TIONG SENG HOLDINGS LIMITED

(Incorporated in the Republic of Singapore)

(Co. Reg. No: 200807295Z)

UNAUDITED 3Q 2018 FINANCIAL STATEMENT ANNOUNCEMENT FOR THE PERIOD ENDED 30 SEPTEMBER 2018

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 September 2018	3 Months Ended 30 September 2017	Change	9 Months Ended 30 September 2018	9 Months Ended 30 September 2017	Change
	S$'000	S$'000 (Restated)	%	S$'000	S$'000 (Restated)	%
Revenue						
Revenue from construction contracts	73,658	189,584	-61	254,722	507,633	-50
Revenue from sales of development properties	3,799	-	100	18,487	26,170	-29
Rental income	505	449	12	1,436	1,413	2
	77,962	190,033	-59	274,645	535,216	-49
Other income	1,051	1,346	-22	3,428	3,621	-5
Costs of construction	(61,912)	(168,664)	-63	(219,649)	(458,472)	-52
Costs of sales of development properties	(3,629)	-	100	(16,153)	(22,859)	-29
Depreciation and amortisation	(1,979)	(1,224)	62	(6,025)	(3,451)	75
Selling expenses	(432)	(398)	9	(1,036)	(1,376)	-25
Staff costs	(5,395)	(4,936)	9	(15,781)	(14,855)	6
Other expenses	(2,861)	(3,008)	-5	(8,199)	(7,619)	8
	(76,208)	(178,230)	-57	(266,843)	(508,632)	-48
Profit from operating activities	2,805	13,149	-79	11,230	30,205	-63
Finance income	367	514	-29	1,395	1,493	-7
Finance expenses	(2,100)	(2,278)	-8	(4,672)	(8,533)	-45
Net finance expense	(1,733)	(1,764)	-2	(3,277)	(7,040)	-53
Share of (loss)/profit of joint ventures, net of tax	(191)	633	N.M.	22	988	-98
Profit before tax	881	12,018	-93	7,975	24,153	-67
Tax	(614)	(1,862)	-67	(2,427)	(4,112)	-41
Profit for the period	267	10,156	-97	5,548	20,041	-72

N.M : Not meaningful

	3 Months Ended 30 September 2018 S$'000	3 Months Ended 30 September 2017 S$'000 (Restated)	Change %	9 Months Ended 30 September 2018 S$'000	9 Months Ended 30 September 2017 S$'000 (Restated)	Change %
Other comprehensive income						
Items that may be reclassified subsequently to profit or loss:						
Translation differences relating to financial statements of foreign subsidiaries	(5,053)	916	N.M.	(4,598)	(4,691)	-2
Exchange differences on monetary items forming part of net investment in a foreign operation	(2,574)	(284)	>100	(2,227)	(1,403)	59
Realisation of exchange differences on monetary items previously forming part of net investment in a foreign operation transferred to income statement	-	-	-	299	-	100
Net change in the fair value of available-for-sale investments	-	(6)	N.M.	-	2	-100
Other comprehensive income for the period	(7,627)	626	N.M.	(6,526)	(6,092)	7
Total comprehensive income for the period	(7,360)	10,782	N.M.	(978)	13,949	N.M.
Profit attributable to:						
Owners of the Company	767	10,333	-93	6,821	19,521	-65
Non-controlling interests	(500)	(177)	>100	(1,273)	520	N.M.
Profit for the period	267	10,156	-97	5,548	20,041	-72
Total comprehensive income attributable to:						
Owners of the Company	(5,159)	10,825	N.M.	1,648	14,820	-89
Non-controlling interests	(2,201)	(43)	>100	(2,626)	(871)	>100
Total comprehensive income for the period	(7,360)	10,782	N.M.	(978)	13,949	N.M.
Earnings per share						
- Basic and diluted (cents)[1]	0.17	2.28	(93)	1.53	4.31	(65)

[1] Based on weighted average number of shares outstanding after share consolidation and excluding treasury shares of 445,764,292 (2017: 452,708,138)

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 September 2018 S$'000	3 Months Ended 30 September 2017 S$'000	Change %	9 Months Ended 30 September 2018 S$'000	9 Months Ended 30 September 2017 S$'000	Change %
Fees from property management	(165)	(154)	7	(486)	(486)	-
Gain on disposal of spare parts and scrap materials	(153)	(119)	29	(242)	(246)	-2
Gain on disposal of investment properties	-	(331)	N.M.	-	(331)	N.M.
Gain on disposal of property, plant and equipment	-	(95)	N.M.	(393)	(110)	>100
Operating lease expenses	600	487	23	1,898	1,297	46
Travelling and transport	197	228	-14	605	678	-11
Repair and maintenance expenses	360	197	83	787	643	22
Legal and professional fees	391	234	67	1,182	944	25

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	
	30.09.2018	31.12.2017	30.09.2018	31.12.2017
	S$'000	S$'000	S$'000	S$'000
		Restated		
Non-current assets				
Property, plant and equipment	123,560	129,349	-	-
Intangible assets	403	408	-	-
Investment properties	16,688	13,584	-	-
Investment in subsidiaries	-	-	59,624	59,624
Associates and joint ventures	29,051	24,663	-	-
Trade and other receivables	8,258	13,929	-	-
Amount due from related parties	3,269	2,715	-	-
Other investments	1,273	1,285	-	-
Deferred tax assets	317	202	-	-
	182,819	186,135	59,624	59,624
Current assets				
Inventories	994	1,074	-	-
Contract assets	3,530	3,105	-	-
Development properties	268,982	278,676	-	-
Trade and other receivables	131,887	134,965	28	7
Amount due from related parties	49,148	49,716	104,436	104,436
Cash and cash equivalents	38,683	143,715	303	77,078
	493,224	611,251	104,767	181,521
Total assets	676,043	797,386	164,391	241,145
Equity attributable to owners of the Company				
Share capital	181,947	181,947	181,947	181,947
Treasury shares	(4,452)	(3,033)	(4,452)	(3,033)
Reserves	(76,346)	(71,148)	(45,850)	(45,850)
Retained earnings / (Accumulated losses)	163,904	163,758	(26,764)	(27,641)
	265,053	271,524	104,881	105,423
Non-controlling interests	41,122	46,982	-	-
Total equity	306,175	318,506	104,881	105,423
Non-current liabilities				
Trade and other payables	12,429	23,296	-	-
Loans and borrowings	14,524	17,184	-	-
Deferred tax liabilities	3,790	3,779	-	-
	30,743	44,259	-	-
Current liabilities				
Trade and other payables	233,754	287,911	1,440	3,592
Amount due to related parties	12,782	15,486	58,056	59,119
Loans and borrowings	81,980	114,882	-	72,996
Current tax payable	10,609	16,342	14	15
	339,125	434,621	59,510	135,722
Total liabilities	369,868	478,880	59,510	135,722
Total equity and liabilities	676,043	797,386	164,391	241,145

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

Amount repayable in one year or less, or on demand

As at 30.09.2018		As at 31.12.2017	
Secured	Unsecured	Secured	Unsecured
S$'000	S$'000	S$'000	S$'000
81,980	-	41,886	72,996

Amount repayable after one year

As at 30.09.2018		As at 31.12.2017	
Secured	Unsecured	Secured	Unsecured
S$'000	S$'000	S$'000	S$'000
14,524	-	17,184	-

Details of any collateral

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

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

	30 September 2018 $'000	31 December 2017 $'000
Carrying amounts of assets:		
Leasehold land	11,433	11,820
Freehold land	3,917	3,962
Leasehold properties	32,526	37,624
Investment properties	4,337	438
Plant and machinery	330	5,006
Motor vehicles	686	866
Deposits pledged	610	580
Total	**53,839**	**60,296**

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 September 2018 S$'000	3 Months Ended 30 September 2017 S$'000 Restated	9 Months Ended 30 September 2018 S$'000	9 Months Ended 30 September 2017 S$'000 Restated
Cash flow from operating activities				
Profit from operating activities	2,805	13,149	11,230	30,205
Adjustments for:				
Allowance for / (write-back of) doubtful trade receivables	-	66	-	(4)
Depreciation and amortisation	5,122	4,179	13,212	12,630
Gain on disposal of:				
- property, plant and equipment	-	(95)	(393)	(110)
- investment properties	-	(331)	-	(331)
Operating profit before working capital changes	7,927	16,968	24,049	42,390
Changes in working capital:				
Inventories	(235)	(194)	82	420
Contract assets	1,222	6,295	(425)	(1,859)
Development properties	(1,430)	(11,727)	1,551	(3,651)
Trade and other receivables	11,732	11,619	11,550	94,918
Balances with related parties (trade)	(1,851)	12,643	(416)	(9,067)
Trade and other payables	(3,558)	21,430	(65,909)	(8,659)
Cash generated from/(used in) operations	13,807	57,034	(29,518)	114,492
Income taxes paid	(3,583)	(2,104)	(9,921)	(6,293)
Income taxes refunded	-	-	-	29
Net cash generated from/ (used in) operating activities	10,224	54,930	(39,439)	108,228
Cash flow from investing activities				
Balances with related parties (non-trade)	(4,672)	(1,757)	(4,695)	(1,757)
Investment in associates and joint ventures	(940)	-	(9,490)	-
Loan repayment from a joint venture	-	-	4,800	-
Distributions received from a joint venture	-	-	-	136
Interest received	75	120	277	571
Proceeds from disposal of property, plant and equipment	28	172	2,713	307
Proceeds from disposal of investment properties	-	733	-	733
Purchase of property, plant and equipment	(10,436)	(6,475)	(12,863)	(18,608)
Purchase of intangible assets	(10)	(1)	(66)	(1)
Purchase of other investments	-	(5)	-	(195)
Net cash used in investing activities	(15,955)	(7,213)	(19,324)	(18,814)

	3 Months Ended 30 September 2018 S$'000	3 Months Ended 30 September 2017 S$'000 Restated	9 Months Ended 30 September 2018 S$'000	9 Months Ended 30 September 2017 S$'000 Restated
Cash flow from financing activities				
Balances with related parties (non-trade)	220	122	3,249	10
Decrease/(Increase) in restricted cash	8	(11)	1,572	(98)
Increase in deposits pledged	-	-	(39)	(3)
Dividends paid to				
- owners of the company	-	(58)	(6,675)	(3,688)
- non-controlling interests	-	-	(3,259)	-
Interest paid	(708)	(1,385)	(1,640)	(4,189)
Acquisition of non-controlling interest in a subsidiary	-	-	-	(2,000)
Purchase of treasury shares	(15)	(775)	(1,419)	(1,355)
Payments of finance lease liabilities	(115)	(146)	(317)	(575)
Proceeds from loans and borrowings	11,132	2,064	58,020	14,118
Repayment of loans and borrowings	(4,679)	(19,675)	(93,551)	(81,747)
Net cash from / (used in) financing activities	5,843	(19,864)	(44,059)	(79,527)
Net increase / (decrease) in cash and cash equivalents	112	27,853	(102,822)	9,887
Cash and cash equivalent at beginning of the period	38,300	67,857	141,334	87,602
Effect of exchange rate changes on balance held in foreign currencies	(568)	(80)	(668)	(1,859)
Cash and cash equivalents at end of the period	37,844	95,630	37,844	95,630

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 S$'000	Treasury shares S$'000	Merger reserve S$'000	Capital reserve S$'000	Statutory reserve S$'000	Fair value reserve S$'000	Foreign currency translation reserve S$'000	Retained earnings S$'000	Total S$'000	Non-controlling interests S$'000	Total equity S$'000
At 1 January 2018	181,947	(3,033)	(77,720)	(2)	3,564	-	2,960	172,815	280,531	46,838	327,369
Adoption of SFRS(I) 15	-	-	-	-	-	-	50	(9,057)	(9,007)	144	(8,863)
As restated at 1 January 2018	181,947	(3,033)	(77,720)	(2)	3,564	-	3,010	163,758	271,524	46,982	318,506
Profit for the period	-	-	-	-	-	-	-	6,821	6,821	(1,273)	5,548
Other comprehensive income											
Translation differences relating to financial statements of foreign subsidiaries	-	-	-	-	-	-	(3,245)	-	(3,245)	(1,353)	(4,598)
Exchange differences on monetary items forming part of net investment in a foreign operation	-	-	-	-	-	-	(2,227)	-	(2,227)	-	(2,227)
Realisation of exchange differences on monetary items previously forming part of net investment in a foreign operation transferred to income statement	-	-	-	-	-	-	299	-	299	-	299
Total other comprehensive income	-	-	-	-	-	-	(5,173)	-	(5,173)	(1,353)	(6,526)
Total comprehensive income for the period	-	-	-	-	-	-	*(5,173)*	*6,821*	*1,648*	*(2,626)*	*(978)*
Transaction with owners, recognised directly in equity											
Contributions by and distributions to owners											
Purchase of treasury shares	-	(1,419)	-	-	-	-	-	-	(1,419)	-	(1,419)
Dividend paid	-	-	-	-	-	-	-	(6,675)	(6,675)	(3,259)	(9,934)
Acquisition of non-controlling interest without a change in control	-	-	-	(25)	-	-	-	-	(25)	25	-
Total transaction with owners of the Company	-	(1,419)	-	(25)	-	-	-	(6,675)	(8,119)	(3,234)	(11,353)
At 30 September 2018	181,947	(4,452)	(77,720)	(27)	3,564	-	(2,163)	163,904	265,053	41,122	306,175

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
Adoption of SFRS(I) 15	-	-	-	-	-	-	-	(10,291)	(10,291)	(697)	(10,988)
As restated at 1 January 2017	181,947	(1,310)	(77,720)	1,888	3,564	-	6,320	135,226	249,915	56,944	306,859
Total comprehensive income for the period											
Profit for the period	-	-	-	-	-	-	-	19,521	19,521	520	20,041
Other comprehensive income											
Translation differences relating to financial statements of foreign subsidiaries	-	-	-	-	-	-	(3,300)	-	(3,300)	(1,391)	(4,691)
Exchange differences on monetary items forming part of net investment in a foreign operation	-	-	-	-	-	-	(1,403)	-	(1,403)	-	(1,403)
Net change in the fair value of available-for-sale investments	-	-	-	-	-	2	-	-	2	-	2
Total other comprehensive income	-	-	-	-	-	2	(4,703)	-	(4,701)	(1,391)	(6,092)
Total comprehensive income for the period	-	-	-	-	-	*2*	*(4,703)*	*19,521*	*14,820*	*(871)*	*13,949*
Transaction with owners, recognised directly in equity											
Contributions by and distributions to owners											
Purchase of treasury shares	-	(1,355)	-	-	-	-	-	-	(1,355)	-	(1,355)
Dividend declared	-	-	-	-	-	-	-	(3,630)	(3,630)	(58)	(3,688)
Acquisition of non-controlling interest without a change in control	-	-	-	1,031	-	-	-	(118)	913	(2,913)	(2,000)
Total transaction with owners of the Company	-	*(1,355)*	-	*1,031*	-	-	-	*(3,748)*	*(4,072)*	*(2,971)*	*(7,043)*
At 30 September 2017	181,947	(2,665)	(77,720)	2,919	3,564	2	1,617	150,999	260,663	53,102	313,765

Company	**Share capital**	**Treasury Shares**	**Merger Reserve**	**Accumulated profits**	**Total equity**
	S$'000	**S$'000**	**S$'000**	**S$'000**	**S$'000**
At 1 January 2018	181,947	(3,033)	(45,850)	(27,641)	105,423
Total comprehensive income for the period	-	-	-	7,552	7,552
Purchase of treasury shares	-	(1,419)	-	-	(1,419)
Dividend paid	-	-	-	(6,675)	(6,675)
At 30 September 2018	181,947	(4,452)	(45,850)	(26,764)	104,881
At 1 January 2017	181,947	(1,310)	(45,850)	(22,622)	112,165
Total comprehensive income for the period	-	-	-	526	526
Purchase of treasury shares	-	(1,355)	-	-	(1,355)
Dividend paid	-	-	-	(3,630)	(3,630)
At 30 September 2017	181,947	(2,665)	(45,850)	(25,726)	107,706

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.

Issued and fully paid ordinary shares, with no par value	No of shares	S$'000
At 1 July 2018	444,822,349	181,947
Share buy-backs	(37,000)	-
Balance at 30 September 2018	444,785,349	181,947

As at 30 September 2018, the Company held 14,838,500 treasury shares (10,254,400 treasury shares as at 30 September 2017) which represents 3.34% (2.28% as at 30 September 2017) 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 preceeding financial year.

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

	No of shares	
	30 September 2018	31 December 2017
Total number of issued shares excluding treasury shares	444,785,349	448,381,449

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.

The Company held 14,838,500 treasury shares as at the end of current financial period ended 30 September 2018. 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 2017.

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

The Group has adopted a new financial reporting framework, Singapore Financial Reporting Standards (International) (SFRS(I)s) on 1 January 2018. In adopting SFRS(I)s, the Group has applied the specific transition requirements in SFRS(I) 1 First-time Adoption of Singapore Financial Reporting Standards (International) in preparing the financial information included in this announcement.

The Group has also concurrently applied the following SFRS(I)s, interpretations of SFRS(I)s and requirements of SFRS(I)s which are mandatorily effective from the same date.

- SFRS(I) 15 Revenue from Contracts with Customers which includes the clarifications to IFRS 15 Revenue from Contracts with Customers issued by the IASB in April 2016;
- SFRS(I) 9 Financial Instruments which includes the amendments to IFRS 4 Insurance Contracts – Applying IFRS 9 Financial Instruments with IFRS 4 Insurance Contracts issued by the IASB in September 2016;
- requirements in SFRS(I) 2 Share-based Payment arising from the amendments to IFRS 2 – Classification and Measurement of Share-based Payment Transactions issued by the IASB in June 2016;
- requirements in SFRS(I) 1-40 Investment Property arising from the amendments to IAS 40 – Transfer of Investment Property issued by the IASB in December 2016;
- requirement in SFRS(I) 1 arising from the amendments to IFRS 1 – Deletion of short-term exemptions for the first-time adopters issued by the IASB in December 2016;
- requirements in SFRS(I) 1-28 Investment in Associates and Joint Ventures arising from the amendments in IAS 28 – Measuring an associate or joint venture at fair value issued by the IASB in December 2016; and
- SFRS(I) INT 22 Foreign Transactions and Advance Consideration

The application of the above standards does not have any significant impact on the financial information except for SFRS(I) 15.

The impacts of the adoption of SFRS(I) 15 to the accounting of contracts of the Group are described below:

(i) Contract revenue and contract costs

Contract revenue and costs were recognized with reference to the stage of completion from independent certification performed prior to the adoption of SFRS(I) 15.

On adoption of SFRS(I) 15, the costs incurred to fulfill the satisfied performance obligation are recognized in profit or loss as control of goods or services to the customer is transferred over time while revenue are recognized using percentage of completion method computed based on actual costs incurred to date over the budgeted costs.

Where the control of goods and services to the customer is transferred at a future point in time, the costs incurred to fulfill the future performance obligation are capitalized as they are recoverable, and presented as “contract assets” within the balance sheet. The costs capitalised are recognized in profit or loss when the performance obligation is satisfied.

(ii) Sales commissions paid to sales or marketing agents on the sale of real estate units

Commissions paid or payable to property agents on the sale of property are capitalized as incremental costs to obtain a contract with customer if these costs are recoverable, and presented as “contract assets” within balance sheet. The costs capitalized are amortised to profit or loss when the Group recognizes the related revenue. Prior to the adoption of SFRS(I) 15, commissions are recognized as expense when incurred.

(iii) Significant financing components arising from payments from customers

The revenue of certain contracts, where the period between the transfer of promised goods or services to customer and payment by customer exceeds one year, is deemed to contain a financing component of which the transaction price is adjusted for the time value of money of the contracts.

The financial effect of adopting SFRS(I)s on the comparative figures for 3Q2018 Financial Statements are as follows:

Consolidated Income Statement	**9 Months Ended 30 September 2017**
	Increase/(decrease) profit
	S$'000
Revenue from construction contracts	(21,283)
Revenue from sales of development properties	2,331
Cost of construction	22,842
Gross Profit	**3,890**
Other income	(600)
Selling expenses	331
Finance expenses	(3,134)
Profit before income tax	**487**
Income tax	(100)
Profit for the period	**387**
Non-controlling interests	(433)
Profit attributable to owners of the Company	**(46)**

Earnings per share – basic & diluted (cents)	**(0.01)**

Consolidated Financial Position	**31 December 2017 Increase/(decrease) S$'000**	**1 January 2017 Increase/(decrease) S$'000**
Construction work-in-progress	(28,558)	(30,337)
Contract assets	3,105	4,198
Trade and other receivables	(30,653)	(56,925)
Total assets	**(56,106)**	**(83,064)**
Foreign currency translation reserve	50	-
Retained earnings	(9,057)	(10,291)
Non-controlling interest	144	(697)
Total equity	**(8,863)**	**(10,988)**
Progress billings in excess of construction work-in-progress	-	(8,545)
Trade and other payables	(45,513)	(61,916)
Current tax payables	(1,730)	(1,615)
Total liabilities	**(47,243)**	**(72,076)**
Total equity and liabilities	**(56,106)**	**(83,064)**

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 September 2018	**3 Months Ended 30 September 2017**	**9 Months Ended 30 September 2018**	**9 Months Ended 30 September 2017**
	(cents)	**(cents)**	**(cents)**	**(cents)**
		Restated		**Restated**
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	0.17	2.28	1.53	4.31
(b) On a fully diluted basis	0.17	2.28	1.53	4.31

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 445,764,292 (2017: 452,708,138) 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 September 2018	31 December 2017	30 September 2018	31 December 2017
	(cents)	(cents)	(cents)	(cents)
		Restated		
Net asset value per ordinary share based on issued share capital at the end of:	59.59	60.56	23.58	23.51

The net asset value per ordinary share, net of non-controlling interests and excluding treasury shares, has been calculated based on 444,785,349 shares and 448,381,449 shares as at 30 September 2018 and 31 December 2017 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.

<u>Review of Group Performance for 9M2018 vs 9M2017</u>

Overview

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

	Construction	Property Development	Rental	Others	Total
	9 Months Ended 30 September 2018				
	S$'000	S$'000	S$'000	S$'000	S$'000
Revenue	254,722	18,487	1,436	-	274,645
Costs	(219,649)	(16,153)	-	-	(235,802)
Gross profit	35,073	2,334	1,436	-	38,843
Other income	2,273	369	-	786	3,428
Depreciation and amortisation	(5,052)	(44)	(910)	(19)	(6,025)
Selling expenses	(12)	(1,024)	-	-	(1,036)
Staff costs	(12,551)	(1,191)	-	(2,039)	(15,781)
Other operating expenses	(5,647)	(1,189)	-	(1,363)	(8,199)
Profit / (loss) from operating activities	14,084	(745)	526	(2,635)	11,230

	Construction	Property Development	Rental	Others	Total
	9 Months Ended 30 September 2017 (Restated)				
	S$'000	S$'000	S$'000	S$'000	S$'000
Revenue	507,633	26,170	1,413	-	535,216
Costs	(458,472)	(22,859)	-	-	(481,331)
Gross profit	49,161	3,311	1,413	-	53,885
Other income	1,381	776	122	1,342	3,621
Depreciation and amortisation	(2,570)	(35)	(820)	(26)	(3,451)
Selling expenses	(5)	(1,371)	-	-	(1,376)
Staff costs	(11,569)	(1,268)	-	(2,018)	(14,855)
Other operating expenses	(5,094)	(1,094)	-	(1,431)	(7,619)
Profit / (loss) from operating activities	31,304	319	715	(2,133)	30,205

As a whole, the Group's profit from operating activities decreased by S$19.0 million or 62.8% year-on-year (yoy) from approximately S$30.2 million in 9M2017 to S$11.2 million in 9M2018. The decrease was attributable to lower revenue recognized across the 2 key segments in construction and property development. Construction work performed decreased S$252.9 million from S$507.6 million in 9M2017 to S$254.7 million in 9M2018 whereas revenue recognized in property development reduced S$7.7 million from S$26.2 million in 9M2017 to S$18.5 million in 9M2018. The lower revenue reduced the Group's gross profit by S$15.0 million to S$38.8 million in 9M2018.

Revenue

Revenue decreased by approximately S$260.6 million or 48.7% from approximately S$535.2 million in 9M2017 to approximately S$274.6 million in 9M2018, attributable mainly to decrease in work performed in construction segment by S$252.9 million and lower revenue recognized in property development by S$7.7 million.

Revenue from construction contract

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

Revenue from sales of development properties

Revenue from sales of development properties in 9M2018 amounted to approximately S$18.5 million contributed mainly from the sale recognition of 14 units (3,938 sqm) in Equinox Project, 2 units (372 sqm) in Sunny International Project and 7 units (1,877 sqm) in Tranquility Project. In 9M2017, revenue amounted to S$26.2 million was contributed mainly from the sale recognition of 30 units (9,346 sqm) in Equinox Project, 2 units (265 sqm) of in Sunny International Project and 1 unit (226 sqm) in Tranquility Project.

As at 30 September 2018, approximately S$70.2 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	434	179	124	20,885
Tranquility Residences	636	580	6	1,750

Gross profit in construction segment

Increase in gross profit margin of approximately 4.1% from 9.7% in 9M2017 to 13.8% in 9M2018 mainly due to projects' profile and relative weighted average profitability in the projects recognized over the two periods.

Depreciation and amortisation

Increase in depreciation and amortization expenses of approximately S$2.6 million to S$6.0 million in 9M2018 mainly due to depreciation of its newly built up leasehold property at 21 Fan Yong Road and lower utilization of plant and equipment in the construction projects.

Selling expenses

Decrease in selling expenses of approximately S$0.3 million to S$1.0 million in 9M2018 due mainly to a decrease in sales and marketing activities for the properties in the People's Republic of China.

Net finance expenses

Net finance expenses decreased by approximately S$3.7 million from S$7.0 million in 9M2017 to S$3.3 million in 9M2018 due mainly to higher financing component on advance receipt from units sold but not yet recognized as revenue in property development segment in 9M2017 and lower interest expense in 9M2018 following full redemption of the S$75 million multi-currency medium term notes on 3 January 2018.

Share of profit of joint ventures, net of tax

The Group registered a share of profit from joint ventures of less than S$0.1 million in 9M2018 as compared to approximately S$1.0 million in 9M2017 due mainly to lower net contribution from certain joint venture projects.

Income tax expense

Income tax expense decreased by approximately S$1.7 million to S$2.4 million in 9M2018 due mainly to the lower taxable profit in the construction segment.

Profit for the period

Movement in profit for 9M2018 was a result of the factors mentioned in the preceding paragraphs.

Review of Financial Position

Non-Current Assets

As at 30 September 2018, non-current assets stood at S$182.8 million or approximately 27.0% of total assets, a decrease of approximately S$3.3 million as compared to 31 December 2017.

Decrease in property, plant & equipment ("PPE") of approximately S$5.8 million to S$123.6 million as at 30 September 2018 was mainly due to reclassification of a property of approximately S$4.0 million from PPE to investment properties following a change in use from self-occupied to leasing out for rental income and depreciation incurred partially offset by acquisition mostly of plant and equipment for the period.

Increase in investment properties by S$3.1 million to S$16.7 million as at 30 September 2018 was due mainly to reclassification of property from PPE to investment property of S$4.0 million as described in previous paragraph partially offset by depreciation during the period.

Associates and joint ventures increased by S$4.4 million to S$29.1 million due mainly to the increase in investment in associatesand joint ventures of S$9.5 million partially offset by loan repayment from another joint venture of S$4.8 million.

Decrease in trade and other receivables by S$5.7 million to S$8.3 million as at 30 September 2018 was mainly due to reclassification of retention sums receivable within 12 months to current assets.

Current Assets

As at 30 September 2018, current assets stood at S$493.2 million or approximately 73.0% of total assets, a decrease of approximately S$118.0 million as compared to 31 December 2017.

Decrease in development properties by S$9.7 million to S$269.0 million as at 30 September 2018 mostly due to revenue recognition and translation difference as a result of weakened Renminbi vis-à-vis Singapore Dollar, partially offset by development costs incurred for the same period.

Decrease in cash and cash equivalents by approximately S$105.0 million to S$38.7 million as at 30 September 2018 due mainly to net repayment of borrowings during the period reported on, lower construction volume and settlement of accounts with various subcontractors for those projects completed during this period.

Non-Current Liabilities

As at 30 September 2018, non-current liabilities amounted to S$30.7 million or approximately 8.3% of total liabilities, a decrease of approximately S$13.5 million as compared to 31 December 2017.

Non-current trade and other payables decreased by S$10.9 million to S$12.4 million as at 30 September 2018 due mainly to decrease in retention sum payable arising from the construction projects.

Loan and borrowings decreased by S$2.7 million to S$14.5 million mainly due to reclassification of borrowings due within 12 months to current liabilities.

Current Liabilities

As at 30 September 2018, current liabilities stood at S$339.1 million or approximately 91.7% of total liabilities, a decrease of approximately S$95.5 million as compared to 31 December 2017.

Trade and other payables decreased by approximately S$54.2 million to S$233.8 million as at 30 September 2018 due mainly to decrease in accrued trade payables by S$63.0 million partially offset by increase in trade payables by S$8.4 million.

Amount due to related parties decreased by S$2.7 million to S$12.8 million as at 30 September 2018 mainly due to repayment of trade payable to an affiliated company of S$0.8 million and translation difference arising from weakened Renminbi vis-à-vis Singapore Dollar for amount payable in Renminbi.

Loans and borrowings decreased by S$32.9 million to S$82.0 million as at 30 September 2018 mainly due to redemption of S$75.0 million multi-currency medium term note on 3 January 2018 partially offset by net increase in borrowings during the period.

Decrease in current tax payable by S$5.7 million to S$10.6 million due mainly to tax paid partially offset by provision of tax expenses during the period.

<u>Review of Statement of Cash Flows</u>

Net cash from operating activities

For the 9 months ended 30 September 2018, the Group recorded a net cash outflow from operating activities of approximately S$39.4 million, as compared to S$108.2 million net cash inflow in the previous corresponding period ended 30 September 2017. This was mainly due to lower construction volume, following the completion of a few major projects coupled with lower contribution from the new projects. At the same time, this period also saw the settlement of accounts with various subcontractors of those projects that were completed.

Net cash from investing activities

For the 9 months ended 30 September 2018, the Group recorded a net cash outflow from investing activities of S$19.3 million, increased by S$0.5 million as compared to previous corresponding period ended 30 September 2017. This was mainly due to investment in joint ventures in 9M2018 as compared to higher PPE investment in 9M2017.

Net cash from financing activities

For the 9 months ended 30 September 2018, the Group recorded a net cash outflow from financing activities of approximately S$44.1 million, as compared to net cash outflow of S$79.5 million in previous corresponding period ended 30 September 2017 due mainly to higher net repayment of borrowings in 9M2017 of S$67.6 million as compared to S$35.5 million in 9M2018.

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

Despite the recent property en bloc boom, more builders – especially small and mid-sized ones – have been struggling to stay afloat amid a liquidity squeeze and mounting debt as the sector continues to languish. Backed into a corner by a shrinking market and cashflow gap, at least 20 construction and engineering firms were involved in winding up applications in the third quarter alone[1]. Derailment of the High-Speed Rail (HSR) project and further property cooling measures announced in July further exacerbated the sector's pains. Any slowdown in demand for homes is also likely to hurt the construction sector in terms of lower construction demand.

As the pie of projects available for tender gets smaller, construction firms will feel the need to bid lower, even at or below costs, in order to win bids. Small domestic construction firms are especially vulnerable because they face issues including thin margins[2]. In the longer term, the situation should likely improve for those with healthy cashflows or deep pockets, as counter measures or new projects are likely to be announced when the market outlook worsens.

As at 30 September 2018, the Group's order book stands at approximately S$607.0 million, expected to extend till year 2022.

Property Development Outlook

China

Real estate prices are surging throughout China despite controls put in place to ward off a property bubble. Smaller cities taking advantage of loopholes in these measures are leading the upswing. From June to July 2018, housing prices rose in 65 out of 70 principle cities, a

[1] "Construction firms challenged as business shrinks, cashflow hit", The Business Times, 11 October 2018
[2] "Singapore's small construction firms likely to face debt woes", The Straits Times, 12 September 2018

number last seen in April 2016[3]. Home prices and property investment in China are expected to rise more this year in 2018 than first thought, as tight controls in big cities continue to push buyers into less-regulated smaller markets. Analysts have projected that house prices in China – where a near-three-year real estate boom has spilled over from megacities to the hinterland – will rise 5 per cent this year and 3.3 per cent in the first half of 2019[4].

Market observers noted that the domestic housing market is still largely driven by local supply and demand so it is unlikely to change course in the short term. Additionally, it is also expected that less-regulated cities will continue to ride the boom for the longer term.

As at 30 September 2018, approximately S$70.2 million of gross development value comprises 124 units (20,885 sqm) of the Equinox and 6 units (1,750 sqm) of Tranquility Residences were sold, but yet to be recognized as revenue in accordance to Group's revenue recognition policy.

As at 30 September 2018, approximately 69.8% of the total 434 units launched for Equinox have been sold. Based on current existing phase development plan and schedule, the Group is currently carrying out construction for two of its phases, B3 and E2, with expected completion and handover in Q4 of 2018 and 2020 respectively. 112 units of E2 were launched in June 2018 and 24 units were sold.

For Tranquility Residences project in Suzhou New District Development zone, development of the project is fully completed with approximately 92.1% of the total 636 units launched being sold.

Singapore

Estimates from the Urban Redevelopment Authority ("URA") indicated that private home prices in Singapore barely managed to hold on to gains for the third quarter as new cooling measures implemented on the 6 July 2018 took their toll. Prices of private residential properties inched up 0.5 per cent quarter-on-quarter to 149.7 points for the third quarter of 2018 on the private residential property price index - a sharp slowdown from the 3.4 per cent rise in the second quarter and a 3.9 per cent increase in the first quarter[3].

Market observers noted that while the pace of growth has slowed, there is the expectation of continued property price growth to reflect higher land costs in the next few quarters. Additionally, prices are not expected to tumble as property developers are 'locked' in by their high land bid costs. Demand is therefore expected to remain resilient and many are still positive on the long-term prospects of the private residential market in Singapore.

From early 2019, the maximum number of units allowed in certain new private flat and condominium developments will be reduced, as the URA has revised guidelines to manage potential strains and stresses on infrastructure. Under the new rules, the maximum number of housing units allowed in a development outside the central area will be arrived at by dividing the proposed building gross floor area (GFA) by 85 sqm. The current formula divides GFA by 70 sqm[4]. The new guidelines are poised to further curb the proliferation of shoebox units and will apply to new development applications for projects submitted on or after 17 January 2019.

The aforementioned guidelines will likely have minimal impact on the Group's operations as it has been granted Provisional Permission and will therefore not be subjected to the revised rules.

[3] "China's property prices rise again, driven by smaller cities", Nikkei Asian Review, 16 August 2018
[4] "China house prices to rise faster in 2018 in boost for cooling economy: Reuters poll", Reuters, 10 September 2018
[3] "Private home prices slow sharply to 0.5% rise in Q3 after cooling measures: URA flash data", The Straits Times, 1 October 2018
[4] "URA cuts number of units allowed to be built in condos, private flats", The Straits Times, 18 October 2018

In 2017, the Group's 60:40 joint venture, TSky Development Pte Ltd ("TSky"), with Artic Sky Investment Pte Ltd (a wholly-owned subsidiary of Ocean Sky International Ltd), entered into a 70%:20%:10% joint venture with Progen Industrial Pte Ltd and Seacare Property Development Pte Ltd ("Seacare") to acquire 2 sites at Balmoral Road for S$80.5 million. Located at prime district 10, Balmoral Road, the sites are intended for residential development and measure approximately 38,943 square feet with a gross plot ratio of 1.6. This represents the second property development project in Singapore for the Group, with the first being *Goodwood Grand* on *16 Balmoral Road* which was completed in 2017.

In 2018, TSky entered into a 51%:30%:10%:9% joint venture with Ocean City Global Limited, Seacare and Min Ghee Investment (2018) Pte Ltd to acquire a site at Cairnhill Rise for approximately S$72.6 million. Located at prime district 9, Cairnhill Rise, the sites are intended for residential development and measure approximately 15,408 square feet with a gross plot ratio of 2.8. The acquisition of the sites are completed in October 2018.

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 3Q2018.

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 September 2018.

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$100,000)	
	Q3 2018	9M2018	Q3 2018	9M2018
	S$'000	S$'000	S$'000	S$'000
Hiring charges				
Peck Tiong Choon Transport (Pte) Ltd	-	-	1,548	4,464
Peck Tiong Choon Logistic (Pte) Ltd	-	-	41	121
Total	-	-	1,589	4,585
Construction revenue				
Peck Tiong Choon (Pte) Ltd*	-	3,813	-	-
Total	-	3,813	-	-

*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
12 November 2018

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 3rd quarter financial statements for the financial period ended 30 September 2018 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

12 November 2018