TIONG SENG HOLDINGS LIMITED

(Incorporated in the Republic of Singapore)

(Co. Reg. No: 200807295Z)

UNAUDITED HALF-YEAR 2018 FINANCIAL STATEMENT ANNOUNCEMENT FOR THE PERIOD ENDED 30 JUNE 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 June 2018 S$'000	3 Months Ended 30 June 2017 S$'000 (Restated)	Change %	6 Months Ended 30 June 2018 S$'000	6 Months Ended 30 June 2017 S$'000 (Restated)	Change %
Revenue						
Revenue from construction contracts	49,233	167,735	-71	181,064	318,049	-43
Revenue from sales of development properties	6,258	10,781	-42	14,688	26,170	-44
Rental income	438	462	-5	931	964	-3
	55,929	178,978	-69	196,683	345,183	-43
Other income	834	1,448	-42	2,377	2,275	4
Costs of construction	(39,029)	(148,658)	-74	(157,737)	(289,808)	-46
Costs of sales of development properties	(5,158)	(9,941)	-48	(12,524)	(22,859)	-45
Depreciation and amortisation	(2,128)	(935)	>100	(4,046)	(2,227)	82
Selling expenses	(324)	(751)	-57	(604)	(978)	-38
Staff costs	(5,214)	(5,079)	3	(10,386)	(9,919)	5
Other expenses	(2,565)	(2,336)	10	(5,338)	(4,611)	16
	(54,418)	(167,700)	-68	(190,635)	(330,402)	-42
Profit from operating activities	2,345	12,726	-82	8,425	17,056	-51
Finance income	314	619	-49	1,028	979	5
Finance expenses	(1,179)	(2,607)	-55	(2,572)	(6,255)	-59
Net finance expense	(865)	(1,988)	-56	(1,544)	(5,276)	-71
Share of (loss)/profit of joint ventures, net of tax	132	(383)	N.M.	213	355	-40
Profit before tax	1,612	10,355	-84	7,094	12,135	-42
Tax	(597)	(1,960)	-70	(1,813)	(2,250)	-19
Profit for the period	1,015	8,395	-88	5,281	9,885	-47

N.M : Not meaningful

	3 Months Ended 30 June 2018 S$'000	3 Months Ended 30 June 2017 S$'000	Change %	6 Months Ended 30 June 2018 S$'000	6 Months Ended 30 June 2017 S$'000	Change %
Other comprehensive income						
Items that may be reclassified subsequently to profit or loss:						
Translation differences relating to financial statements of foreign subsidiaries	(2,117)	318	N.M.	455	(5,607)	N.M.
Exchange differences on monetary items forming part of net investment in a foreign operation	(1,236)	724	N.M.	347	(1,119)	N.M.
Realisation of exchange differences on monetary items previously forming part of net investment in a foreign operation transferred to income statement	-	-	N.M.	299	-	100
Net change in the fair value of available-for-sale investments	-	(5)	N.M.	-	8	-100
Other comprehensive income for the period	(3,353)	1,037	N.M.	1,101	(6,718)	N.M.
Total comprehensive income for the period	(2,338)	9,432	N.M.	6,382	3,167	>100
Profit attributable to:						
Owners of the Company	1,113	8,171	-86	6,054	9,188	-34
Non-controlling interests	(98)	224	N.M.	(773)	697	N.M.
Profit for the period	1,015	8,395	-88	5,281	9,885	-47
Total comprehensive income attributable to:						
Owners of the Company	(1,545)	9,110	N.M.	6,807	3,995	70
Non-controlling interests	(793)	322	N.M.	(425)	(828)	-49
Total comprehensive income for the period	(2,338)	9,432	N.M.	6,382	3,167	>100
Earnings per share						
- Basic and diluted (cents)[1]	0.25	1.81	-86	1.36	2.03	-33

[1] Based on weighted average number of shares outstanding after share consolidation and excluding treasury shares of 446,261,263 (2017: 453,523,079)

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 2018 S$'000	3 Months Ended 30 June 2017 S$'000	Change %	6 Months Ended 30 June 2018 S$'000	6 Months Ended 30 June 2017 S$'000	Change %
Fees from property management	(159)	(181)	-12	(321)	(332)	-3
Gain on disposal of spare parts and scrap materials	(37)	(65)	-43	(89)	(127)	-30
Gain on disposal of property, plant and equipment	15	(15)	N.M.	(393)	(15)	>100
Operating lease expenses	582	498	17	1,298	810	60
Travelling and transport	226	203	11	408	450	-9
Repair and maintenance expenses	234	237	-1	427	446	-4
Legal and professional fees	377	352	7	791	710	11

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	
	30.06.2018	31.12.2017	30.06.2018	31.12.2017
	S$'000	S$'000	S$'000	S$'000
		Restated		
Non-current assets				
Property, plant and equipment	117,989	129,349	-	-
Intangible assets	429	408	-	-
Investment properties	17,296	13,584	-	-
Investment in subsidiaries	-	-	59,624	59,624
Associates and joint ventures	28,302	24,663	-	-
Trade and other receivables	13,052	13,929	-	-
Amount due from related parties	2,965	2,715	-	-
Other investments	1,281	1,285	-	-
Deferred tax assets	583	202	-	-
	181,897	186,135	59,624	59,624
Current assets				
Inventories	757	1,074	-	-
Contract assets	4,752	3,105	-	-
Development properties	276,637	278,676	-	-
Trade and other receivables	138,365	134,965	11	7
Amount due from related parties	45,215	49,716	104,436	104,436
Cash and cash equivalents	39,154	143,715	480	77,078
	504,880	611,251	104,927	181,521
Total assets	686,777	797,386	164,551	241,145
Equity attributable to owners of the Company				
Share capital	181,947	181,947	181,947	181,947
Treasury shares	(4,437)	(3,033)	(4,437)	(3,033)
Reserves	(70,420)	(71,148)	(45,850)	(45,850)
Retained earnings / (Accumulated losses)	163,137	163,758	(25,320)	(27,641)
	270,227	271,524	106,340	105,423
Non-controlling interests	43,323	46,982	-	-
Total equity	313,550	318,506	106,340	105,423
Non-current liabilities				
Trade and other payables	11,387	23,296	-	-
Loans and borrowings	14,903	17,184	-	-
Deferred tax liabilities	3,796	3,779	-	-
	30,086	44,259	-	-
Current liabilities				
Trade and other payables	239,352	287,911	107	3,592
Amount due to related parties	15,063	15,486	58,089	59,119
Loans and borrowings	74,995	114,882	-	72,996
Current tax payable	13,731	16,342	15	15
	343,141	434,621	58,211	135,722
Total liabilities	373,227	478,880	58,211	135,722
Total equity and liabilities	686,777	797,386	164,551	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 30.06.2018		As at 31.12.2017	
Secured	Unsecured	Secured	Unsecured
S$'000	S$'000	S$'000	S$'000
74,995	-	41,886	72,996

Amount repayable after one year

As at 30.06.2018		As at 31.12.2017	
Secured	Unsecured	Secured	Unsecured
S$'000	S$'000	S$'000	S$'000
14,903	-	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 June 2018 $'000	31 December 2017 $'000
Carrying amounts of assets:		
Leasehold land	11,562	11,820
Freehold land	4,102	3,962
Leasehold properties	32,885	37,624
Investment properties	4,379	438
Plant and machinery	2,186	5,006
Motor vehicles	810	866
Deposits pledged	618	580
Total	**56,542**	**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 June 2018 S$'000	3 Months Ended 30 June 2017 S$'000 Restated	6 Months Ended 30 June 2018 S$'000	6 Months Ended 30 June 2017 S$'000 Restated
Cash flow from operating activities				
Profit from operating activities	2,345	12,726	8,425	17,056
Adjustments for:				
Allowance for doubtful trade receivables	-	-	-	(70)
Depreciation and amortisation	4,052	4,176	8,090	8,451
Gain on disposal of:				
- property, plant and equipment	15	(15)	(393)	(15)
Operating profit before working capital changes	6,412	16,887	16,122	25,422
Changes in working capital:				
Inventories	235	332	317	614
Contract assets	(428)	(3,436)	(1,647)	(8,154)
Development properties	(1,667)	5,414	2,981	8,076
Trade and other receivables	18,801	48,574	(182)	83,299
Balances with related parties (trade)	1,197	(14,600)	1,435	(21,710)
Trade and other payables	(25,542)	(42,856)	(62,351)	(30,089)
Cash generated from/(used in) operations	(992)	10,315	(43,325)	57,458
Income taxes paid	(4,157)	(3,202)	(6,338)	(4,189)
Income taxes refunded	-	-	-	29
Net cash (used in) / from operating activities	(5,149)	7,113	(49,663)	53,298
Cash flow from investing activities				
Balances with related parties (non-trade)	164	6,343	(23)	-
Investment in a joint venture	(2,910)	-	(8,550)	-
Loan repayment from a joint venture	1,830	-	4,800	-
Distributions received from a joint venture	-	136	-	136
Interest received	97	229	202	451
Proceeds from disposal of property, plant and equipment	-	74	2,685	135
Purchase of property, plant and equipment	(1,051)	(5,448)	(2,427)	(12,133)
Purchase of intangible assets	(22)	-	(56)	-
Purchase of other investments	-	(58)	-	(190)
Net cash (used in) / from investing activities	(1,892)	1,276	(3,369)	(11,601)

	3 Months Ended 30 June 2018 S$'000	3 Months Ended 30 June 2017 S$'000 Restated	6 Months Ended 30 June 2018 S$'000	6 Months Ended 30 June 2017 S$'000 Restated
Cash flow from financing activities				
Balances with related parties (non-trade)	3,190	(465)	3,029	(112)
Decrease/(Increase) in restricted cash	3	85	1,564	(87)
Decrease/ (increase) in deposits pledged	(39)	-	(39)	(3)
Dividends paid to:				
- owners of the company	(6,675)	(3,630)	(6,675)	(3,630)
- non-controlling interests	(3,259)	-	(3,259)	-
Interest paid	(508)	(2,186)	(932)	(2,804)
Acquisition of non-controlling interest in a subsidiary	-	-	-	(2,000)
Purchase of treasury shares	(182)	(516)	(1,404)	(580)
Payments of finance lease liabilities	(75)	(215)	(202)	(429)
Proceeds from loans and borrowings	28,587	2,286	46,888	12,054
Repayment of loans and borrowings	(8,675)	(28,009)	(88,872)	(62,072)
Net cash from / (used in) financing activities	12,367	(32,650)	(49,902)	(59,663)
Net increase / (decrease) in cash and cash equivalents	5,326	(24,261)	(102,934)	(17,966)
Cash and cash equivalent at beginning of the period	33,749	93,046	141,334	87,602
Effect of exchange rate changes on balance held in foreign currencies	(775)	(928)	(100)	(1,779)
Cash and cash equivalents at end of the period	38,300	67,857	38,300	67,857

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 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	-	-	-	-	-	-	-	6,054	6,054	(773)	5,281
Other comprehensive income											
Translation differences relating to financial statements of foreign subsidiaries	-	-	-	-	-	-	107	-	107	348	455
Exchange differences on monetary items forming part of net investment in a foreign operation	-	-	-	-	-	-	347	-	347	-	347
Realisation of exchange differences on monetary items previously forming part of net investment in a foreign operation transferred to income statement	-	-	-	-	-	-	299	-	299	-	299
Total other comprehensive income	-	-	-	-	-	-	753	-	753	348	1,101
Total comprehensive income for the period	-	-	-	-	-	-	*753*	*6,054*	*6,807*	*(425)*	*6,382*
Transaction with owners, recognised directly in equity											
Contributions by and distributions to owners											
Purchase of treasury shares	-	(1,404)	-	-	-	-	-	-	(1,404)	-	(1,404)
Dividend paid	-	-	-	-	-	-	-	(6,675)	(6,675)	(3,259)	(9,934)
Acquisition of non-controlling interest without a change in control	-	-	-	(25)	-	-	-	-	(25)	25	-
Total transaction with owners of the Company	-	(1,404)	-	(25)	-	-	-	(6,675)	(8,104)	(3,234)	(11,338)
At 31 June 2018	181,947	(4,437)	(77,720)	(27)	3,564	-	3,763	163,137	270,227	43,323	313,550

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	-	-	-	-	-	-	-	9,188	9,188	697	9,885
Other comprehensive income											
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)
Total comprehensive income for the period	-	-	-	-	-	*8*	*(5,201)*	*9,188*	*3,995*	*(828)*	*3,167*
Transaction with owners, recognised directly in equity											
Contributions by and distributions to owners											
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)
Total transaction with owners of the Company	-	(580)	-	1,031	-	-	-	(3,748)	(3,297)	(2,913)	(6,210)
At 31 June 2017	181,947	(1,890)	(77,720)	2,919	3,564	8	1,119	140,666	250,613	53,203	303,816

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	-	-	-	8,996	8,996
Purchase of treasury shares	-	(1,404)	-	-	(1,404)
Dividend paid	-	-	-	(6,675)	(6,675)
At 30 June 2018	181,947	(4,437)	(45,850)	(25,320)	106,340
At 1 January 2017	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)
At 30 June 2017	181,947	(1,890)	(45,850)	(24,229)	109,978

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 April 2018	445,287,549	181,947
Share buy-backs	(465,200)	-
Balance at 30 June 2018	444,822,349	181,947

As at 30 June 2018, the Company held 14,801,500 treasury shares (7,776,500 treasury shares as at 30 June 2017) which represents 3.33% (1.72% as at 30 June 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 June 2018	31 December 2017
Total number of issued shares excluding treasury shares	444,822,349	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 14,801,500 treasury shares as at the end of current financial period ended 30 June 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 2Q2018 Financial Statements are as follows:

Consolidated Income Statement	**6 Months Ended 30 June 2017** **Increase/(decrease) profit** **S$'000**
Revenue from construction contracts	(81,588)
Revenue from sales of development properties	2,331
Cost of construction	75,897
Gross Profit	**(3,360)**
Selling expenses	331
Finance expenses	(2,068)
Profit before income tax	**(5,097)**
Income tax	541
Profit for the period	**(4,556)**
Non-controlling interests	(549)
Profit attributable to owners of the Company	**(5,105)**
Earnings per share – basic & diluted (cents)	**(1.12)**

Consolidated Financial Position	31 December 2017	1 January 2017
	Increase/(decrease)	Increase/(decrease)
	S$'000	S$'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 June 2018	3 Months Ended 30 June 2017	6 Months Ended 30 June 2018	6 Months Ended 30 June 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	0.25	1.81	1.36	2.03
(b) On a fully diluted basis	0.25	1.81	1.36	2.03

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 446,261,263 (2017: 453,523,079) 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 2018	31 December 2017	30 June 2018	31 December 2017
	(cents)	(cents)	(cents)	(cents)
		Restated		
Net asset value per ordinary share based on issued share capital at the end of:	60.75	60.56	23.93	23.51

The net asset value per ordinary share, net of non-controlling interests and excluding treasury shares, has been calculated based on 444,822,349 shares and 448,381,449 shares as at 30 June 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.

Review of Group Performance for 1H2018 vs 1H2017

Overview

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

	Construction	Property Development	Rental	Others	Total
	6 Months Ended 30 June 2018				
	S$'000	S$'000	S$'000	S$'000	S$'000
Revenue	181,064	14,688	931	-	196,683
Costs	(157,737)	(12,524)	-	-	(170,261)
Gross profit	23,327	2,164	931	-	26,422
Other income	1,519	283	-	575	2,377
Depreciation and amortisation	(3,392)	(30)	(610)	(14)	(4,046)
Selling expenses	-	(604)	-	-	(604)
Staff costs	(8,184)	(872)	-	(1,330)	(10,386)
Other operating expenses	(3,508)	(890)	-	(940)	(5,338)
Profit / (loss) from operating activities	9,762	51	321	(1,709)	8,425

	Construction	Property Development	Rental	Others	Total
	6 Months Ended 30 June 2017 (Restated)				
	S$'000	S$'000	S$'000	S$'000	S$'000
Revenue	318,049	26,170	964	-	345,183
Costs	(289,808)	(22,859)	-	-	(312,667)
Gross profit	28,241	3,311	964	-	32,516
Other income	939	316	26	994	2,275
Depreciation and amortisation	(1,637)	(25)	(547)	(18)	(2,227)
Selling expenses	(5)	(973)	-	-	(978)
Staff costs	(7,654)	(878)	-	(1,387)	(9,919)
Other operating expenses	(3,061)	(725)	-	(825)	(4,611)
Profit / (loss) from operating activities	16.823	1,026	443	(1,236)	17,056

As a whole, the Group's profit from operating activities decreased by S$8.6 million or 50.6% year-on-year (yoy) from approximately S$17.1 million in 1H2017 to S$8.4 million in 1H2018. The decrease was attributable to lower revenue recognized across the 2 key segments in construction and property development. Construction work performed decreased S$136.9 million from S$318.0 million in 1H2018 to S$181.1 million in 1H2017 whereas revenue recognized in property development reduced S$11.5 million from S$26.2 million in 1H2017 to S$14.7 million in 1H2018. The lower revenue reduced the Group's gross profit by S$6.1 million to S$26.4 million in 1H2018.

Revenue

Revenue decreased by approximately S$148.5 million or 43.0% from approximately S$345.2 million in 1H2017 to approximately S$196.7 million in 1H2018, attributable mainly to decrease in work performed in construction segment by S$136.9 million and lower revenue recognized in property development by S$11.5 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 1H2018 amounted to approximately S$14.7 million contributed mainly from the sale recognition of 12 units (3,413 sqm) in Equinox Project, 2 units (372 sqm) in Sunny International Project and 4 units (1,087 sqm) in Tranquility Project. In 1H2017, 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 June 2018, approximately S$60.2 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	177	106	18,283
Tranquility Residences	636	577	3	903

Gross profit in construction segment

Increase in gross profit margin of approximately 4.0% from 8.9% in 1H2017 to 12.9% in 1H2018 mainly due to projects' profile and relative weighted average profitability in the projects recognized over the two periods.

Gross profit in property development segment

Gross profit margin increased approximately 2.0 percentage points from 12.7% in 1H2017 to 14.7% in 1H2018 mainly due to the difference in projects' profile and relative profitability in the units recognized over the two periods.

Depreciation and amortisation

Increase in depreciation and amortization expenses of approximately S$1.8 million to S$4.0 million in 1H2018 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$0.4 million to S$0.6 million in 1H2018 due mainly to a decrease in sales and marketing activities for the properties in the People's Republic of China.

Other expenses

Increase in other expenses of approximately S$0.7million to S$5.3 million in 1H2018 due mainly to aggregate increase in operating lease expense and legal and professional fee.

Net finance expenses

Net finance expenses decreased by approximately S$3.8 million from S$5.3 million in 1H2017 to S$1.5 million in 1H2018 due mainly to higher financing component on advance receipt from units sold but not yet recognized in property development segment in 1H2017 and lower interest expense in 1H2018 following full redemption of the S$75 million multi-currency medium term notes on 3 January 2018.

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

The Group registered a share of profit from joint ventures of approximately S$0.2 million in 1H2018 as compared to approximately S$0.4 million in 1H2017 due mainly to lower net contribution from certain joint venture projects.

Income tax expense

Income tax expense decreased by approximately S$0.4 million to S$1.8 million in 1H2018 due mainly to the lower taxable profit in the construction segment.

Profit for the period

Movement in profit for 1H2018 was a result of the factors mentioned in the preceding paragraphs.

<u>Review of Financial Position</u>

Non-Current Assets

As at 30 June 2018, non-current assets stood at S$181.9 million or approximately 26.5% of total assets, a decrease of approximately S$4.2 million as compared to 31 December 2017.

Decrease in property, plant & equipment ("PPE") of approximately S$11.4 million to S$118.0 million as at 30 June 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 as well as depreciation incurred for the period.

Increase in investment properties by S$3.7 million to S$17.3 million was due 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$3.6 million to S$28.3 million due to the increased in investment in joint ventures for development properties in Singapore of S$8.6 million partially offset by loan repayment from another joint venture amounting to S$4.8 million.

Current Assets

As at 30 June 2018, current assets stood at S$504.9 million or approximately 73.5% of total assets, a decrease of approximately S$106.4 million as compared to 31 December 2017.

Increase in contract assets by S$1.6 million to S$4.8 million as at 30 June 2018 was due to a difference in timing between the advance incurrence of recoverable costs versus the underlying revenue to be recognized in future, with the control of goods and services being passed to customers subsequently.

Decrease in amount due from related parties by approximately S$4.5 million to S$45.2 million as at 30 June 2018 due mainly to payment of construction work done from affiliated corporation of S$2.1 million and reduction of amount due from non-controlling interest in PRC of S$3.0 million.

Decrease in cash and cash equivalents by approximately S$104.6 million to S$39.2 million as at 30 June 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 June 2018, non-current liabilities amounted to S$30.1 million or approximately 8.1% of total liabilities, a decrease of approximately S$14.2 million as compared to 31 December 2017.

Non-current trade and other payables decreased by S$11.9 million to S$11.4 million as at 30 June 2018 due mainly to decrease in retention sum payable arising from the construction projects.

Loan and borrowings decreased by S$2.3 million to S$14.9 million mainly due to reclassification of borrowings due within 12 months to current liabilities.

Current Liabilities

As at 30 June 2018, current liabilities stood at S$343.1 million or approximately 91.9% of total liabilities, a decrease of approximately S$91.5 million as compared to 31 December 2017.

Trade and other payables decreased by approximately S$48.6 million to S$239.4 million as at 30 June 2018 due mainly to decrease in accrued trade payables by S$83.0 million partially offset by increase in accrued retention by S$33.7 million.

Loans and borrowings decreased by S$39.9 million to S$75.0 million as at 30 June 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$2.6 million to S$13.7 million due mainly to tax paid partially offset by provision of tax expenses during the period.

Review of Statement of Cash Flows

Net cash from operating activities

For the 6 months ended 30 June 2018, the Group recorded a net cash outflow from operating activities of approximately S$49.7 million, as compared to S$53.3 million net cash inflow in the previous corresponding period ended 30 June 2017. This was mainly due to lower construction volume, following the completion of a few 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 6 months ended 30 June 2018, the Group recorded a net cash outflow from investing activities of S$3.4 million, decreased by S$8.2 million as compared to previous corresponding period ended 30 June 2017. This was mainly due to decrease in investment in PPE in 1H2018 as compared to 1H2017.

Net cash from financing activities

For the 6 months ended 30 June 2018, the Group recorded a net cash outflow from financing activities of approximately S$49.9 million, as compared to net cash outflow of S$59.7 million in previous corresponding period ended 30 June 2017 due mainly to higher net repayment of borrowings in 1H2017 of S$50.0 million as compared to S$42.0 million in 1H2018.

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

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

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

Construction Outlook

Construction demand has witnessed a gradual pick up since the second half of 2017. In the first quarter of 2018, demand increased primarily due to public sector demand and some in private sector construction. Taken together, industry observers believe the sector should see a lift in construction activities toward the latter half of the year or 2019.[1]

In light of the en-bloc frenzy in the second half of 2017, other industry observers have pointed out that the market is poised to see a marked increase in construction activity in the near to long term. This would potentially translate into a pick up for the construction sector as well. In a bid to support the industry, the Singapore government has stated that it will continue to monitor and adjust the pace of public sector projects to curb excessive price competition while also placing a greater weightage on quality.[2]

As at 30 June 2018, the Group's order book stands at approximately S$620.9 million, expected to extend till year 2020.

Property Development Outlook

China

The property market in China has been heating up lately with new home prices in May posting their fastest growth in nearly a year. This is in light of fresh purchase curbs and higher

[1] "Will property curbs put Singapore's construction sector on shaky ground?", Channel NewsAsia, 13 July 2018
[2] "Govt will adjust pace of public-sector projects to facilitate transformation", The Business Times, 22 May 2018

financing costs, indicating resilience in one of the country's main economic drivers[3]. As a sign of growing confidence among property developers, new construction starts measured by floor area rose 20.5% in May from a year earlier, while picking up from 2.9% in April 2018[4].

As at 30 June 2018, approximately S$60.2 million of gross development value comprises 106 units (18,283 sqm) of the Equinox and 3 units (903 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 2018, approximately 65.2% 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 second half of 2018 and 2019 respectively. 112 units of E2 were launched in June 2018 and 5 units were sold within the same month.

For Tranquility Residences project in Suzhou New District Development zone, development of the project is fully completed with approximately 91.2% of the total 636 units launched being sold.

Singapore

Market sentiment for private residential properties dampened following the government's recent surprise measures to cool the property market. Encompassing an Additional Buyer's Stamp Duty (ABSD) and Loan-to-Value (LTV) limits on home purchases, the government stated that the measures were implemented to cool the property market and keep price increases in line with economic fundamentals.[5] In light of these developments, property market executives have noted that demand for upcoming residential developments will depend on consumer preferences, the property's location and having flexibility in terms of pricing of units[6].

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.

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

[3] "Whack-a-mole: China steps up property market scrutiny in 30 cities", Reuters, 28 June 2018
[4] "China property sales pick up as developers push projects to market", Reuters, 14 June 2018
[5] "Higher stamp duty rates for home purchases and tighter loan limits", The Straits Times, 5 July 2018
[6] "Singapore's biggest developers see property market slowing after cooling measures", Channel NewsAsia, 13 July 2018

(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 2Q2018.

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 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$100,000)	
	2Q2018	1H2018	2Q2018	1H2018
	S$'000	S$'000	S$'000	S$'000
Hiring charges				
Peck Tiong Choon Transport (Pte) Ltd	-	-	1,348	2,916
Peck Tiong Choon Logistic (Pte) Ltd	-	-	50	80
Total	-	-	1,398	2,996
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
13 August 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 half-year financial statements for the financial period ended 30 June 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

13 August 2018