Agreements"), the shareholders of our subsidiary, Tianjin Zizhulin Guangang Property Development Co., Ltd. ("Guangang"), pledged their equity interests as well as the shareholders' loan of RMB62 million to Northern International Trust & Investment Co., Ltd. ("NIT") as a form of security for loans up to RMB200 million to Guangang for a tenure of 24 months. Details of the loan are as per our announcement dated 29 June 2010. In 2013, the loan repayment dates have been extended to August 2014 (RMB130 million) and December 2014 (RMB 70 million). Notwithstanding this, Guangang remains a subsidiary of the Group.

2. 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 for loans of up to approximately S\$100 million to ChangDe for a tenure of 72 months. Notwithstanding this, ChangDe, TSP, Zizhulin and Changhe still remain as subsidiaries of the Group.

3. The secured bank loans, secured loan from a financial institution and secured bank overdrafts are secured on the following assets:

	30 June 2014	31 December 2013
	\$'000	\$'000
Carrying amounts of assets:		
Leasehold land	4,849	4,902
Freehold land	4,847	4,835
Leasehold properties	33,684	34,279
Investment properties	567	567
Development properties	114,279	96,747
Plant and machinery	16,826	12,767
Deposits pledged	4,850	18,778
Total	179,902	172,875

The secured bank loans and bank overdrafts are also secured by assignment of rights, interests and benefits in connection with 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 2014 S\$'000	3 Months Ended 30 June 2013 S\$'000	6 Months Ended 30 June 2014 S\$'000	6 Months Ended 30 June 2013 S\$'000
Cash flow from operating activities				
Profit from operating activities	681	4,289	3,674	17,592
Adjustments for:				
Allowance for doubtful trade receivables	-	-	-	20
Depreciation and amortisation	3,216	4,203	6,665	7,352
(Gain)/loss on disposal of:				
- property, plant and equipment	(178)	16	(178)	16
- investment properties	(683)	-	(683)	(8,104)
- other investments	-	-	(16)	-
Operating profit before working capital changes	3,036	8,508	9,462	16,876
Changes in working capital:				
Inventories	58	70	(35)	448
Construction work-in-progress	21,812	(1,595)	22,216	(3,440)
Development properties	(25,388)	10,244	(57,058)	4,248
Trade and other receivables	(11,856)	18,189	2,266	448
Balances with related parties (trade)	3,871	(1,298)	5,572	788
Trade and other payables	14,056	(11,853)	10,134	(10,847)
Cash generated from/(used in) operations	5,589	22,265	(7,443)	8,521
Taxes paid	(2,076)	(3,028)	(2,337)	(12,497)
Net cash from / (used in) operating activities	3,513	19,237	(9,780)	(3,976)
Cash flow from investing activities				
Balances with related parties (non-trade)	(756)	1,255	(1,334)	(1,529)
Balances with ultimate holding company	2,420	-	2,420	-
Dividends received from joint ventures (gross)	-	10,995	-	10,995
Interest received	42	15	93	302
Proceeds from disposal of property, plant and equipment	607	32	607	32
Proceeds from disposal of investment properties	1,950	-	1,950	8,470
Proceeds from disposal of other investments	-	(15)	94	194
Purchase of other investment	-	(3,692)	(62)	(3,692)
Purchase of property, plant and equipment	(2,178)	(4,717)	(7,133)	(6,886)
Purchase of intangible assets	-	(153)	(142)	(174)
Net cash from / (used in) investing activities	2,085	3,720	(3,507)	7,712

	3 Months Ended 30 June 2014 S\$'000	3 Months Ended 30 June 2013 S\$'000	6 Months Ended 30 June 2014 S\$'000	6 Months Ended 30 June 2013 S\$'000
Cash flow from financing activities				
Balances with related parties (non-trade)	(9,600)	1,577	(12,923)	(1,880)
Capital contribution by non-controlling interests	2	27	110	27
Repayment of loan to non-controlling interests	(179)	(1,470)	(1,724)	(1,470)
Increase in deposits pledged	(83)	155	13,729	(3,999)
Dividends paid to owners of the company	(5,515)	(7,660)	(5,515)	(7,660)
Interest paid	(2,547)	(4,824)	(3,032)	(6,372)
Proceeds from issue of rights	-	-	10,026	-
Proceeds from loan from business associates	-	3,487	-	3,487
Payments of finance lease liabilities	(233)	(128)	(442)	(242)
Proceeds from loans and borrowings	42,036	9,835	108,469	76,897
Repayment of loans and borrowings	(33,113)	(20,410)	(88,263)	(84,382)
Net cash (used in) / from financing activities	(9,232)	(19,411)	20,435	(25,594)
Net (decrease) / increase in cash and cash equivalents	(3,634)	3,546	7,148	(21,858)
Cash and cash equivalent at beginning of the period	58,956	23,463	49,566	49,282
Effect of exchange rate changes on balance held in foreign currencies	(804)	258	(2,196)	(157)
Cash and cash equivalents at end of the period	54,518	27,267	54,518	27,267

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	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
At 1 January 2014	154,552	(77,720)	29,283	3,564	16	10,035	144,918	264,648	46,301	310,949
Total comprehensive income for the period										
Profit for the period	-	-	-	-	-	-	3,022	3,022	(1,402)	1,620
Other comprehensive income										
Translation differences relating to financial statements of foreign subsidiaries	-	-	-	-	-	(3,511)	-	(3,511)	(945)	(4,456)
Exchange differences on monetary items forming part of net investment in a foreign operations	-	-	-	-	-	(2,396)	-	(2,396)	-	(2,396)
Net change in the fair value of available for sales investment	-	-	-	-	10	-	-	10	-	10
Tax on other comprehensive income	-	-	-	-	(2)	-	-	(2)	-	(2)
Total other comprehensive income	-	-	-	-	8	(5,907)	-	(5,899)	(945)	(6,844)
<i>Total comprehensive income and expenses for the period</i>	-	-	-	-	8	(5,907)	3,022	(2,877)	(2,347)	(5,224)
Transaction with owners, recognised directly in equity										
Contributions by and distributions to owners										
Dividends declared	-	-	-	-	-	-	(5,515)	(5,515)	-	(5,515)
Reclassification from capital reserves to share capital for rights shares issued	27,395	-	(27,395)	-	-	-	-	-	-	-
Capital contribution by non-controlling interests	-	-	-	-	-	-	-	-	110	110
<i>Total transaction with owners of the Company</i>	27,395	-	(27,395)	-	-	-	(5,515)	(5,515)	110	(5,405)
At 30 June 2014	181,947	(77,720)	1,888	3,564	24	4,128	142,425	256,256	44,064	300,320

Group	Share capital	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
At 1 January 2013	154,552	(77,720)	1,888	3,564	25	(4,214)	143,257	221,352	45,383	266,735
Total comprehensive income for the period										
Profit or for the period	-	-	-	-	-	-	14,676	14,676	(1,295)	13,381
Other comprehensive income										
Translation differences relating to financial statements of foreign subsidiaries	-	-	-	-	-	10,008	-	10,008	2,338	12,346
Exchange differences on monetary items forming part of net investment in a foreign operations	-	-	-	-	-	(433)	-	(433)	-	(433)
Tax on other comprehensive income	-	-	-	-	-	74	-	74	-	74
Total other comprehensive income	-	-	-	-	-	9,649	-	9,649	2,338	11,987
<i>Total comprehensive income and expenses for the period</i>	-	-	-	-	-	9,649	14,676	24,325	1,043	25,368
Contributions by and distributions to owners										
Dividends declared	-	-	-	-	-	-	(7,660)	(7,660)	-	(7,660)
Repayment of quasi loan from non-controlling interests	-	-	-	-	-	-	-	-	27	27
Total contributions by and distributions to owners	-	-	-	-	-	-	(7,660)	(7,660)	27	(7,633)
<i>Total transaction with owners of the Company</i>	-	-	-	-	-	-	(7,660)	(7,660)	27	(7,633)
At 30 June 2013	154,552	(77,720)	1,888	3,564	25	5,435	150,273	238,017	46,453	284,470

Company	Share Capital S\$'000	Capital Reserve S\$'000	Merger Reserve S\$'000	Retained earnings S\$'000	Total equity S\$'000
At 1 January 2014	154,552	27,395	(45,850)	(7,778)	128,319
Total comprehensive income for the period	-	-	-	(1,286)	(1,286)
Reclassification from capital reserves to share capital for rights shares issued	27,395	(27,395)	-	-	-
Dividend paid	-	-	-	(5,515)	(5,515)
At 30 June 2014	181,947	-	(45,850)	(14,579)	121,518
At 1 January 2013	154,552	-	(45,850)	(2,201)	106,501
Total comprehensive income for the period	-	-	-	3,717	3,717
Dividend paid	-	-	-	(7,660)	(7,660)
At 30 June 2013	154,552	-	(45,850)	(6,144)	102,558

- 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, as well as the number of shares held as treasury shares, if any, against the total number of issued shares excluding treasury shares 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.

Issued and fully paid ordinary shares, with no par value	No of shares	S\$'000
At 1 January 2014	766,039,750	154,552
Issue of new ordinary shares pursuant to rights issuance	153,207,950	27,395
Balance at 30 June 2014	919,247,700	181,947

The Company issued a total of 153,207,950 new ordinary shares in the capital of the Company during the six months ended 30 June 2014 pursuant to the rights issuance exercise that was fully subscribed as of 27 December 2013.

The Company did not have any outstanding convertibles and treasury shares 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.

- 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.**

The Company has a total of 919,247,700 issued shares as at 30 June 2014 and 766,039,750 issued shares as at 31 December 2013.

- 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 are no treasury shares 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 2013.

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 adopted a number of new standards, amendments to standard and interpretations that are effective for annual periods beginning on or after 1 January 2014. The adoptions of these new standards, amendments to standard and interpretations did not result in any significant impact on the financial statements of the Group.

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 2014	3 Months Ended 30 June 2013	6 Months Ended 30 June 2014	6 Months Ended 30 June 2013
	(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	0.15	0.44	0.33	1.88
(b) On a fully diluted basis	0.15	0.44	0.33	1.88

The earning per ordinary share has been calculated net of non-controlling interests of 919,247,700 shares as at 30 June 2014 and a weighted average number of 781,932,691 as at 30 June 2013.

Earnings per share for period ended 30 June 2013 has been restated to take into account the effect of the rights issue in accordance with FRS 33 Earnings per Share.

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 2014	31 December 2013	30 June 2014	31 December 2013
	(cents)	(cents)	(cents)	(cents)
Net asset value per ordinary share based on issued share capital at the end of:	27.88	34.55	13.22	16.75

The net asset value per ordinary share has been calculated net of non-controlling interests of 919,247,700 shares as at 30 June 2014 and 766,039,750 shares as at 31 December 2013.

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:
- 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
 - 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 1H2014 vs 1H2013

Overview

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

	<u>Construction</u>	<u>Property Development</u>	<u>Sales of Goods</u>	<u>Rental</u>	<u>Others</u>	<u>Total</u>
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
	6 Months Ended 30 June 2014					
Revenue	318,661	2,917	2,952	604	-	325,134
Costs	(300,027)	(2,699)	(1,535)	-	-	(304,261)
Gross Profit	18,634	218	1,417	604	-	20,873
Other income	1,888	24	60	861	386	3,219
Depreciation	(1,768)	(45)	(493)	(559)	(71)	(2,936)
Selling expenses	-	(2,011)	(123)	-	-	(2,134)
Staff costs	(5,913)	(1,038)	(1,458)	-	(1,330)	(9,739)
Other operating expenses	(3,136)	(1,044)	(364)	-	(1,065)	(5,609)
Profit / (loss) from operating activities	9,705	(3,896)	(961)	906	(2,080)	3,674

	<u>Construction</u>	<u>Property Development</u>	<u>Sales of Goods</u>	<u>Rental</u>	<u>Others</u>	<u>Total</u>
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
	6 Months Ended 30 June 2013					
Revenue	247,717	25,410	4,368	599	-	278,094
Costs	(220,266)	(25,122)	(2,508)	-	-	(247,896)
Gross Profit	27,451	288	1,860	599	-	30,198
Other income	1,313	41	31	8,030	160	9,575
Depreciation	(2,288)	(59)	(414)	(538)	(68)	(3,367)
Selling expenses	-	(1,514)	(98)	-	(4)	(1,616)
Staff costs	(6,432)	(944)	(1,471)	-	(1,615)	(10,462)
Other operating expenses	(4,313)	(628)	(419)	-	(1,376)	(6,736)
Profit / (loss) from operating activities	15,731	(2,816)	(511)	8,091	(2,903)	17,592

The Group's revenue increased by S\$47.0 million from S\$278.1 million in 1H2013 to S\$325.1 million in 1H2014 underpinned by higher construction activity. This contributes substantially to the Group's gross profit though its level reduced by S\$9.3 million from S\$30.2 million in 1H2013 to S\$20.9 million in 1H2014 on the back of the challenging tender landscape as well as increased cost in construction segment. Nevertheless, construction segment remains the key contributor with operating profit of S\$9.7 million.

Property development registered lower revenue and gross profit due to the Group's revenue recognition policy only upon completion and handover of sold units, amongst other criteria. As of 30 June 2014, approximately S\$83.2 million of gross development value sold was yet to be recognized as revenue. While sales recognition milestones were not completely fulfilled and hence the associated profits not taken in, the group has to continue to book in its ongoing operating, selling and other related expenses. As a result, a greater loss of S\$3.9 million was

registered in this segment with the increase in selling expenses and other operating expenses by approximately S\$0.5 million and S\$0.4 million respectively in this period.

Meanwhile, rental segment profit decreased by S\$7.2 million in 1H2014 due to the absence of a one-timed disposal gain of investment properties of S\$8.1 million recorded in 1H2013.

Notwithstanding total operating cost decreased by S\$1.8 million from S\$22.2 million in 1H2013 to S\$20.4 million in 1H2014 at the effort of tighter cost control, the Group's profit from operating activities decreased by S\$13.9 million or 79% from approximately S\$17.6 million in 1H2013 to S\$3.7 million in 1H2014. The decrease was mainly due to lower profits in both construction and rental segments, combined with greater loss in the property development segment.

Excluding one-time item of gain on disposal of investment properties of S\$8.1 million in 1H2013, the Group's profit from operating activities decreased by S\$5.8 million from approximately S\$9.5 million in 1H2013 to S\$3.7 million in 1H2014.

Revenue

Revenue increased by approximately S\$47.0 million or 17% yoy from approximately S\$278.1 million in 1H2013 to approximately S\$325.1 million in 1H2014, attributable mainly to increase in revenue from construction contracts by S\$70.9 million, offset by a decrease in sales of development properties of approximately S\$22.5 million and lower sales of goods of approximately S\$1.4 million.

Revenue from construction contract

Increase in revenue was mainly due to a net increase in work done for new and on-going projects.

In accordance with our revenue recognition policy, work done amounting to approximately S\$16.9 million from newly commenced projects have yet to be recognized as revenue as at 30 June 2014.

Revenue from sales of development properties

Revenue from sales of development properties in 1H2014 amounted to S\$2.9 million was contributed mainly from the sale recognition of 8 units (1,325 sqm) and 13 units (1,566 sqm) of phases II and IV from Sunny International Project respectively.

As at 30 June 2014, approximately S\$83.2 million of gross development value were sold, but yet to be recognised as revenue in accordance to our revenue recognition policy, as follows:

Projects	Units	Sqm
Sunny International	193	19,016
Equinox	100	22,914
Tranquility Residences	33	4,009
Wenchang Baihui	3	183
Tianmen Jinwan	1	141

Revenue from sales of goods

Decrease in revenue from sales of goods by approximately S\$1.4 million from S\$4.4 million in 1H2013 to S\$3.0 million in 1H2014 was due mainly to a decrease in sales volume.

Other income

Decrease in other income of approximately S\$6.4 million from S\$9.6 million in 1H2013 to S\$3.2 million in 1H2014 was mainly due to the absence of a one-time gain on disposal of investment properties as contrast to that recorded 1H2013.

Gross profit in construction segment

Gross profit in the construction segment declined 32.1% yoy to S\$18.6 million in 1H2014. Correspondingly, gross profit margin decreased from 11.1% in 1H2013 to 5.8% in 1H2014 due mainly to the challenging tender landscape as well as the impact from manpower tightening policy which increased the cost of construction at a greater pace than that of the corresponding revenue.

Gross profit in property development segment

Gross profit in the property development segment remains consistent at S\$0.2 million as of 1H2014. Gross profit margin however improved from 1.1% in 1H2013 to 7.5% in 1H2014.

Gross profit in sales of goods segment

Gross profit in sales of goods segment decreased 23.8% yoy to S\$1.4 million in 1H2014. Improvement in gross profit margin from 42.6% in 1H2013 to 48.0% in 1H2014, due mainly to an increase in license revenue classified within this segment with higher margin.

Depreciation and amortization

Decrease in depreciation and amortization expenses of approximately S\$0.4 million to S\$2.9 million in 1H2014 due mainly to more property, plant and equipment are being used for construction purpose, and therefore higher depreciation expenses charged to cost of construction in 1H2014.

Selling expenses

Increase in selling expenses of approximately S\$0.5 million to S\$2.1 million in 1H2014 due mainly to the marketing activities to promote the various property development projects in the People's Republic of China during 1Q2014.

Staff costs

Decrease in staff costs of approximately S\$0.7 million to S\$9.7 million in 1H2014 due mainly to general decrease in headcount.

Other expenses

Decrease in other expenses of approximately S\$1.1 million to S\$5.6 million in 1H2014 due mainly to aggregate decrease in repair and maintenance cost and entertainment expenses.

Net finance expenses

Net finance expense increased by approximately S\$1.3 million to S\$1.4 million in 1H2014 due mainly to exchange loss of approximately S\$0.8 million as a result of depreciation in RMB vis-à-vis SGD, as compared to exchange gain of approximately S\$1.3 million as a result of appreciation in RMB vis-à-vis SGD in corresponding period. The increase in net finance

expense was partially offset by the increase implicit interest in retention sum payable by S\$0.7 million.

Share of profit of joint ventures, net of tax

Share of profit of joint ventures increased by approximately S\$0.1 million to S\$0.6 million in 1H2014 due mainly to recognition of share of higher profit from our joint venture project.

Income tax expense

Income tax expense decreased by approximately S\$3.3 million to S\$1.2 million in 1H2014 due mainly to decrease in profit from operating activities.

Profit for the period

Profit in 1H2014 decreased by approximately S\$11.8 million to S\$1.6 million as a result of the factors mentioned in the preceding paragraphs.

Review of Financial Position

Non-Current Assets

As at 30 June 2014, non-current assets stood at S\$175.0 million or approximately 18.3% of total assets, a decrease of approximately S\$6.1 million as compared to 31 December 2013.

Increase in property, plant and equipment ("PPE") of approximately S\$2.3 million to S\$89.4 million as at 30 June 2014 was mainly due to purchase of PPE amounting to S\$7.8 million which was offset by disposal of PPE of S\$0.4 million and depreciation charges of S\$5.1 million.

The decrease in intangible assets of S\$0.9 million was mainly due to amortisation charges in 1H2014.

Decrease in investment properties by S\$2.2 million to S\$15.8 million as at 30 June 2014 was mainly due to disposal of an investment property in 2Q2014.

Decrease in trade and other receivables by S\$5.9 million to S\$28.0 million as at 30 June 2014 was mainly due to reduction in retention sums from construction projects.

Current Assets

As at 30 June 2014, current assets stood at S\$783.5 million or approximately 81.7% of total assets, an increase of approximately S\$15.0 million as compared to 31 December 2013.

The decrease in construction work-in-progress (net of excess of progress billings over construction work-in-progress) of about S\$22.2 million was due mainly to differences in stages of the various construction projects.

Increase in development properties by S\$50.3 million to S\$440.6 million as at 30 June 2014 from 31 December 2013 was due mainly to increase in development costs for ongoing PRC development projects, being Equinox, Sunny International and Tranquility Residences projects of approximately S\$30.1 million, S\$4.4 million and S\$18.7 million respectively, partially offset by units sold in Sunny International project phase II and IV of approximately S\$2.7 million.

As at 30 June 2014, trade and other receivables decreased by approximately S\$4.9 million from 31 December 2013 to S\$220.2 million due mainly to decrease in advances to suppliers,

accrued receivables and other receivables of approximately S\$3.8 million, S\$29.3 million and S\$9.1 million respectively, partially offset by the increase in trade receivables and retention sum on construction contracts of approximately S\$25.0 million and S\$12.4 million respectively.

Non-Current Liabilities

As at 30 June 2014, non-current liabilities amounted to S\$125.5 million or approximately 19.1% of total liabilities, an increase of approximately S\$12.5 million compared to 31 December 2013.

Non-current loans and borrowings increased by S\$11.3 million from 31 December 2013 to S\$104.9 million as at 30 June 2014 due mainly to additional loans obtained from banks.

Non-current trade and other payables increased by S\$1.4 million from 31 December 2013 to S\$17.2 million as at 30 June 2014 due mainly to increase of retention sums payable as a result from increase in work done for on-going and new projects.

Current Liabilities

As at 30 June 2014, current liabilities stood at S\$532.7 million or approximately 80.9% of total liabilities, an increase of S\$7.0 million from 31 December 2013.

Trade and other payables increased by approximately S\$8.6 million from 31 December 2013 to S\$340.1 million as at 30 June 2014 due mainly to a collective net increase in accrued trade payables, receipt in advance and retention sum payable of approximately S\$9.7 million, S\$19.5 million and S\$4.6 million respectively, partially offset by decrease in trade payables, accrued operating expenses and other payables of approximately S\$16.3 million, S\$6.0 million and S\$3.0 million respectively.

Decrease in amount due to related parties of approximately S\$9.4 million from 31 December 2013 to S\$16.7 million as at 30 June 2014 due mainly to return of excess rights application monies to a corporate shareholder, pursuant to the rights issuance exercise.

Loans and borrowings increased by S\$4.8 million from 31 December 2013 to S\$163.3 million as at 30 June 2014 mainly due to new loans obtained from bank.

The decrease in current tax payable of S\$0.9 million to S\$7.3 million as at 30 June 2014 was due mainly to income tax payment of approximately S\$2.3 million, and partially offset by provision for corporate income tax of approximately S\$1.2 million.

Review of Statement of Cash Flows

Net cash from operating activities

For the 6 months ended 30 June 2014, the Group recorded a net cash outflow from operating activities of approximately S\$9.8 million, which increased S\$5.8 million as compared to the previous corresponding period ended 30 June 2013. Net cash outflow from operating activities are mostly to support working capital of the Group.

The changes in working capital from operating activities arose mainly from:

- (a) Decrease in construction work-in-progress by S\$22.2 million, due mainly to changes in different stages in the construction projects.
 - (b) Increase in development properties by S\$57.1 million, due mainly to additional property development costs for Equinox, Sunny International and Tranquility Residences projects, partially offset by units sold in Cangzhou Sunny International phases II and IV.
-

- (c) Increase in trade and other payables by S\$10.1 million, due mainly to increase in accrued trade payables and receipts in advance of property development projects in PRC, partially offset by the settlement of trade payables and accrued operating expenses, following the completion and finalization of accounts for a few construction projects.

Net cash from investing activities

For the 6 months ended 30 June 2014, the Group recorded a net cash outflow from investing activities of S\$3.5 million, reversing a net cash inflow of S\$7.7 million in previous corresponding period ended 30 June 2013. This was mainly due to purchase of property, plant and equipment of approximately S\$7.1 million in 1H2014 and the absence of proceeds from sales of investment properties of approximately S\$8.5 million in the previous corresponding period, partially offset by the sales proceeds from sales of investment property and plant and equipment of approximately S\$2.0 million and S\$0.6 million respectively.

Net cash from financing activities

For the 6 months ended 30 June 2014, the Group recorded a net cash inflow from financing activities of S\$20.4 million, increased by S\$46.0 million as compared to a net cash outflow of S\$25.6 million in the previous corresponding period ended 30 June 2013. This was due mainly to cash inflow from proceeds of rights issue of S\$10.0 million (S\$17.6 million received in end 2013), reduction in deposits pledged of S\$13.7 million as compared to cash outflow from increase in deposits pledged of S\$4.0 million in previous corresponding period ended 30 June 2013 as well as net receipts from loans and borrowings obtained in current period of S\$20.2 million as compared to net repayment of loans and borrowings of S\$7.5 million in previous corresponding period ended 30 June 2013.

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

Advanced estimates from the Ministry of Trade and Industry Singapore on 14 July 2014 stated that the Singapore economy has grown 2.1% on a yoy basis in the second quarter of 2014, as compared to 4.7% in 2Q2013. The construction sector grew by 5.0% on a yoy basis, compared to 6.4% in the preceding quarter largely due to a slowdown in private sector construction activities.

On 11 June 2014, Tiong Seng announced its S\$14.5 million, 44:51:5 Joint Venture Agreement (“JVA”) with Geostr Corporation (“Gestr”) and Marubeni-Itochu Steel Pte Ltd (“Marubeni”) to manufacture and supply precast tunnel segments for Singapore and Malaysia. The joint venture company’s manufacturing facility will be set up on Robin Village’s existing precast plant in Iskandar, Malaysia.

This joint venture aims to target the S\$60 billion MRT expansion plan announced by Singapore’s Ministry of Transport. The Ministry of Transport expects to double the length of Singapore’s rail network

to 278 km from 138 km in 2008 over the next decade¹ and will boost the construction industry over the next five years, including support industries such as the precast tunnel segment.

In line with Tiong Seng's push for productivity, the Group was also awarded a S\$316 million joint venture contract by the Land Transport Authority for the construction of Great World Station and tunnels for the Thomson Line in May 2014. As at 30 June 2014, the order book stands at S\$1.22 billion and is expected to extend to 2020.

Property Development Outlook

In May 2014, Moody's Investor Service² revised its outlook for China's property industry from stable to negative following expectations of a slowdown in residential property sales growth, high inventory levels and lower liquidity over the next 12 months. The research house expects the sector to grow 0 - 5% yoy, significantly lower than the 26.6% yoy increase in contracted sales in FY2013. However, an upward revision of the sector's outlook could stem from the following catalysts:

- 1) A range of 5% - 10% yoy growth of contracted sales,
- 2) Decrease in ratio of national inventory to contracted sales, and
- 3) Stable access to bank credit for the next six to 12 months.

As at 30 June 2014, approximately S\$83.2 million of gross development value comprises of 1 unit, totaling 141 sqm of Tianmen Jinwan, 193 units (19,016 sqm) of Sunny International, 100 units (22,914 sqm) of the Equinox, 33 units (4,009 sqm) of Tranquility Residences and 3 units totaling 183 sqm of Wenchang Baihui were sold, but yet to be recognized as revenue in accordance to Tiong Seng's revenue recognition policy.

Also, the Group has completed construction for B1 (phase 1) in March 2014 and is currently carrying out construction for B2 (phase 1) and C (phase 2) out of the 7 phases for the Equinox Project. The construction for B2 and C are expected to be completed towards 4Q2014 and 1Q2015 respectively. As at 30 June 2014, approximately 48.8% of the total 205 units of phase 1 and 2 have been sold.

For Tranquility Residences project in Suzhou New District Development zone, construction of phase 1, total 2 phases, has commenced in 3Q2013 with expected completion in 2015. Phase 2 has commenced construction in 2Q2014 with expected completion in 2016.

Meantime, construction for last phase of the 4 phases of Sunny International project are expected to be completed in 4Q2014.

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

¹ Ministry of Transport; Expansion of Rail Network

(http://app.mot.gov.sg/Land_Transport/Making_Public_Transport_a_Choice_Mode/Rail.aspx)

² "Moody's revises outlook for China property sector to negative", Moody's Investors Services, 21 May 2014

(d) Books closure date

Not Applicable

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

No interim dividend has been declared/recommended by the Directors in 2Q2014.

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.

The Company has obtained a general mandate from shareholders for interested person transactions (“IPTs”) at the Extraordinary General meeting held on 28 April 2014. Save as disclosed below, there was no other IPT for the period ended 30 June 2014.

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 transactions conducted under shareholders’ mandate pursuant to Rule 920)		Aggregate value of all interested person transactions conducted under shareholders’ mandate pursuant to Rule 920 (excluding transactions less than S\$100,000)	
	2Q2014	1H2014	2Q2014	1H2014
Peck Tiong Choon Transport (Pte) Ltd – Hiring charges	695,000 ⁽¹⁾	4,372,000 ⁽¹⁾	2,714,000	2,714,000

⁽¹⁾ For financial period prior to the IPT Mandate obtained on 28 April 2014.

14. Use of proceeds from Rights Issue

As at 14 August 2014, approximately S\$0.8 million of the S\$27.4 million Rights Proceeds money (net of S\$0.2 million rights issuance related expenses) has been utilised for working capital in accordance with the stated use as follows:

Purpose of use	Previously announced*	Additional amount utilised	Total
	S\$	S\$	S\$
General working capital			
- Corporate branding	79,000	-	79,000
- Professional fees	127,000	56,000	183,000
- Listing expense	19,000	19,000	38,000
- Other general expenses	30,000	70,000	100,000
Total	255,000	145,000	400,000
JV capital injection	-	440,000 ⁽¹⁾	440,000
Grand total	255,000	585,000	840,000

* Previously announced dated 14 May 2014

⁽¹⁾ As announced on 30 July 2014

On behalf of the Board of Directors

BY ORDER OF THE BOARD

Pek Lian Guan
Executive Director and CEO
14 August 2014



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 2014 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

14 August 2014
