



TIONG SENG HOLDINGS LIMITED

(Incorporated in the Republic of Singapore)

(Co. Reg. No: 200807295Z)

UNAUDITED 1Q 2014 FINANCIAL STATEMENT ANNOUNCEMENT FOR THE PERIOD ENDED 31 MARCH 2014

PART I - INFORMATION REQUIRED FOR ANNOUNCEMENTS OF QUARTERLY (1Q, 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 31 March 2014 S\$'000	3 Months Ended 31 March 2013 S\$'000	Change %
Revenue			
Revenue from construction contracts	166,998	144,049	16
Revenue from sales of development properties	1,288	315	>100
Revenue from sales of goods	1,408	1,843	-24
Rental Income	313	302	4
	<u>170,007</u>	<u>146,509</u>	16
Other income	1,178	9,048	-87
Costs of construction	(154,708)	(130,718)	18
Costs of sales of development properties	(1,109)	(123)	>100
Cost of goods sold	(652)	(1,016)	-36
Depreciation and amortisation	(1,444)	(1,398)	3
Selling expenses	(2,134)	(818)	>100
Staff costs	(5,335)	(4,853)	10
Other expenses	(2,810)	(3,328)	-16
	<u>(168,192)</u>	<u>(142,254)</u>	18
Profit from operating activities	<u>2,993</u>	<u>13,303</u>	-78
Finance income	505	302	67
Finance expenses	(1,382)	(1,827)	-24
Net finance expense	<u>(877)</u>	<u>(1,525)</u>	-42
Share of profit of joint ventures, net of tax	-	418	-100
Profit before income tax	<u>2,116</u>	<u>12,196</u>	-83
Income tax	(573)	(935)	-39
Profit for the period	<u>1,543</u>	<u>11,261</u>	-86

N.M : Not Meaningful

	3 Months Ended 31 March 2014 S\$'000	3 Months Ended 31 March 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	(4,383)	3,964	N.M
Exchange differences on monetary items forming part of net investment in a foreign operation	(2,368)	185	N.M
Net change in the fair value of available-for-sale investments	5	-	N.M
Income tax on other comprehensive income	(1)	(31)	-97
Other comprehensive income for the period	(6,747)	4,118	N.M
Total comprehensive income for the period	(5,204)	15,379	N.M
Profit attributable to:			
Equity holders of the Company	1,639	11,274	-85
Non-controlling interests	(96)	(13)	>100
Profit for the period	1,543	11,261	-86
Total comprehensive income attributable to:			
Equity holders of the Company	(4,405)	14,600	N.M
Non-controlling interests	(799)	779	N.M
Total comprehensive income for the period	(5,204)	15,379	N.M
Earnings per share			
- Basic and diluted (cents) ¹	0.18	1.44	-88

¹ Based on 919,247,700 shares, net of non-controlling interests as at 31 March 2014 and a weighted average number of ordinary shares outstanding of 781,932,691 as at 31 March 2013.

Earnings per share for period ended 31 March 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 31 March 2014 S\$'000	3 Months Ended 31 March 2013 S\$'000	Change %
Fees from management of properties	(97)	(89)	9
Gain on disposal of spare parts & scrap materials	(206)	(49)	>100
Gain on disposal of investment properties	-	(8,104)	N.M
Gain on disposal of other investment	(16)	(15)	7
Insurance expense	148	158	-6
Professional fees	337	307	10
Operating lease expenses	445	339	31
Travelling and transport	271	241	12
Repair and maintenance expenses	263	460	-43
Property tax	239	42	>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	
	31.03.2014	31.12.2013	31.03.2014	31.12.2013
	S\$'000	S\$'000	S\$'000	S\$'000
Non-current assets				
Property, plant and equipment	89,101	87,052	-	-
Intangible assets	5,902	6,307	-	-
Investment properties	17,426	17,999	-	-
Investment in subsidiaries	-	-	59,624	59,624
Associates and joint ventures	25,825	25,903	-	-
Trade and other receivables	30,298	33,872	-	-
Other investments	6,082	6,018	-	-
Deferred tax assets	3,862	3,921	-	-
	178,496	181,072	59,624	59,624
Current assets				
Inventories	2,799	2,714	-	-
Construction work-in-progress	41,460	43,519	-	-
Development properties	415,563	390,296	-	-
Trade and other receivables	204,709	225,115	2	10,037
Amount due from related parties	27,562	27,069	44,560	44,871
Cash and cash equivalents	73,031	79,812	27,568	26,465
	765,124	768,525	72,130	81,373
Total assets	943,620	949,597	131,754	140,997
Equity attributable to owners of the Company				
Share capital	181,947	154,552	181,947	154,552
Reserves	(68,261)	(34,822)	(45,850)	(18,455)
Retained earnings / (Accumulated losses)	146,557	144,918	(8,427)	(7,778)
	260,243	264,648	127,670	128,319
Non-controlling interests	45,610	46,301	-	-
Total equity	305,853	310,949	127,670	128,319
Non-current liabilities				
Trade and other payables	17,974	15,847	-	-
Loans and borrowings	97,044	93,582	700	1,000
Deferred tax liabilities	3,488	3,565	-	-
	118,506	112,994	700	1,000
Current liabilities				
Progress billings in excess of construction work-in-progress	-	1,480	-	-
Trade and other payables	324,627	331,477	1,764	1,510
Amount due to related parties	22,806	26,038	420	8,968
Loans and borrowings	163,310	158,455	1,200	1,200
Current tax payable	8,518	8,204	-	-
	519,261	525,654	3,384	11,678
Total liabilities	637,767	638,648	4,084	12,678
Total equity and liabilities	943,620	949,597	131,754	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 31.03.2014		As at 31.12.2013	
Secured	Unsecured	Secured	Unsecured
S\$'000	S\$'000	S\$'000	S\$'000
162,085	1,225	157,210	1,245

Amount repayable after one year

As at 31.03.2014		As at 31.12.2013	
Secured	Unsecured	Secured	Unsecured
S\$'000	S\$'000	S\$'000	S\$'000
97,044	-	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:

	31 March 2014	31 December 2013
	\$'000	\$'000
Carrying amounts of assets:		
Leasehold land	4,876	4,902
Freehold land	4,844	4,835
Leasehold properties	34,018	34,279
Investment properties	531	567
Development properties	107,313	96,747
Plant and machinery	12,618	12,767
Deposits pledged	4,263	18,778
Total	168,463	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 31 March 2014 S\$'000	3 Months Ended 31 March 2013 S\$'000
Cash flow from operating activities		
Profit from operating activities	2,993	13,303
Adjustments for:		
Allowance for doubtful trade receivables	-	20
Depreciation and amortisation	3,449	3,149
Gain on disposal of:		
- investment properties	-	(8,104)
- other investments	(16)	-
Operating profit before working capital changes	6,426	8,368
Changes in working capital:		
Inventories	(93)	378
Construction work-in-progress	404	(1,845)
Development properties	(31,670)	(5,996)
Trade and other receivables	14,122	(43,442)
Balances with related parties (trade)	1,701	2,086
Trade and other payables	(3,922)	1,006
Cash used in operations	(13,032)	(39,445)
Income taxes paid	(261)	(10,445)
Income taxes refunded	-	976
Net cash used in operating activities	(13,293)	(48,914)
Cash flow from investing activities		
Balances with related parties (non-trade)	(578)	(2,784)
Distributions received from joint ventures	94	-
Interest received	51	287
Proceeds from sales of investment properties	-	8,470
Proceeds from sales of other investments	-	209
Purchase of property, plant and equipment	(4,955)	(2,169)
Purchase of other investments	(62)	-
Purchase of intangible assets	(142)	(21)
Net cash (used in) / from investing activities	(5,592)	3,992
Cash flow from financing activities		
Balances with related parties (non-trade)	(3,323)	(3,457)
Capital contribution by non-controlling interests	108	-
Repayment of loan to non-controlling interest	(1,545)	-
Decrease / (increase) in deposits pledged	13,812	(4,154)
Interest paid	(485)	(1,548)
Proceeds from issue of rights	10,026	-
Payments of finance lease liabilities	(209)	(114)
Proceeds from loans and borrowings	66,433	67,062
Repayment of loans and borrowings	(55,150)	(38,271)
Net cash from financing activities	29,667	19,518
Net increase / (decrease) in cash and cash equivalent	10,782	(25,404)
Cash and cash equivalent at beginning of the period	49,566	49,282
Effect of exchange rate changes on balance held in foreign currencies	(1,392)	(415)
Cash and cash equivalents at end of the period	58,956	23,463

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	-	-	-	-	-	-	1,639	1,639	(96)	1,543
Other comprehensive income										
Translation differences relating to financial statements of foreign subsidiaries	-	-	-	-	-	(3,680)	-	(3,680)	(703)	(4,383)
Exchange differences on monetary items forming part of net investment in a foreign operation	-	-	-	-	-	(2,368)	-	(2,368)	-	(2,368)
Net change in the fair value of available-for-sale investments	-	-	-	-	5	-	-	5	-	5
Income tax on other comprehensive income	-	-	-	-	(1)	-	-	(1)	-	(1)
Total other comprehensive income / (expense)	-	-	-	-	4	(6,048)	-	(6,044)	(703)	(6,747)
<i>Total comprehensive income and expenses for the period</i>	-	-	-	-	4	(6,048)	1,639	(4,405)	(799)	(5,204)
Transaction with owners, recognised directly in equity										
Contributions by and distributions to owners										
Reclassification from capital reserves to share capital for rights shares issued	27,395	-	(27,395)	-	-	-	-	-	-	-
Capital contribution by non-controlling interest	-	-	-	-	-	-	-	-	108	108
<i>Total transaction with owners of the Company</i>	-	-	-	-	-	-	-	-	108	108
At 31 March 2014	181,947	(77,720)	1,888	3,564	20	3,987	146,557	260,243	45,610	305,853

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 for the period	-	-	-	-	-	-	11,274	11,274	(13)	11,261
Other comprehensive income										
Translation differences relating to financial statements of foreign subsidiaries	-	-	-	-	-	3,172	-	3,172	792	3,964
Exchange differences on monetary items forming part of net investment in a foreign operation	-	-	-	-	-	185	-	185	-	185
Income tax on other comprehensive income	-	-	-	-	-	(31)	-	(31)	-	(31)
Total other comprehensive income / (expense)	-	-	-	-	-	3,326	-	3,326	792	4,118
<i>Total comprehensive income and expenses for the period</i>	-	-	-	-	-	3,326	11,274	14,600	779	15,379
<i>Total transaction with owners</i>	-	-	-	-	-	-	-	-	-	-
At 31 March 2013	154,552	(77,720)	1,888	3,564	25	(888)	154,531	235,952	46,162	282,114

Company	Share capital	Capital Reserve	Merger Reserve	Accumulated profits	Total equity
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
At 1 January 2014	154,552	27,395	(45,850)	(7,778)	128,319
Profit or loss / Total comprehensive income for the period	-	-	-	(649)	(649)
Reclassification from capital reserves to share capital for rights shares issued	27,395	(27,395)	-	-	-
At 31 March 2014	181,947	-	(45,850)	(8,427)	127,670
At 1 January 2013	154,552	-	(45,850)	(2,201)	106,501
Profit or loss / Total comprehensive income for the period	-	-	-	(544)	(544)
At 31 March 2013	154,552	-	(45,850)	(2,745)	105,957

- 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 31 March 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 three months ended 31 March 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 31 March 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 has 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 31 March 2014	3 Months Ended 31 March 2013
	(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	0.18	1.44
(b) On a fully diluted basis	0.18	1.44

The earning per ordinary share has been calculated net of non-controlling interest of 919,247,700 shares as at 31 March 2014 and a weighted average number of 781,932,691 as at 31 March 2013.

Earnings per share for period ended 31 March 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	
	31 March 2014	31 December 2013	31 March 2014	31 December 2013
	(cents)	(cents)	(cents)	(cents)
Net asset value per ordinary share based on issued share capital at the end of:	28.31	34.55	13.89	16.75

The net asset value per ordinary share has been calculated net of non-controlling interest of 919,247,700 shares as at 31 March 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:**
(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 1Q2014 compared to 1Q2013

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>
	3 Months Ended 31 March 2014					
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
Revenue	166,998	1,288	1,408	313	-	170,007
Costs	(154,708)	(1,109)	(652)	-	-	(156,469)
Gross Profit	12,290	179	756	313	-	13,538
Other income	1,007	-	17	-	154	1,178
Depreciation	(862)	(22)	(239)	(283)	(38)	(1,444)
Selling expenses	-	(2,061)	(73)	-	-	(2,134)
Staff costs	(3,370)	(514)	(762)	-	(689)	(5,335)
Other operating expenses	(1,747)	(315)	(214)	-	(534)	(2,810)
Profit / (loss) from operating activities	7,318	(2,733)	(515)	30	(1,107)	2,993

	<u>Construction</u>	<u>Property Development</u>	<u>Sales of Goods</u>	<u>Rental</u>	<u>Others</u>	<u>Total</u>
	3 Months Ended 31 March 2013					
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
Revenue	144,049	315	1,843	302	-	146,509
Costs	(130,718)	(123)	(1,016)	-	-	(131,857)
Gross Profit	13,331	192	827	302	-	14,652
Other income	790	55	19	8,104	80	9,048
Depreciation	(854)	(29)	(206)	(276)	(33)	(1,398)
Selling expenses	-	(718)	(57)	-	(43)	(818)
Staff costs	(2,808)	(471)	(746)	-	(828)	(4,853)
Other operating expenses	(2,406)	(351)	(216)	-	(355)	(3,328)
Profit / (loss) from operating activities	8,053	(1,322)	(379)	8,130	(1,179)	13,303

Generally, the Group's profit from operating activities decreased by S\$10.3 million or 78% from approximately S\$13.3 million in 1Q2013 to S\$3.0 million in 1Q2014. The decrease was mainly due to greater losses in the property development segment and lower profit in rental segment. Property development segment loss increased approximately S\$1.4 million due mainly to increase in selling expenses by S\$1.3 million. Meanwhile, rental segment profit decreased by S\$8.1 million in the absence of disposal gain of investment properties of S\$8.1 million in 1Q2013. Excluding one-time item of gain on disposal of investment properties of S\$8.1 million in 1Q2013, the Group's profit from operating activities decreased by S\$2.2 million from approximately S\$5.2 million in 1Q 2013 to S\$3.0 million in 1Q2014.

Decrease in profit from operating activities in construction segment was mainly due to reduction of gross profit margin which reduced the gross profit by approximately S\$1.0 million.

Revenue

Revenue increased by approximately S\$23.5 million or 16% from approximately S\$146.5 million in 1Q2013 to approximately S\$170.0 million in 1Q2014, attributable mainly to increase in revenue from construction contracts of approximately S\$22.9 million.

Revenue from construction contract

Increase in revenue was mainly due to increase in work done for new and on-going projects, being Waterway Terraces I & II, The Archipelago, The Luxurie, SIM HQ campus extension, Haus, Springside, Equinix and Eco Sanctuary, which resulted in an aggregate increase in

revenue of approximately S\$75.1 million as compared to 1Q2013. The increase is lowered by the decrease in work done for projects, being The Glyndebourne, Joo Koon Integrated Hub & Fairprice Distribution Centre, Shelford, Hundred Trees and Tree House of approximately S\$54.2 million.

In accordance with our revenue recognition policy, work done amounting to approximately S\$13.0 million from newly commenced projects in Singapore have yet to be recognized as revenue as at 31 March 2014.

Revenue from sales of development properties

Revenue from sales of development properties in 1Q2014 amounted to S\$1.3 million and was contributed mainly from the sale recognition of 6 units (971 sqm) and 3 units (318 sqm) of phase II and IV from Sunny International Project respectively.

As at 31 March 2014, approximately S\$66.6 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	154	14,913
Equinox	93	21,030
Tranquility Residences	5	672
Wenchang Baihui	3	183
Tianmen Jinwan	1	141

Revenue from sales of goods

Decrease in revenue from sales of goods by approximately S\$0.4 million from S\$1.8 million in 1Q2013 to S\$1.4 million in 1Q2014 was due mainly to a decrease in sales volume.

Other income

Decrease in other income of approximately S\$7.9 million from S\$9.0 million in 1Q2013 to S\$1.2 million in 1Q2014 was mainly due to one-time gain on disposal of investment properties recorded in Papua New Guinea in 1Q2013.

Gross profit in construction segment

Decrease in gross profit margin of approximately 1.9% from 9.3% in 1Q2013 to 7.4% in 1Q2014 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 dipped slightly as units sold in Wenchang Baihui in 1Q2013 was a commercial property as contrast to this quarter which was recorded from residential properties in Sunny International.

Gross profit in sales of goods segment

Improvement in gross profit margin was mainly due to an increase in license revenue with higher margin.

Selling expenses

Increase in selling expenses of approximately S\$1.3 million in 1Q2014 to S\$2.1 million due mainly to the marketing activities to promote the various property development projects in the People's Republic of China during 1Q2014.

Staff costs

Increase in staff costs of approximately S\$0.5 million to S\$5.3 million in 1Q2014 due mainly to additional staff headcount recruited to support expansion of existing construction business and new construction projects secured as well as increase in manpower related costs.

Other expenses

Decrease in other expenses of approximately S\$0.5 million in 1Q 2014 due mainly to lower repair and maintenance cost of S\$0.2 million and one time advertisement expense on precast automation hub opening event in 1Q 2013 amounted to approximately S\$0.2 million.

Net finance expenses

Net finance expense decreased by approximately S\$0.6 million in 1Q2014 due mainly to increase in implicit interest in retention sum payables and decrease in discount implicit in retention sum receivables of approximately S\$0.2 million and S\$0.3 million respectively.

Share of profit of joint ventures, net of tax

Share of profit of joint ventures decreased by approximately S\$0.4 million to nil in 1Q2014 due mainly to newly commenced joint venture projects, have yet to reach the revenue recognition milestone as at 31 March 2014.

Income tax expense

Income tax expense decreased by S\$0.4 million to S\$0.5 million in 1Q2014 due to a decrease in profit from operating activities.

Profit for the period

Profit in 1Q2014 decreased by approximately S\$9.7 million to S\$1.5 million as a result of the factors mentioned in the preceding paragraphs.

Review of Financial Position

Non-Current Assets

As at 31 March 2014, non-current assets stood at S\$178.5 million or approximately 18.9% of total assets, a decrease of approximately S\$2.6million as compared to 31 December 2013.

Increase in property, plant and equipment ("PPE") of approximately S\$2.0 million was mainly due to purchase of PPE amounting to S\$4.9million which was offset by depreciation charges of S\$2.8 million.

Decrease in trade and other receivables by S\$3.6 million to S\$30.3 million was mainly due to reduction in retention sums from construction projects in Singapore.

Current Assets

As at 31 March 2014, current assets stood at S\$765.1 million or approximately 81.1% of total assets, a decrease of approximately S\$3.4 million as compared to 31 December 2013.

Increase in development properties by S\$25.3 million to S\$415.6 million due mainly to an increase in development costs for ongoing PRC development projects, being Equinox and Tranquility Residences projects of approximately S\$15.9 million and S\$10.6 million respectively, partially offset by units sold in Sunny International project phase II and IV of approximately S\$1.1 million.

Trade and other receivables decreased by approximately S\$20.4 million to S\$204.7 million due mainly to decrease in trade receivables, advances to suppliers, accrued receivables and other receivables of approximately S\$0.6 million, S\$3.5 million, S\$10.9 million and S\$10.1 million respectively, partially offset by the increase in retention sum on construction contracts of approximately S\$5.2 million.

Non-Current Liabilities

As at 31 March 2014, non-current liabilities amounted to S\$118.5 million or approximately 18.6% of total liabilities, an increase of approximately S\$5.5 million compared to 31 December 2013.

Non-current loans and borrowings increased by S\$3.5 million to S\$97.0 million due mainly to additional loans obtained from banks.

Non-current trade and other payables increased by S\$2.1 million to S\$18.0 million 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 31 March 2014, current liabilities stood at S\$519.3 million or approximately 81.4% of total liabilities, a decrease of S\$6.4 million.

Trade and other payables decreased by approximately S\$6.9 million to S\$324.6 million due mainly to a collective net decrease in trade payables, accrued operating expenses and other payables of approximately S\$15.4 million, S\$6.0 million and S\$0.9 million respectively, partially offset by increase in accrued payables and receipt in advance of approximately S\$11.9 million and S\$3.3 million respectively.

Decrease in amount due to related parties of approximately S\$3.2 million to S\$22.8 million 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\$4.9 million to S\$163.3 million mainly due to new loans obtained from bank and financial institutional.

Review of Statement of Cash Flows

Net cash from operating activities

For the 3 months ended 31 March 2014, the Group recorded a net cash outflow from operating activities of approximately S\$13.3 million, decreased by S\$35.6 million as compared to the previous corresponding period ended 31 March 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) Increase in development properties by S\$31.7 million, due mainly to additional property development costs for Equinox and Tranquility Residences projects, partially offset by units sold in Cangzhou Sunny International phases II and IV.
- (b) Decrease in trade and other receivables by S\$14.1 million, due mainly to decrease in accrued receivables from on-going projects and full receipt of rights issue proceeds from Central Depository Pte Ltd.
- (c) Decrease in trade and other payables by S\$3.9 million, due mainly to payment of retention monies to sub contractors, following the completion and finalization of accounts for a few of the construction projects, and lower accrued operating expenses.

Net cash from investing activities

For the 3 months ended 31 March 2014, the Group recorded a net cash outflow from investing activities of S\$5.6 million, decreased by S\$9.6 million as compared to net cash inflow of S\$4.0 million at previous corresponding period ended 31 March 2013. This was mainly due to purchase of property, plant and equipment of approximately S\$4.9 million in 1Q2014 and the absence of sales proceeds from sales of investment properties of approximately S\$8.5 million in the previous corresponding period.

Net cash from financing activities

For the 3 months ended 31 March 2014, the Group recorded a net cash inflow from financing activities of S\$29.7 million, increased by S\$10.1 million as compared to the previous corresponding period ended 31 March 2013. This was due mainly to cash inflow from proceeds of rights issue of S\$10.0 million and reduction in deposits pledged of S\$13.8 million as compared to cash outflow from increase in deposits pledged of S\$4.1 million in previous corresponding period ended 31 March 2013, offset by lower net receipts from loans and borrowings obtained in current period of S\$11.3 million as compared to S\$28.8 million in previous corresponding period ended 31 March 2013.

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

Not applicable.

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

The Ministry of Trade and Industry (“MTI”) announced on 14 April 2014 that the Singapore economy grew by 5.1% in the first quarter of 2014¹, compared to 5.5% in the corresponding quarter. The construction sector grew by 6.5% on a yoy basis in 1Q2014, faster than the 4.8% growth in the corresponding quarter due to stronger expansion in the public sector construction activities.

¹ Ministry of Trade and Industry, “Singapore’s GDP grew by 5.1 per cent in the First Quarter of 2014”

MTI's positive outlook reinforces Building & Construction Authority announcement on 9 January 2014 that the construction demand for 2014 will remain strong due to higher public housing demand and anticipated greater construction demand for institutional developments and major infrastructure projects. The contracts for the built environment could reach between S\$31 billion and S\$38 billion in 2014².

The construction sector remains challenging due to keen competition and rising labour costs due to the manpower crunch. As such, we expect to see cost pressures for the year ahead. In order to effectively address the difficult industry operating conditions, the Group is leveraging on its core construction competencies in pre-cast construction technology, Cobiax and advanced formwork systems to improve productivity and reduce reliance on labour.

As part of the Group's efforts to explore developments beyond Singapore, Tiong Seng partnered IE Singapore in its Global Company Partnership Programme and expanded regionally. The Group first announced its investment in a precast plant in Iskandar, Malaysia in June 2013 and had recently commenced operations in April 2014. In addition, the Group's third precast plant in Asia, a joint-venture with subsidiary of Myanmar's construction giant Shwe Taung is also expected to commence operations in 3Q 2014.

The Group's emphasis on innovation and construction technology continues to reinforce its industry-leading expertise. As such, it will continue to invest in research and development to refine its current suite of construction technologies.

As at 31 March 2014, the Group secured a S\$210.4 million contract for the design and build of The Panorama condominium, updating its order book to S\$1.17 billion.

Property Development Outlook

Despite the property-cooling measures implemented by the Chinese government, the sale prices of residential buildings in 70 medium and large-sized cities continue to be on the upward trend with 56 cities reporting an increase in sale prices³.

Moody's Investors Service expects the outlook for China's property sector to remain stable as sales growth continues at a moderate pace⁴. The central government is likely to continue the urbanization process, which should support the stable development of China's property sector.

At present, we have three projects in China, namely Sunny International Project in Cangzhou, The Equinox in Tianjin and the Tranquility Residences in Suzhou that we are looking to sell over the near and mid-term.

As at 31 March 2014, approximately S\$66.6 million of gross development area comprises of 1 unit, totaling 141 sqm of Tianmen Jinwan Building, 154 units (14,913 sqm) of Sunny International Project, 93 units (21,030 sqm) of the Equinox and 3 units totaling 183 sqm of Wenchang Baihui in Yangzhou 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 31 March 2014, approximately 45.4% of the total 205 units of phase 1 and 2 have been sold.

² Building and Construction Authority, "Construction demand for 2014 to remain strong", 9 Jan 2014

³ "Sales prices of residential buildings in 70 medium and large-sized cities in March 2014", National Bureau of Statistics of China, 22 April 2014

⁴ Moody's: Stable outlook for China's property developers

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 will commence construction in 2Q2014 with expected completion in 2016.

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.

Not applicable.

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 31 March 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)
Peck Tiong Choon Transport (Pte) Ltd – Hiring charges	3,677,000 ⁽¹⁾	-

⁽¹⁾ For financial period ended 31 March 2014, prior to the IPT Mandate obtained on 28 April 2014.

14. Use of proceeds from Rights Issue

As at 14 May 2014, approximately S\$0.3 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:

I)	Corporate branding	S\$ 79,000
II)	Professional fees	S\$ 127,000
III)	Listing expense	S\$ 19,000
IV)	Other general expenses	<u>S\$ 30,000</u>
		<u>S\$ 255,000</u>

On behalf of the Board of Directors

BY ORDER OF THE BOARD

Pek Lian Guan
Executive Director and CEO
14 May 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 1st quarter financial statements for the financial period ended 31 March 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 May 2014
