



# TIONG SENG HOLDINGS LIMITED

(Incorporated in the Republic of Singapore )

(Co. Reg. No: 200807295Z)

## UNAUDITED HALF-YEAR 2017 FINANCIAL STATEMENT ANNOUNCEMENT FOR THE PERIOD ENDED 30 JUNE 2017

### 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 2017 S\$'000	3 Months Ended 30 June 2016 S\$'000	Change %	6 Months Ended 30 June 2017 S\$'000	6 Months Ended 30 June 2016 S\$'000	Change %
<b>Revenue</b>						
Revenue from construction contracts	205,669	137,780	49	399,637	292,708	37
Revenue from sales of development properties	10,618	19,858	(47)	23,839	111,645	(79)
Rental income	462	386	20	964	852	13
	<u>216,749</u>	<u>158,024</u>	37	<u>424,440</u>	<u>405,205</u>	5
Other income	1,448	2,414	(40)	2,275	4,023	(43)
Costs of construction	(185,592)	(125,297)	48	(365,705)	(266,804)	37
Costs of sales of development properties	(9,941)	(15,689)	(37)	(22,859)	(103,540)	(78)
Depreciation and amortisation	(935)	(1,148)	(19)	(2,227)	(2,410)	(8)
Selling expenses	(819)	(1,139)	(28)	(1,309)	(1,798)	(27)
Staff costs	(5,079)	(4,770)	6	(9,919)	(10,153)	(2)
Other expenses	(2,336)	(3,212)	(27)	(4,611)	(6,185)	(25)
	<u>(204,702)</u>	<u>(151,255)</u>	35	<u>(406,630)</u>	<u>(390,890)</u>	4
<b>Profit from operating activities</b>	13,495	9,183	47	20,085	18,338	10
Finance income	619	1,046	(41)	979	1,337	(27)
Finance expenses	(1,503)	(2,897)	(48)	(4,187)	(7,055)	(41)
<b>Net finance expense</b>	<u>(884)</u>	<u>(1,851)</u>	(52)	<u>(3,208)</u>	<u>(5,718)</u>	(44)
Share of (loss)/profit of joint ventures, net of tax	(383)	(733)	(48)	355	(1,402)	N.M
<b>Profit before tax</b>	12,228	6,599	85	17,232	11,218	54
Tax	(1,720)	(2,788)	(38)	(2,791)	(3,790)	(26)
<b>Profit for the period</b>	<u>10,508</u>	<u>3,811</u>	>100	<u>14,441</u>	<u>7,428</u>	94

N.M : Not meaningful

	3 Months Ended 30 June 2017 S\$'000	3 Months Ended 30 June 2016 S\$'000	Change %	6 Months Ended 30 June 2017 S\$'000	6 Months Ended 30 June 2016 S\$'000	Change %
<b>Other comprehensive income</b>						
<b>Items that may be reclassified subsequently to profit or loss:</b>						
Translation differences relating to financial statements of foreign subsidiaries	302	(6,555)	N.M	(5,607)	(15,741)	(64)
Exchange differences on monetary items forming part of net investment in a foreign operation	724	(2,781)	N.M	(1,119)	(6,083)	(82)
Net change in the fair value of available-for-sale investments	(5)	-	(100)	8	-	100
<b>Other comprehensive income for the period</b>	<u>1,021</u>	<u>(9,336)</u>	N.M	<u>(6,718)</u>	<u>(21,824)</u>	(69)
<b>Total comprehensive income for the period</b>	<u>11,529</u>	<u>(5,525)</u>	N.M	<u>7,723</u>	<u>(14,396)</u>	N.M
<b>Profit attributable to:</b>						
Owners of the Company	10,203	4,473	>100	14,293	8,210	74
Non-controlling interests	305	(662)	N.M	148	(782)	N.M
<b>Profit for the period</b>	<u>10,508</u>	<u>3,811</u>	>100	<u>14,441</u>	<u>7,428</u>	94
<b>Total comprehensive income attributable to:</b>						
Owners of the Company	11,133	(3,170)	N.M	9,100	(9,532)	N.M
Non-controlling interests	396	(2,355)	N.M	(1,377)	(4,864)	(72)
<b>Total comprehensive income for the period</b>	<u>11,529</u>	<u>(5,525)</u>	N.M	<u>7,723</u>	<u>(14,396)</u>	N.M
<b>Earnings per share</b>						
- Basic and diluted (cents) <sup>1</sup>	<u>2.25</u>	<u>0.98</u>		<u>3.15</u>	<u>1.80</u>	

<sup>1</sup> Based on weighted average number of shares outstanding after share consolidation and excluding treasury shares of 453,523,079 (2016: 457,085,041)

### 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 2017 S\$'000	3 Months Ended 30 June 2016 S\$'000	Change %	6 Months Ended 30 June 2017 S\$'000	6 Months Ended 30 June 2016 S\$'000	Change %
Fees from property management	(181)	(184)	(2)	(332)	(372)	(11)
Gain on disposal of spare parts and scrap materials	(65)	(102)	(36)	(127)	(186)	(32)
Gain on disposal of investment properties	-	(218)	N.M	-	(218)	N.M
Gain on disposal of property, plant and equipment	(15)	(174)	(91)	(15)	(231)	(94)
Operating lease expenses	498	320	56	810	669	21
Travelling and transport	203	192	6	450	425	6
Repair and maintenance expenses	237	416	(43)	446	636	(30)
Legal and professional fees	352	535	(34)	710	800	(11)
Tender expenses	12	70	(83)	18	395	(95)

**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	
	30.06.2017	31.12.2016	30.06.2017	31.12.2016
	S\$'000	S\$'000	S\$'000	S\$'000
<b>Non-current assets</b>				
Property, plant and equipment	127,227	123,164	-	-
Intangible assets	977	1,235	-	-
Investment properties	14,301	14,927	-	-
Investment in subsidiaries	-	-	59,624	59,624
Associates and joint ventures	23,172	22,953	-	-
Trade and other receivables	27,944	30,719	-	-
Amount due from related parties	2,256	1,653	-	-
Other investments	1,286	1,145	-	-
Deferred tax assets	200	204	-	-
	197,363	196,000	59,624	59,624
<b>Current assets</b>				
Inventories	855	1,467	-	-
Construction work-in-progress	39,172	30,337	-	-
Development properties	320,940	336,049	-	-
Trade and other receivables	256,328	256,903	19	3
Amount due from related parties	68,330	51,645	129,981	129,981
Cash and cash equivalents	72,559	92,248	2,083	2,930
	758,184	768,649	132,083	132,914
<b>Total assets</b>	955,547	964,649	191,707	192,538
<b>Equity attributable to owners of the Company</b>				
Share capital	181,947	181,947	181,947	181,947
Treasury shares	(1,890)	(1,310)	(1,890)	(1,310)
Reserves	(70,110)	(65,948)	(45,850)	(45,850)
Retained earnings / (Accumulated losses)	156,062	145,517	(24,229)	(22,622)
	266,009	260,206	109,978	112,165
<b>Non-controlling interests</b>	53,351	57,641	-	-
<b>Total equity</b>	319,360	317,847	109,978	112,165
<b>Non-current liabilities</b>				
Trade and other payables	21,942	24,348	-	-
Loans and borrowings	18,258	90,931	-	72,568
Deferred tax liabilities	5,531	5,810	-	-
	45,731	121,089	-	72,568
<b>Current liabilities</b>				
Progress billings in excess of construction work-in-progress	1,419	8,545	-	-
Trade and other payables	451,505	395,651	2,531	3,197
Amount due to related parties	18,470	23,498	6,412	4,608
Loans and borrowings	107,893	85,449	72,786	-
Current tax payable	11,169	12,570	-	-
	590,456	525,713	81,729	7,805
Total liabilities	636,187	646,802	81,729	80,373
Total equity and liabilities	955,547	964,649	191,707	192,538

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

**Amount repayable in one year or less, or on demand**

As at 30.06.2017		As at 31.12.2016	
Secured	Unsecured	Secured	Unsecured
S\$'000	S\$'000	S\$'000	S\$'000
35,107	72,786	85,449	-

**Amount repayable after one year**

As at 30.06.2017		As at 31.12.2016	
Secured	Unsecured	Secured	Unsecured
S\$'000	S\$'000	S\$'000	S\$'000
18,258	-	18,363	72,568

**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 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.

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

	30 June 2017	31 December 2016
	\$'000	\$'000
<b>Carrying amounts of assets:</b>		
Leasehold land	12,078	12,337
Freehold land	4,014	3,818
Leasehold properties	38,462	39,301
Investment properties	454	470
Plant and machinery	6,844	11,276
Motor vehicles	1,239	1,458
Deposits pledged	607	636
<b>Total</b>	<b>63,698</b>	<b>69,296</b>

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 2017 S\$'000	3 Months Ended 30 June 2016 S\$'000	6 Months Ended 30 June 2017 S\$'000	6 Months Ended 30 June 2016 S\$'000
<b>Cash flow from operating activities</b>				
Profit from operating activities	13,495	9,183	20,085	18,338
Adjustments for:				
Allowance for doubtful trade receivables	-	-	(70)	-
Depreciation and amortisation	4,176	3,704	8,451	7,975
Gain on disposal of:				
- property, plant and equipment	(15)	(174)	(15)	(231)
- investment properties	-	(218)	-	(218)
<b>Operating profit before working capital changes</b>	<b>17,656</b>	<b>12,495</b>	<b>28,451</b>	<b>25,864</b>
Changes in working capital:				
Inventories	332	116	614	211
Construction work-in-progress	(6,358)	16,315	(15,962)	8,671
Development properties	5,414	14,694	8,076	85,032
Trade and other receivables	(44,149)	(22,619)	3,847	(2,449)
Balances with related parties (trade)	(14,600)	1,774	(21,710)	1,927
Trade and other payables	52,020	11,778	54,142	(18,023)
Cash generated from/(used in) operations	10,315	34,553	57,458	101,233
Income taxes paid	(3,202)	(1,256)	(4,189)	(1,419)
Income taxes refunded	-	-	29	-
<b>Net cash from / (used in) operating activities</b>	<b>7,113</b>	<b>33,297</b>	<b>53,298</b>	<b>99,814</b>
<b>Cash flow from investing activities</b>				
Balances with related parties (non-trade)	6,343	(2,939)	-	(1,849)
Distributions received from joint ventures	136	-	136	7,497
Distributions received from other investments	-	232	-	232
Interest received	229	492	451	538
Proceeds from disposal of property, plant and equipment	74	245	135	685
Proceeds from disposal of investment properties	-	324	-	324
Redemption/(purchase) of available-for-sale financial assets	-	873	-	(1,219)
Purchase of property, plant and equipment	(5,448)	(7,698)	(12,133)	(18,646)
Purchase of other investments	(58)	-	(190)	-
<b>Net cash from/(used in) investing activities</b>	<b>1,276</b>	<b>(8,471)</b>	<b>(11,601)</b>	<b>(12,438)</b>

	3 Months Ended 30 June 2017 S\$'000	3 Months Ended 30 June 2016 S\$'000	6 Months Ended 30 June 2017 S\$'000	6 Months Ended 30 June 2016 S\$'000
<b>Cash flow from financing activities</b>				
Balances with related parties (non-trade)	(465)	165	(112)	(3,625)
Increase in restricted cash	85	339	(87)	(636)
Decrease/ (increase) in deposits pledged	-	35	(3)	86
Dividends paid to owners of the company	(3,630)	(2,267)	(3,630)	(2,267)
Interest paid	(2,186)	(2,081)	(2,804)	(4,253)
Acquisition of non-controlling interest in a subsidiary	-	-	(2,000)	-
Purchase of treasury shares	(516)	(280)	(580)	(724)
Payments of finance lease liabilities	(215)	(226)	(429)	(451)
Proceeds from loans and borrowings	2,286	8,028	12,054	18,950
Repayment of loans and borrowings	(28,009)	(18,969)	(62,072)	(107,852)
<b>Net cash (used in) / from financing activities</b>	<b>(32,650)</b>	<b>(15,256)</b>	<b>(59,663)</b>	<b>(100,772)</b>
<b>Net (decrease)/increase in cash and cash equivalents</b>	<b>(24,261)</b>	<b>9,570</b>	<b>(17,966)</b>	<b>(13,396)</b>
Cash and cash equivalent at beginning of the period	93,046	66,546	87,602	88,774
Effect of exchange rate changes on balance held in foreign currencies	(928)	(1,727)	(1,779)	(989)
<b>Cash and cash equivalents at end of the period</b>	<b>67,857</b>	<b>74,389</b>	<b>67,857</b>	<b>74,389</b>

**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 2017	181,947	(1,310)	(77,720)	1,888	3,564	-	6,320	145,517	260,206	57,641	317,847
<b>Total comprehensive income for the period</b>											
Profit for the period	-	-	-	-	-	-	-	14,293	14,293	148	14,441
<b>Other comprehensive income</b>											
Translation differences relating to financial statements of foreign subsidiaries	-	-	-	-	-	-	(4,082)	-	(4,082)	(1,525)	(5,607)
Exchange differences on monetary items forming part of net investment in a foreign operation	-	-	-	-	-	-	(1,119)	-	(1,119)	-	(1,119)
Net change in the fair value of available-for-sale investments	-	-	-	-	-	8	-	-	8	-	8
Total other comprehensive income	-	-	-	-	-	8	(5,201)	-	(5,193)	(1,525)	(6,718)
<i>Total comprehensive income for the period</i>	-	-	-	-	-	8	(5,201)	14,293	9,100	(1,377)	7,723
<b>Transaction with owners, recognised directly in equity</b>											
<b>Contributions by and distributions to owners</b>											
Purchase of treasury shares	-	(580)	-	-	-	-	-	-	(580)	-	(580)
Dividend declared	-	-	-	-	-	-	-	(3,630)	(3,630)	-	(3,630)
Acquisition of non-controlling interest without a change in control	-	-	-	1,031	-	-	-	(118)	913	(2,913)	(2,000)
<i>Total transaction with owners of the Company</i>	-	(580)	-	1,031	-	-	-	(3,748)	(3,297)	(2,913)	(6,210)
At 30 June 2017	181,947	(1,890)	(77,720)	2,919	3,564	8	1,119	156,062	266,009	53,351	319,360

Group	Share capital	Treasury Shares	Merger reserve	Capital reserve	Statutory 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 2016	181,947	(244)	(77,720)	1,888	3,564	18,267	132,510	260,212	59,799	320,011
<b>Total comprehensive income for the period</b>										
Profit for the period	-	-	-	-	-	-	8,210	8,210	(782)	7,428
<b>Other comprehensive income</b>										
Translation differences relating to financial statements of foreign subsidiaries	-	-	-	-	-	(11,659)	-	(11,659)	(4,082)	(15,741)
Exchange differences on monetary items forming part of net investment in a foreign operations	-	-	-	-	-	(6,083)	-	(6,083)	-	(6,083)
Total other comprehensive income	-	-	-	-	-	(17,742)	-	(17,742)	(4,082)	(21,824)
<i>Total comprehensive income and expenses for the period</i>	-	-	-	-	-	(17,742)	8,210	(9,532)	(4,864)	(14,396)
<b>Transaction with owners, recognised directly in equity</b>										
<b>Contributions by and distributions to owners</b>										
Purchase of treasury shares	-	(724)	-	-	-	-	-	(724)	-	(724)
Dividends paid	-	-	-	-	-	-	(2,267)	(2,267)	-	(2,267)
<i>Total transaction with owners of the Company</i>	-	(724)	-	-	-	-	(2,267)	(2,991)	-	(2,991)
At 30 June 2016	181,947	(968)	(77,720)	1,888	3,564	525	138,453	247,689	54,935	302,624

Company	Share Capital	Treasury Shares	Merger Reserve	Retained earnings	Total equity
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
<b>At 1 January 2017</b>	181,947	(1,310)	(45,850)	(22,622)	112,165
Total comprehensive income for the period	-	-	-	2,023	2,023
Purchase of treasury shares	-	(580)	-	-	(580)
Dividend paid	-	-	-	(3,630)	(3,630)
<b>At 30 June 2017</b>	181,947	(1,890)	(45,850)	(24,229)	109,978
<b>At 1 January 2016</b>	181,947	(244)	(45,850)	(23,994)	111,859
Total comprehensive income for the period	-	-	-	7,067	7,067
Purchase of treasury shares	-	(724)	-	-	(724)
Dividend paid	-	-	-	(2,267)	(2,267)
<b>At 30 June 2016</b>	181,947	(968)	(45,850)	(19,194)	115,935



**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.

<b>Issued and fully paid ordinary shares, with no par value</b>	<b>No of shares</b>	<b>S\$'000</b>
At 1 April 2017	453,740,249	181,947
Share buy-backs	(1,892,900)	-
Balance at 30 June 2017	451,847,349	181,947

As at 30 June 2017, the Company held 7,776,500 treasury shares (4,129,800 treasury shares as at 30 June 2016) which represents 1.72% (0.91% as at 30 June 2016) 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.**

	<b>No of shares</b>	
	30 June 2017	31 December 2016
Total number of issued shares excluding treasury shares	451,847,349	454,014,149

**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

**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 2016.

**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 2017. 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 2017	3 Months Ended 30 June 2016	6 Months Ended 30 June 2017	6 Months Ended 30 June 2016
	(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	2.25	0.98	3.15	1.80
(b) On a fully diluted basis	2.25	0.98	3.15	1.80

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 453,523,079 (2016: 457,085,041) 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 2017	31 December 2016	30 June 2017	31 December 2016
	(cents)	(cents)	(cents)	(cents)
Net asset value per ordinary share based on issued share capital at the end of:	58.87	57.31	24.34	24.71

The net asset value per ordinary share, net of non-controlling interests and excluding treasury shares, has been calculated based on 451,847,349 shares and 454,014,149 shares as at 30 June 2017 and 31 December 2016 respectively.

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 1H2017 vs 1H2016

#### Overview

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

	<u>Construction</u>	<u>Property Development</u>	<u>Rental</u>	<u>Others</u>	<u>Total</u>
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
<b>6 Months Ended 30 June 2017</b>					
Revenue	399,637	23,839	964	-	424,440
Costs	(365,705)	(22,859)	-	-	(388,564)
Gross Profit	33,932	980	964	-	35,876
Other income	939	316	26	994	2,275
Depreciation	(1,637)	(25)	(547)	(18)	(2,227)
Selling expenses	(5)	(1,304)	-	-	(1,309)
Staff costs	(7,654)	(878)	-	(1,387)	(9,919)
Other operating expenses	(3,061)	(725)	-	(825)	(4,611)
Profit / (loss) from operating activities	22,514	(1,636)	443	(1,236)	20,085

	<u>Construction</u>	<u>Property Development</u>	<u>Rental</u>	<u>Others</u>	<u>Total</u>
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
<b>6 Months Ended 30 June 2016</b>					
Revenue	292,708	111,645	852	-	405,205
Costs	(266,804)	(103,540)	-	-	(370,344)
Gross Profit	25,904	8,105	852	-	34,861
Other income	1,473	1,723	182	645	4,023
Depreciation	(1,761)	(104)	(520)	(25)	(2,410)
Selling expenses	(117)	(1,681)	-	-	(1,798)
Staff costs	(7,719)	(1,017)	-	(1,417)	(10,153)
Other operating expenses	(3,848)	(1,054)	-	(1,283)	(6,185)
Profit / (loss) from operating activities	13,932	5,972	514	(2,080)	18,338

As a whole, the Group's profit from operating activities improved by S\$1.7 million or 9.5% year-on-year (yoy) from approximately S\$18.3 million in 1H2016 to S\$20.1 million in 1H2017. The improvement was mainly driven by an increase in revenue in construction segment that lifted the profit in this segment by S\$8.6 million to S\$22.5 million in 1H2017. This was partially offset by loss reported in property development segment of S\$1.6 million for 1H2017 as contrast to a profit registered of S\$6.0 million in 1H2016. Increase in revenue in construction segment was driven by higher construction work done arising from the various construction projects whereas loss in property development segment was mainly due to lower revenue recognition, in accordance to the Group's revenue recognition policy.

### Revenue

Revenue increased by approximately S\$19.2 million or 4.7% from approximately S\$405.2 million in 1H2016 to approximately S\$424.4 million in 1H2017, attributable mainly to increase in revenue from construction segment by S\$106.9 million partially offset by decreased in revenue from property development segment by S\$87.8 million.

#### *Revenue from construction contract*

Increase in revenue was mainly due to the net increase in work done for new and on-going projects as a results of differences in stages of various construction contracts.

In accordance with our revenue recognition policy, work done amounting to approximately S\$3.4 million from newly commenced projects have yet to be recognized as revenue as at 30 June 2017.

#### *Revenue from sales of development properties*

Revenue from sales of development properties in 1H2017 amounted to approximately S\$23.8 million contributed mainly from the sale recognition of 30 units (9,346 sqm) in Equinox Project, 2 units (265 sqm) in Sunny International Project and 1 unit (226 sqm) in Tranquility Project. In 1H2016, revenue amounted to S\$111.6 million was contributed mainly from the sale recognition of 490 units (55,331 sqm) of phase I from Tranquility Project and 29 units (3,034 sqm) in Sunny International Project.

As at 30 June 2017, approximately S\$117.2 million of gross development value were sold, but yet to be recognised as revenue in accordance to our revenue recognition policy, as follows:

Projects	Total units launched	Units sold and recognised	Units sold but yet to recognise	
			Units	Sqm
Equinox	322	161	98	17,117
Tranquility Residences	636	504	70	22,437

### Other income

Other income decreased by approximately S\$1.7 million from S\$4.0 million in 1H2016 to S\$2.3 million in 1H2017 was mainly due to the combined reduction in profits from sale of car park lots and disposal of investment properties, plant and equipment.

### **Gross profit in property development segment**

Gross profit margin decreased approximately 3.2 percentage points from 7.3% in 1H2016 to 4.1% in 1H2017 mainly due to the difference in projects' profile and relative weighted average profitability in the projects recognized over the two periods.

### **Selling expenses**

Decrease in selling expenses of approximately S\$0.5 million to S\$1.3 million in 1H2017 due mainly to a decrease in sales and marketing activities for the properties in the People's Republic of China.

### **Other expenses**

Decrease in other expenses of approximately S\$1.6 million to S\$4.6 million in 1H2017 due mainly to cost saving from downsizing of the sale of goods segment, decrease in tender, repair and maintenance and property management expenses.

### **Net finance expenses**

Net finance expenses decreased by approximately S\$2.5 million from S\$5.7 million in 1H2016 to S\$3.2 million in 1H2017 due mainly to lower exchange loss from depreciation in RMB vis-à-vis SGD of approximately S\$1.0 million in 1H2017 as compared to S\$3.2 million in 1H2016.

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

The Group registered a share of profit from joint ventures of approximately S\$0.4 million in 1H2017 as compared to a loss of approximately S\$1.4 million in 1H2016 due mainly to net contribution from certain joint venture projects.

### **Income tax expense**

Income tax expense decreased by approximately S\$1.0 million to S\$2.8 million in 1H2017 due mainly to the absence of underprovision of corporate tax in the property development projects in PRC in 1H2016.

### **Profit for the period**

Profit in 1H2017 increased by approximately S\$7.0 million to S\$15.1 million as a result of the factors mentioned in the preceding paragraphs.

## **Review of Financial Position**

### **Non-Current Assets**

As at 30 June 2017, non-current assets stood at S\$197.4 million or approximately 20.7% of total assets, an increase of approximately S\$1.4 million as compared to 31 December 2016.

Increase in property, plant & equipment ("PPE") of approximately S\$4.1 million to S\$127.2 million as at 30 June 2017 was mainly due to cost incurred in property under construction amounted to S\$8.1 million and additions on other PPE items of S\$4.0 million partially offset by depreciation in the same period.

Decrease in intangible assets by S\$0.3 million to S\$1.0 million mainly due to amortization over the period reported on.

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Increase in amount due from related parties by S\$0.6 million to S\$2.3 million due to increase in retention sum receivable from a joint venture project.

### **Current Assets**

As at 30 June 2017, current assets stood at S\$758.2 million or approximately 79.3% of total assets, a decrease of approximately S\$10.5 million as compared to 31 December 2016.

Decrease in development properties by S\$15.1 million to S\$320.9 million as at 30 June 2017 was due mainly to revenue recognition in Equinox, Sunny International and Tranquility project.

Increase in construction work-in-progress (net of excess of progress billings over construction work-in-progress) of about S\$16.0 million was due mainly to differences in stages of various construction projects.

Increase in amount due from related parties by approximately S\$16.7 million to S\$68.3 million due mainly to receivables arising from construction revenue from affiliated corporation of S\$14.1 million and increase in trade receivable from joint venture of S\$2.9 million

Decrease in cash and cash equivalents by approximately S\$19.7 million to S\$72.6 million as at 30 June 2017 was due mainly to cash used in investing and financing activities of S\$11.6 million and S\$59.7 million respectively partially offset by net cash inflow from operating activities of S\$53.3 million.

### **Non-Current Liabilities**

As at 30 June 2017, non-current liabilities amounted to S\$45.7 million or approximately 7.2% of total liabilities, an decrease of approximately S\$75.4 million as compared to 31 December 2016.

Loan and borrowings decreased by S\$72.7 million to S\$18.3 million mainly due to reclassification of multi-currency medium term note which is due for repayment within 12 months to current liabilities.

### **Current Liabilities**

As at 30 June 2017, current liabilities stood at S\$590.5 million or approximately 92.8% of total liabilities, an increase of approximately S\$64.7 million as compared to 31 December 2016.

Trade and other payables increased by approximately S\$55.9 million to S\$451.5 million as at 30 June 2017 due mainly to net increase in accrued trade payables and operating expenses by S\$57.8 million partially offset by decrease in retention sum payables of S\$3.1 million.

A decrease in amount due to related parties of approximately S\$5.0 million to S\$18.5 million as at 30 June 2017 was due mainly to decrease in trade payable to affiliated corporation of S\$3.4 million and S\$1.0 million reduction in amount due to non-controlling interest in subsidiaries in the People's of Republic China ("PRC").

Loans and borrowings increased by S\$22.4 million to S\$107.9 million as at 30 June 2017 mainly due to reclassification of multi-currency medium term note due for repayment within 12 months from non-current liabilities partially offset by net repayment of loan during the period reported on.

Decrease in current tax payable by S\$1.4 million to S\$11.2 million due mainly to tax paid partially offset by provision of tax expenses during the period reported on.

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## **Review of Statement of Cash Flows**

### **Net cash from operating activities**

For the 6 months ended 30 June 2017, the Group recorded a net cash inflow from operating activities of approximately S\$53.3 million, as compared to S\$99.8 million net cash inflow in the previous corresponding period ended 30 June 2016. This was mainly due to higher cash inflow in 1H2016 from property development segment following the increased in sales and profit recognition in phase I of Tranquility as contrast to that in 1H2017, where the Group's cashflow was mainly generated from the construction segment.

### **Net cash from investing activities**

For the 6 months ended 30 June 2017, the Group recorded a net cash outflow from investing activities of S\$11.6 million, a decrease of S\$0.8 million as compared to previous corresponding period ended 30 June 2016. Net cash used in investment activities in 1H2017 was mainly for investment in PPE of S\$12.1 million. In contrast, net cash outflow from investment activities in 1H2016 was attributed to investment in PPE of S\$18.6 million and related parties balances of S\$1.8 million, partially offset by distribution received from joint ventures of S\$7.5 million.

### **Net cash from financing activities**

For the 6 months ended 30 June 2017, the Group recorded a net cash outflow from financing activities of approximately S\$59.7 million, as compared to net cash outflow of S\$100.8 million in previous corresponding period ended 30 June 2016. This was due mainly to net repayment of loans and borrowings of S\$62.1 for the 6 months ended 30 June 2017 as compared to S\$107.9 million in previous corresponding period ended 30 June 2016.

**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**

Based on the advance estimates published on 14 July 2017, the Ministry of Trade and Industry ("MTI")<sup>1</sup> indicated that the economy grew 2.5% yoy in 2Q2017, matching the pace of growth seen in the preceding quarter. In particular, the construction sector underperformed with a 5.6% contraction yoy in 2Q2017, following a 6.1% decline in the previous quarter. This was weighed by a weakness in both the private and public sector construction activities.

As part of the Singapore government's efforts to support the sector, there are also plans to advance constructing S\$700.0 million worth of public sector infrastructure projects through to 2018<sup>2</sup>. In addition, a total of S\$450.0 million has been set aside for the 2<sup>nd</sup> tranche of the Construction Productivity and Capability Fund which will last till May 2018. This forms part of

<sup>1</sup> "Singapore's GDP grew by 2.5 per cent in the second quarter of 2017", MTI, 14 July 2017

<sup>2</sup> "More support and incentives to transform built environment sector", Building and Construction Authority, 7 March 2017

the 2<sup>nd</sup> Construction Productivity Roadmap targeted at promoting a higher quality workforce, higher capital investment and better integrated construction value chain in Singapore.

It is also worth noting that selected sites under the Government Land Sales (“GLS”) programme are also required to use high-impact productive construction technologies to drive the adoption of Design for Manufacturing and Assembly (“DfMA”). At least 15 GLS sites have been specified over the last two years to adopt Prefabricated Pre-finished Volumetric Construction (“PPVC”), where building modules complete with internal finishes and fittings are manufactured offsite before they are transported to site for assembly<sup>3</sup>.

The various government initiatives introduced are targeted at enhancing productivity and workplace safety in the built environment sector. Despite the Group’s portfolio and extensive suite of construction technologies, it continues to invest in the future. With that in mind, the latest factory, Tiong Seng@Tuas South, housing advanced construction technologies such as PPVC was unveiled in June 2017, reinforcing the Group’s positioning to capture growth opportunities within the sector.

As at 30 June 2017, the Group’s order book stands at approximately S\$730 million, expected to extend till year 2020.

### **Property Development Outlook**

#### *China*

Despite cooling measures by the government to moderate property prices in China, market sentiment from buyers remains robust. While tightening may be a top-down effort, it is encouraging that property prices remain supported by underlying demand<sup>4</sup>. This is further evidenced by the relatively stable and low inventory levels across the first and second-tier cities. The lack of significant oversupply in housing should limit the extent of the slowdown, allaying concerns towards the Chinese real estate market<sup>5</sup>.

As at 30 June 2017, approximately S\$117.2 million of gross development value comprises 98 units (17,117 sqm) of the Equinox and 70 units (22,437 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 2017, approximately 80% of the total 322 units launched for Equinox have been sold. Based on current existing phase development plan and schedule, the Group is currently carrying out construction for one of its phases, with expected completion and handover in mid 2018.

For Tranquility Residences project in Suzhou New District Development zone, construction of phase 2 is expected to be completed and handed over in 4Q2017.

#### *Singapore*

The property development landscape in Singapore has recently witnessed an uptick in demand and interest. There has been a sharp rise in bids for development sites, led by foreign developers as they clinched half of the eight GLS sites launched this year<sup>6</sup>. Amid the rising demand from home buyers, the Ministry of National Development had also increased the supply of land for private housing sites to 16 under the second half of GLS programme for 2017<sup>7</sup>.

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<sup>3</sup> “More support and incentives to transform built environment sector”, Building and Construction Authority, 7 March 2017

<sup>4</sup> “China May home prices gain 10.4% as demand remains strong despite cooling measures”, CNBC, 18 June 2017

<sup>5</sup> “China: coming back down to earth”, Financial Times Adviser, 26 July 2017

<sup>6</sup> “The foreign factor in higher land prices”, Straits Times, 26 July 2017

<sup>7</sup> “Supply of land for private housing increased as demand rises”, Channel NewsAsia, 29 June 2017

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The Group also recently entered into a 60%-40% joint venture with Arctic Sky Investment Pte. Ltd., a wholly-owned subsidiary of Ocean Sky International Ltd, to acquire two freehold sites for S\$21.0 million. Located at prime district 10, Jervois Road, the sites are intended for residential development and measure approximately 13,415 square feet with a gross plot ratio of 1.4. This represents the second property development project in Singapore for the Group, with the first being *Goodwood Grand* on *16 Balmoral Road*, which is expected to complete by end of 2017.

This will add on to the Group's overall property development portfolio and strengthen its capability building in this aspect.

**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 interim dividend has been declared/recommended by the Directors in 2Q2017.

**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 2017.

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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)	
	2Q2017 S\$'000	1H2017 S\$'000	2Q2017 S\$'000	1H2017 S\$'000
<b><u>Hiring charges</u></b>				
Peck Tiong Choon Transport (Pte) Ltd	-	-	2,588	4,922
Peck Tiong Choon Logistic (Pte) Ltd	-	-	21	34
Total	-	-	2,609	4,956
<b><u>Construction revenue</u></b>				
Peck Tiong Choon (Pte) Ltd*	9,970	17,270	-	-
Total	9,970	17,270	-	-

\*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  
1 August 2017



# **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 2017 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

1 August 2017

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