



# TIONG SENG HOLDINGS LIMITED

(Incorporated in the Republic of Singapore )

(Co. Reg. No: 200807295Z)

## UNAUDITED HALF-YEAR 2015 FINANCIAL STATEMENT ANNOUNCEMENT FOR THE PERIOD ENDED 30 JUNE 2015

### 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 2015 S\$'000	3 Months Ended 30 June 2014 S\$'000	Change %	6 Months Ended 30 June 2015 S\$'000	6 Months Ended 30 June 2014 S\$'000	Change %
<b>Revenue</b>						
Revenue from construction contracts	88,292	151,663	-42	186,168	318,661	-42
Revenue from sales of development properties	4,560	1,629	>100	5,971	2,917	>100
Revenue from sales of goods	1,261	1,544	-18	3,878	2,952	31
Rental income	684	291	>100	1,096	604	81
	<u>94,797</u>	<u>155,127</u>	-39	<u>197,113</u>	<u>325,134</u>	-39
Other income	3,625	2,041	78	5,121	3,219	59
Costs of construction	(81,178)	(145,319)	-44	(168,434)	(300,027)	-44
Costs of sales of development properties	(4,536)	(1,590)	>100	(5,940)	(2,699)	>100
Cost of goods sold	(491)	(883)	-44	(2,192)	(1,535)	43
Depreciation and amortisation	(2,004)	(1,492)	34	(3,832)	(2,936)	31
Selling expenses	(725)	-	N.M	(1,112)	(2,134)	-48
Staff costs	(4,732)	(4,404)	7	(10,271)	(9,739)	5
Other expenses	(2,213)	(2,799)	-21	(5,484)	(5,609)	-2
	<u>(95,879)</u>	<u>(156,487)</u>	-39	<u>(197,265)</u>	<u>(324,679)</u>	-39
<b>Profit from operating activities</b>	<b>2,543</b>	<b>681</b>	<b>&gt;100</b>	<b>4,969</b>	<b>3,674</b>	<b>35</b>
Finance income	805	948	-15	2,935	1,453	>100
Finance expenses	(1,997)	(1,510)	32	(3,755)	(2,892)	30
<b>Net finance income / (expense)</b>	<b>(1,192)</b>	<b>(562)</b>	<b>&gt;100</b>	<b>(820)</b>	<b>(1,439)</b>	<b>-43</b>
Share of profit of joint ventures, net of tax	407	616	-34	836	616	36
<b>Profit before tax</b>	<b>1,758</b>	<b>735</b>	<b>&gt;100</b>	<b>4,985</b>	<b>2,851</b>	<b>75</b>
Tax	(358)	(658)	-46	(954)	(1,231)	-23
<b>Profit for the period</b>	<b>1,400</b>	<b>77</b>	<b>&gt;100</b>	<b>4,031</b>	<b>1,620</b>	<b>&gt;100</b>

N.M : Not meaningful

	3 Months Ended 30 June 2015 S\$'000	3 Months Ended 30 June 2014 S\$'000	Change %	6 Months Ended 30 June 2015 S\$'000	6 Months Ended 30 June 2014 S\$'000	Change %
<b>Other comprehensive income</b>						
<b>Items that may be reclassified subsequently to profit or loss:</b>						
Translation differences relating to financial statements of foreign subsidiaries	(3,275)	(73)	>100	4,663	(4,456)	N.M
Exchange differences on monetary items forming part of net investment in a foreign operation	(4,851)	(28)	>100	929	(2,396)	N.M
Net change in the fair value of available-for-sale investments	-	5	-100	-	10	-100
Tax on other comprehensive income	-	(1)	-100	-	(2)	-100
<b>Other comprehensive income for the period</b>	<b>(8,126)</b>	<b>(97)</b>	<b>&gt;100</b>	<b>5,592</b>	<b>(6,844)</b>	<b>N.M</b>
<b>Total comprehensive income for the period</b>	<b>(6,726)</b>	<b>(20)</b>	<b>&gt;100</b>	<b>9,623</b>	<b>(5,224)</b>	<b>N.M</b>
<b>Profit attributable to:</b>						
Owners of the Company	1,488	1,383	8	4,666	3,022	54
Non-controlling interests	(88)	(1,306)	-93	(635)	(1,402)	-55
<b>Profit for the period</b>	<b>1,400</b>	<b>77</b>	<b>&gt;100</b>	<b>4,031</b>	<b>1,620</b>	<b>&gt;100</b>
<b>Total comprehensive income attributable to:</b>						
Owners of the Company	(6,200)	1,528	N.M	9,475	(2,877)	N.M
Non-controlling interests	(526)	(1,548)	-66	148	(2,347)	N.M
<b>Total comprehensive income for the period</b>	<b>(6,726)</b>	<b>(20)</b>	<b>&gt;100</b>	<b>9,623</b>	<b>(5,224)</b>	<b>N.M</b>
<b>Earnings per share</b>						
- Basic and diluted (cents) <sup>1</sup>	0.16	0.15	7	0.51	0.33	55

<sup>1</sup> Based on 919,247,700 shares, net of non-controlling interests as at 30 June 2015 and 30 June 2014.

### 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 2015 S\$'000	3 Months Ended 30 June 2014 S\$'000	Change %	6 Months Ended 30 June 2015 S\$'000	6 Months Ended 30 June 2014 S\$'000	Change %
Fees from property management	(215)	(110)	95	(360)	(207)	74
Gain on disposal of spare parts and scrap materials	(35)	(327)	-89	(77)	(533)	-86
Gain on disposal of investment properties	(593)	(683)	-13	(593)	(683)	-13
Gain on disposal of property, plant and equipment	(1,277)	(178)	>100	(1,857)	(178)	>100
Operating lease expenses	70	272	-74	445	717	-38
Travelling and transport	246	237	4	477	508	-6
Repair and maintenance expenses	40	137	-71	527	400	32
Legal and professional fees	430	440	-2	963	882	9
Advertisement and promotional expenses	438	-	N.M	613	1,458	-58

**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	
	30.06.2015	31.12.2014	30.06.2015	31.12.2014
	S\$'000	S\$'000	S\$'000	S\$'000
<b>Non-current assets</b>				
Property, plant and equipment	83,951	86,998	-	-
Intangible assets	2,682	3,523	-	-
Investment properties	16,188	16,205	-	-
Investment in subsidiaries	-	-	59,624	59,624
Associates and joint ventures	24,183	23,263	-	-
Trade and other receivables	25,919	23,520	-	-
Other investments	6,148	6,148	-	-
Deferred tax assets	3,467	3,334	-	-
	162,538	162,991	59,624	59,624
<b>Current assets</b>				
Inventories	1,851	2,173	-	-
Construction work-in-progress	50,214	50,917	-	-
Development properties	488,765	441,023	-	-
Trade and other receivables	189,969	199,795	29	9
Amount due from related parties	53,182	40,826	125,693	126,161
Cash and cash equivalents	53,337	94,974	5,604	10,397
	837,318	829,708	131,326	136,567
<b>Total assets</b>	999,856	992,699	190,950	196,191
<b>Equity attributable to owners of the Company</b>				
Share capital	181,947	181,947	181,947	181,947
Reserves	(49,959)	(54,768)	(45,850)	(45,850)
Retained earnings / (Accumulated losses)	126,939	124,111	(21,295)	(16,656)
	258,927	251,290	114,802	119,441
<b>Non-controlling interests</b>	55,276	45,430	-	-
<b>Total equity</b>	314,203	296,720	114,802	119,441
<b>Non-current liabilities</b>				
Trade and other payables	15,685	20,765	-	-
Loans and borrowings	185,968	178,013	73,926	73,730
Deferred tax liabilities	3,696	3,840	-	-
	205,349	202,618	73,926	73,730
<b>Current liabilities</b>				
Progress billings in excess of construction work-in-progress	17,302	7,054	-	-
Trade and other payables	329,130	340,046	2,222	2,020
Amount due to related parties	20,349	18,360	-	-
Loans and borrowings	106,740	119,674	-	1,000
Current tax payable	6,783	8,227	-	-
	480,304	493,361	2,222	3,020
<b>Total liabilities</b>	685,653	695,979	76,148	76,750
<b>Total equity and liabilities</b>	999,856	992,699	190,950	196,191

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

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

As at 30.06.2015		As at 31.12.2014	
Secured	Unsecured	Secured	Unsecured
S\$'000	S\$'000	S\$'000	S\$'000
106,740	-	119,674	-

**Amount repayable after one year**

As at 30.06.2015		As at 31.12.2014	
Secured	Unsecured	Secured	Unsecured
S\$'000	S\$'000	S\$'000	S\$'000
112,042	73,926	104,283	73,730

**Details of any collateral**

**1. Secured loan from a bank**

Pursuant to a loan facility arrangement with a bank, the Group pledges its shares in Chang De Investment Private Limited ("ChangDe"), Tiong Seng Properties (Private) Limited ("TSP"), Tianjin Zizhulin Development Co. Ltd. ("Zizhulin"), and Suzhou Changhe Investment and Development Co., Ltd ("Changhe") as well as the subordination of the group's share of existing and future shareholder's loan to those companies, to the bank as securities for loans of up to approximately S\$100 million to ChangDe for a tenure of 72 months. Notwithstanding this, ChangDe, TSP, Zizhulin and Changhe still remain as subsidiaries of the Group.

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

	30 June 2015	30 June 2014
	\$'000	\$'000
<b>Carrying amounts of assets:</b>		
Leasehold land	4,744	4,849
Freehold land	4,452	4,847
Leasehold properties	32,489	33,684
Investment properties	504	567
Development properties	175,813	114,279
Plant and machinery	15,601	16,826
Deposits pledged	4,656	4,850
<b>Total</b>	<b>238,259</b>	<b>179,902</b>

The secured bank loans and bank overdrafts are also secured by assignment of rights, interests and benefits in connection with construction contracts and corporate guarantee of the Company.

1(c) **A cash flow statement (for the group), together with a comparative statement for the corresponding period of the immediately preceding financial period.**

	3 Months Ended 30 June 2015 S\$'000	3 Months Ended 30 June 2014 S\$'000	6 Months Ended 30 June 2015 S\$'000	6 Months Ended 30 June 2014 S\$'000
<b>Cash flow from operating activities</b>				
Profit from operating activities	2,543	681	4,969	3,674
Adjustments for:				
Allowance for doubtful trade receivables	(17)	-	(17)	-
Depreciation and amortisation	3,568	3,216	7,075	6,665
Gain on disposal of:				
- property, plant and equipment	(1,277)	(178)	(1,857)	(178)
- investment properties	(593)	(683)	(593)	(683)
- other investments	-	-	-	(16)
<b>Operating profit before working capital changes</b>	<b>4,224</b>	<b>3,036</b>	<b>9,577</b>	<b>9,462</b>
Changes in working capital:				
Inventories	291	58	452	(35)
Construction work-in-progress	9,674	21,812	10,891	22,216
Development properties	6,341	(25,388)	(35,943)	(57,058)
Trade and other receivables	5,843	(11,856)	10,503	2,266
Balances with related parties (trade)	(2,965)	3,871	(3,342)	5,572
Trade and other payables	(22,935)	14,056	(19,550)	10,134
Cash generated from/(used in) operations	473	5,589	(27,412)	(7,443)
Taxes paid	(2,573)	(2,076)	(2,781)	(2,337)
<b>Net cash from / (used in) operating activities</b>	<b>(2,100)</b>	<b>3,513</b>	<b>(30,193)</b>	<b>(9,780)</b>
<b>Cash flow from investing activities</b>				
Balances with related parties (non-trade)	4,974	(756)	(2,018)	(1,334)
Balances with ultimate holding company	-	2,420	-	2,420
Investment in a joint venture	(83)	-	(83)	-
Interest received	34	42	77	93
Proceeds from disposal of property, plant and equipment	2,971	607	3,863	607
Proceeds from disposal of investment properties	629	1,950	629	1,950
Proceeds from disposal of other investments	-	-	-	94
Purchase of other investment	-	-	-	(62)
Purchase of property, plant and equipment	(1,547)	(2,178)	(4,428)	(7,133)
Purchase of intangible assets	(45)	-	(118)	(142)
<b>Net cash from / (used in) investing activities</b>	<b>6,933</b>	<b>2,085</b>	<b>(2,078)</b>	<b>(3,507)</b>

	3 Months Ended 30 June 2015 S\$'000	3 Months Ended 30 June 2014 S\$'000	6 Months Ended 30 June 2015 S\$'000	6 Months Ended 30 June 2014 S\$'000
<b>Cash flow from financing activities</b>				
Balances with related parties (non-trade)	(1,972)	(9,600)	4,976	(12,923)
Capital contribution by non-controlling interests	-	2	-	110
Repayment of loan to non-controlling interests	-	(179)	-	(1,724)
Decrease/ (increase) in deposits pledged	(514)	(83)	33,153	13,729
Dividends paid to owners of the company	(1,838)	(5,515)	(1,838)	(5,515)
Interest paid	(862)	(2,547)	(3,085)	(3,032)
Proceeds from issue of rights	-	-	-	10,026
Payments of finance lease liabilities	(306)	(233)	(578)	(442)
Proceeds from loans and borrowings	5,542	42,036	35,719	108,469
Repayment of loans and borrowings	(9,866)	(33,113)	(42,073)	(88,263)
<b>Net cash (used in) / from financing activities</b>	<b>(9,816)</b>	<b>(9,232)</b>	<b>26,274</b>	<b>20,435</b>
<b>Net (decrease) / increase in cash and cash equivalents</b>	<b>(4,983)</b>	<b>(3,634)</b>	<b>(5,997)</b>	<b>7,148</b>
Cash and cash equivalent at beginning of the period	50,336	58,956	53,209	49,566
Effect of exchange rate changes on balance held in foreign currencies	(1,261)	(804)	(3,120)	(2,196)
<b>Cash and cash equivalents at end of the period</b>	<b>44,092</b>	<b>54,518</b>	<b>44,092</b>	<b>54,518</b>

**1(d)(i) A statement (for the issuer and group) showing either (i) all changes in equity or (ii) changes in equity other than those arising from capitalisation issues and distributions to shareholders, together with a comparative statement for the corresponding period of the immediately preceding financial year.**

Group	Share capital	Merger reserve	Capital reserve	Statutory reserve	Fair value reserve	Foreign currency translation reserve	Retained earnings	Total	Non-controlling interests	Total equity
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
At 1 January 2015	181,947	(77,720)	1,888	3,564	15	17,485	124,111	251,290	45,430	296,720
<b>Total comprehensive income for the period</b>										
Profit for the period	-	-	-	-	-	-	4,666	4,666	(635)	4,031
<b>Other comprehensive income</b>										
Translation differences relating to financial statements of foreign subsidiaries	-	-	-	-	-	3,880	-	3,880	783	4,663
Exchange differences on monetary items forming part of net investment in a foreign operations	-	-	-	-	-	929	-	929	-	929
Total other comprehensive income	-	-	-	-	-	4,809	-	4,809	783	5,592
<i>Total comprehensive income and expenses for the period</i>	-	-	-	-	-	4,809	4,666	9,475	148	9,623
<b>Transaction with owners, recognised directly in equity</b>										
<b>Contributions by and distributions to owners</b>										
Dividends paid	-	-	-	-	-	-	(1,838)	(1,838)	-	(1,838)
Capital contribution by non-controlling interests	-	-	-	-	-	-	-	-	9,698	9,698
<i>Total transaction with owners of the Company</i>	-	-	-	-	-	-	(1,838)	(1,838)	9,698	7,860
At 30 June 2015	181,947	(77,720)	1,888	3,564	15	22,294	126,939	258,927	55,276	314,203

Group	Share capital	Merger reserve	Capital reserve	Statutory reserve	Fair value reserve	Foreign currency translation reserve	Retained earnings	Total	Non-controlling interests	Total equity
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
At 1 January 2014	154,552	(77,720)	29,283	3,564	16	10,035	144,918	264,648	46,301	310,949
<b>Total comprehensive income for the period</b>										
Profit or for the period	-	-	-	-	-	-	3,022	3,022	(1,402)	1,620
<b>Other comprehensive income</b>										
Translation differences relating to financial statements of foreign subsidiaries	-	-	-	-	-	(3,511)	-	(3,511)	(945)	(4,456)
Exchange differences on monetary items forming part of net investment in a foreign operations	-	-	-	-	-	(2,396)	-	(2,396)	-	(2,396)
Net change in the fair value of available for sale investment	-	-	-	-	10	-	-	10	-	10
Tax on other comprehensive income	-	-	-	-	(2)	-	-	(2)	-	(2)
Total other comprehensive income	-	-	-	-	8	(5,907)	-	(5,899)	(945)	(6,844)
<i>Total comprehensive income and expenses for the period</i>	-	-	-	-	8	(5,907)	3,022	(2,877)	(2,347)	(5,224)
<b>Transactions with owners, recognised directly in equity</b>										
<b>Contributions by and distributions to owners</b>										
Dividends paid	-	-	-	-	-	-	(5,515)	(5,515)	-	(5,515)
Reclassification from capital reserves to share capital for rights issued	27,395	-	(27,395)	-	-	-	-	-	-	-
Capital contribution by non-controlling interest	-	-	-	-	-	-	-	-	110	110
<i>Total transaction with owners of the Company</i>	27,395	-	(27,395)	-	-	-	(5,515)	(5,515)	110	(5,405)
At 30 June 2014	181,947	(77,720)	1,888	3,564	24	4,128	142,425	256,256	44,064	300,320



Company	Share Capital S\$'000	Capital Reserve S\$'000	Merger Reserve S\$'000	Retained earnings S\$'000	Total equity S\$'000
<b>At 1 January 2015</b>	181,947	-	(45,850)	(16,656)	119,441
Total comprehensive income for the period	-	-	-	(2,801)	(2,801)
Dividend paid	-	-	-	(1,838)	(1,838)
<b>At 30 June 2015</b>	<b>181,947</b>	<b>-</b>	<b>(45,850)</b>	<b>(21,295)</b>	<b>114,802</b>
<b>At 1 January 2014</b>	154,552	27,395	(45,850)	(7,778)	128,319
Total comprehensive income for the period	-	-	-	(1,286)	(1,286)
Reclassification from capital reserves to share capital for rights shares issued	27,395	(27,395)	-	-	-
Dividend paid	-	-	-	(5,515)	(5,515)
<b>At 30 June 2014</b>	<b>181,947</b>	<b>-</b>	<b>(45,850)</b>	<b>(14,579)</b>	<b>121,518</b>

- 1(d)(ii) Details of any changes in the company's share capital arising from rights issue, bonus issue, share buy-backs, exercise of share options or warrants, conversion of other issues of equity securities, issue of shares for cash or as consideration for acquisition or for any other purpose since the end of the previous period reported on.**

State also the number of shares that may be issued on conversion of all the outstanding convertibles, as well as the number of shares held as treasury shares, if any, against the total number of issued shares excluding treasury shares of the issuer, as at the end of the current financial period reported on and as at the end of the corresponding period of the immediately preceding financial year.

There are no changes in the Company's share capital for the six months ended 30 June 2015.

The Company did not have any outstanding convertibles and treasury shares as at the end of the current financial period reported on and as at the end of the corresponding period of the immediately preceding financial year.

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

The Company has a total of 919,247,700 issued shares as at 30 June 2015 and 31 December 2014.

- 1(d)(iv) A statement showing all sales, transfers, disposal, cancellation and/or use of treasury shares as at the end of the current financial period reported on.**

There are no treasury shares as at the end of the current financial period reported on.

- 2. Whether the figures have been audited or reviewed and in accordance with which auditing standard or practice.**

The figures have not been audited or reviewed by the Company's independent auditors.

- 3. Where the figures have been audited or reviewed, the auditors' report (including any qualifications or emphasis of a matter).**

Not Applicable

- 4. Whether the same accounting policies and methods of computation as in the issuer's most recently audited annual financial statements have been applied.**

Except as disclosed in paragraph 5 below, the Group has applied the same accounting policies and methods of computation in the financial statements for the current reporting period as those of the audited financial statements for the year ended 31 December 2014.

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

The Group adopted a number of new standards, amendments to standard and interpretations that are effective for annual periods beginning on or after 1 January 2015. The adoptions of

these new standards, amendments to standard and interpretations did not result in any significant impact on the financial statements of the Group.

**6. Earnings per ordinary share of the group for the current financial period reported on and the corresponding period of the immediately preceding financial year, after deducting any provision for preference dividends.**

	3 Months Ended 30 June 2015	3 Months Ended 30 June 2014	6 Months Ended 30 June 2015	6 Months Ended 30 June 2014
	(cents)	(cents)	(cents)	(cents)
Earnings per ordinary share of the group, after deducting any provision for preference dividends (in cents):				
(a) Based on weighted average number of ordinary shares on issue; and	0.16	0.15	0.51	0.33
(b) On a fully diluted basis	0.16	0.15	0.51	0.33

The earning per ordinary share has been calculated net of non-controlling interests of 919,247,700 shares as at 30 June 2015 and 30 June 2014.

**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 2015	31 December 2014	30 June 2015	31 December 2014
	(cents)	(cents)	(cents)	(cents)
Net asset value per ordinary share based on issued share capital at the end of:	28.17	27.34	12.49	12.99

The net asset value per ordinary share has been calculated net of non-controlling interests of 919,247,700 shares as at 30 June 2015 and 31 December 2014.

**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 1H2015 vs 1H2014**

**Overview**

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

	<u>Construction</u>	<u>Property Development</u>	<u>Sales of Goods</u>	<u>Rental</u>	<u>Others</u>	<u>Total</u>
	<u>S\$'000</u>	<u>S\$'000</u>	<u>S\$'000</u>	<u>S\$'000</u>	<u>S\$'000</u>	<u>S\$'000</u>
	<b>6 Months Ended 30 June 2015</b>					
Revenue	186,168	5,971	3,878	1,096	-	197,113
Costs	(168,434)	(5,940)	(2,192)	-	-	(176,566)
Gross Profit	17,734	31	1,686	1,096	-	20,547
Other income	3,978	73	22	593	455	5,121
Depreciation	(2,801)	(42)	(369)	(571)	(49)	(3,832)
Selling expenses	-	(885)	(227)	-	-	(1,112)
Staff costs	(7,125)	(1,187)	(1,127)	-	(832)	(10,271)
Other operating expenses	(3,058)	(841)	(336)	-	(1,249)	(5,484)
Profit / (loss) from operating activities	8,728	(2,851)	(351)	1,118	(1,675)	4,969

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

As a whole, the Group's profit from operating activities improved by S\$1.3 million or 35.2% year-on-year (yoy) from approximately S\$3.7 million in 1H2014 to S\$5.0 million in 1H2015. The improvement was mainly due to lower losses suffered in Property Development and Sales of Goods segments by S\$1.0 million and S\$0.6 million respectively, coupled with a S\$0.2 million improvement in rental segment results and lower corporate expenses by S\$0.3 million. The increase in Group profit from operating activities was partially offset by lower profit reported in the Construction segment by S\$1.0 million. Property segment losses decreased due to lower selling expenses incurred while Sales of Goods segment losses declined as a result of improved revenue and lower operating cost. Rental segment profit increased correspondingly with higher rental income. Meantime, the Construction segment experienced lower profit with the overall increase in operating expenses.

### Revenue

Revenue decreased by approximately S\$128.0 million or 39.4% yoy from approximately S\$325.1 million in 1H2014 to approximately S\$197.1 million in 1H2015, attributable mainly to decrease in revenue from construction contracts by S\$132.5 million.

### Revenue from construction contract

The decrease in revenue by approximately S\$132.5 million from S\$318.7 million in 1H2014 to S\$186.2 million was mainly due to differences in stages of revenue recognition for various construction contracts.

In accordance with our revenue recognition policy, work done amounting to approximately S\$53.5 million from newly commenced projects have yet to be recognized as revenue as at 30 June 2015.

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

Revenue from sales of development properties in 1H2015 amounted to approximately S\$6.0 million was contributed mainly from the sale recognition of 14 units (2,719 sqm) of phases II from Sunny International Project, 7 units (1,334 sqm) of B1 from Equinox Project and 1 unit (141 sqm) from Tiamen Jinwan Project respectively.

As at 30 June 2015, approximately S\$110.0 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
Sunny International	1,457	1,025	299	29,605
Equinox	234	77	62	16,012
Tranquility Residences	280	-	112	12,703

#### **Revenue from sales of goods**

The increase in revenue from sales of goods by approximately S\$0.9 million from S\$3.0 million in 1H2014 to S\$3.9 million in 1H2015 was due mainly to a increase in sales volume.

#### **Other income**

An increase in other income of approximately S\$1.9 million from S\$3.2 million in 1H2014 to S\$5.1 million in 1H2015 was mainly due to a gain on disposal of property, plant and equipment and investment properties of S\$1.7 million following the completion of a few projects in Papua New Guinea in FY2014.

#### **Gross profit in construction segment**

Gross profit margin increased approximately 3.7 percentage points from 5.8% in 1H2014 to 9.5% in 1H2015 due mainly to an overall improvement in project mix.

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

Gross profit in the property development segment remains insignificant due to stiff price competition following the build-up of high inventory level in the market and an attempt by property developers to cut prices to boost sales.

#### **Gross profit in sales of goods segment**

Gross profit margin decreased from 48.0% in 1H2014 to 43.5% in 1H2015, due mainly to a decrease in licensing income with higher profit margins and a reduction of profit margin in component sales.

### **Depreciation and amortization**

The Group registered an increase in depreciation and amortisation expenses of approximately S\$0.9 million to S\$3.8 million in 1H2015 due mainly to lower utilisation of property, plant and equipment, as a result of the various stages of the projects, thereby attributing lower depreciation expenses to cost of construction in the current period.

### **Selling expenses**

Selling expenses decreased approximately S\$1.0 million to S\$1.1 million in 1H2015 due mainly to lesser marketing activities to promote the various property development projects in the People's Republic of China.

### **Staff costs**

Staff costs increased approximately S\$0.5 million to S\$10.3 million in 1H2015 due mainly to reclassification of certain staff costs from direct to indirect component, arose from the reorganisation and consolidation of certain support function within the construction group, so as to achieve better synergy and increase overall efficiency.

### **Net finance expenses**

Net finance expenses decreased by approximately S\$0.6 million to S\$0.8 million in 1H2015 due mainly to a net exchange gain of approximately S\$1.9 million in 1H2015 as a result of appreciation in Renminbi (RMB) and Swiss Franc (CHF) vis-à-vis SGD, in contrast to an exchange loss of approximately S\$0.8 million in the corresponding period. This is partially offset by the increase in finance expense of S\$1.9 million from a multicurrency medium term note issued in early July 2014.

### **Share of profit of joint ventures, net of tax**

Share of profit of joint ventures increased by approximately S\$0.2 million to S\$0.8 million in 1H2015 due mainly to the recognition of share of higher profit from certain joint venture projects.

### **Income tax expense**

Income tax expense decreased by approximately S\$0.3 million to S\$1.0 million in 1H2015 due mainly to lower taxable profit from construction segment.

### **Profit for the period**

Profit in 1H2015 increased by approximately S\$2.4 million to S\$4.0 million as a result of the factors mentioned in the preceding paragraphs.

## **Review of Financial Position**

### **Non-Current Assets**

As at 30 June 2015, non-current assets stood at S\$162.5 million or approximately 16.3% of total assets, a minor decrease of approximately S\$0.5 million as compared to 31 December 2014.

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The decrease was largely due to the collective reduction of approximately S\$3.9 million in property, plant & equipment and intangible assets due to depreciation and amortization charges in 1H2015; offset by increases in trade and other receivables and associates & joint ventures of S\$2.4 million and S\$0.9 million respectively.

### **Current Assets**

As at 30 June 2015, current assets stood at S\$837.3 million or approximately 83.7% of total assets, an increase of approximately S\$7.6 million as compared to 31 December 2014.

The decrease in construction work-in-progress (net of excess of progress billings over construction work-in-progress) of about S\$11.0 million was due mainly to differences in stages of the various construction projects.

Increase in development properties by S\$47.7 million to S\$488.8 million as at 30 June 2015 was due mainly to an increase in development costs for ongoing PRC development projects, being Tranquility Residences and Equinox projects of approximately S\$34.0 million and S\$12.9 million.

Amount due from related parties increased by approximately S\$12.4 million to S\$53.2 million due mainly to an increase in receivables of S\$10.3 million from non-controlling shareholders in the property development segment and amount due from joint ventures of approximately S\$1.9 million.

### **Non-Current Liabilities**

As at 30 June 2015, non-current liabilities amounted to S\$205.3 million or approximately 29.9% of total liabilities, an increase of approximately S\$2.7 million as compared to 31 December 2014.

Non-current loans and borrowings increased by S\$8.0 million to S\$186.0 million as at 30 June 2015 due mainly to an increase in a construction loan for the ongoing Tranquility Residence project of approximately S\$11.3 million partially offset by repayment of loan during the period.

Non-current trade and other payables decreased by S\$5.1 million to S\$15.7 million as at 30 June 2015 due mainly to release of retention sum money arising from the construction projects.

### **Current Liabilities**

As at 30 June 2015, current liabilities stood at S\$480.3 million or approximately 70.1% of total liabilities, a decrease of approximately S\$13.1 million as compared to 31 December 2014.

Trade and other payables decreased by approximately S\$10.9 million to S\$329.1 million as at 30 June 2015 due mainly to a collective net decrease in accrued trade payables and a retention sum payable of approximately S\$31.1 million and S\$2.6 million respectively, partially offset by increase in receipts in advance of approximately S\$23.0 million.

An increase in amount due to related parties of approximately S\$2.0 million to S\$20.3 million as at 30 June 2015 was due mainly to advance payment received from a joint venture of approximately S\$5.2 million, partially offset by a decrease in amount due to affiliated corporation of approximately S\$3.3 million.

Loans and borrowings decreased by S\$12.9 million to S\$106.7 million as at 30 June 2015 mainly due to repayment of bank loan to financial institution during the period.

The decrease in current tax payable of S\$1.4 million to S\$6.8 million as at 30 June 2015 was due mainly to income tax payment of approximately S\$2.8 million partially offset by provision for corporate income tax of approximately S\$1.2 million.

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

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

For the 6 months ended 30 June 2015, the Group recorded a net cash outflow from operating activities of approximately S\$30.2 million, as compared to S\$9.8 million net cash outflow in the previous corresponding period ended 30 June 2014, to support working capital of the Group. The changes in working capital from operating activities arose mainly from:

- (a) Net decrease in construction work-in-progress by S\$10.9 million, due mainly to changes in different stages in the construction projects.
- (b) Increase in development properties by S\$35.9 million, due mainly to additional property development costs for Tranquility Residences and Equinox projects, partially offset by units sold in Cangzhou Sunny International phases II and Equinox.
- (c) Decrease in trade and other receivables by S\$10.5 million, due mainly to a decrease in accrued receivables from on-going projects and retention sum receivables.
- (d) Decrease in trade and other payables by S\$19.6 million, due mainly to a decrease in accrued trade payables.

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

For the 6 months ended 30 June 2015, the Group recorded a net cash outflow from investing activities of S\$2.1 million, a decrease of S\$1.4 million as compared to previous corresponding period ended 30 June 2014. This was mainly due to correspondingly lesser investment of property, plant and equipment of approximately S\$4.4 million in 1H2015 as compared to S\$7.1 million in 1H2014.

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

For the 6 months ended 30 June 2015, the Group recorded a net cash inflow from financing activities of S\$26.3 million, an increase of S\$5.8 million as compared to previous corresponding period ended 30 June 2014. This was due mainly to a higher reduction in deposits pledged of S\$33.2 million in 1H2015 as compared to S\$13.7 million in 1H2014, net funds received from related parties of S\$5.0 million in contrast to net funds paid to related parties of S\$12.9 million in 1H2014 and lower dividends paid by S\$3.7 million. The increase in net cash from financing activities was partially offset by net repayment of loans and borrowings of S\$6.4 million as compared to net receipt from loans and borrowings of S\$20.2 million in 1H2014 and the absence of S\$10.0 million proceeds from issue of rights in 1H2014.

**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**

On 11 August 2015, the Ministry of Trade and Industry (“MTI”) announced<sup>1</sup> that the Singapore economy grew 1.8% yoy in 2Q2015, a drop from the 2.8% growth in the previous quarter. On a

<sup>1</sup>Ministry of Trade and Industry, “MTI Narrows 2015 GDP Growth Forecast to 2.0 to 2.5 Per Cent”, 11 August 2015



quarter-on-quarter basis (“qoq”), the economy also contracted by 4.0%, a reversal from the 4.1% growth in the preceding quarter.

In July 2015, the Group secured a S\$277.3 million contract for JTC Space @Tuas, a first-of-its-kind integrated industrial facility. This updates the Group’s order book to approximately S\$1.6 billion as at today and is expected to extend till year 2020.

### **Property Development Outlook**

On 2 June 2015, Moody’s Investor Service upgraded its outlook on China’s property sector from negative to stable<sup>2</sup>. Property sales in China is expected to increase by 0% – 5% yoy over the next 12 months, attributed mainly to the recent introduction of positive monetary and regulatory policies in 2014. Housing prices, in particular within lower-tier cities, is still expected to remain under pressure due to high inventory levels, however the rate of decline is expected to moderate.

As at 30 June 2015, approximately S\$110.0 million of gross development value comprises 299 units (29,605 sqm) of Sunny International, 62 units (16,012 sqm) of the Equinox, 112 units (12,703 sqm) of Tranquility Residences and one unit totaling 59 sqm of Wenchang Baihui were sold, but yet to be recognized as revenue in accordance to Tiong Seng’s revenue recognition policy.

Also, the Group has completed construction for B1 in 1Q2014, B2 in 4Q2014 and C in 2Q2015 and is currently carrying out construction for E1 for Equinox Project. The construction for E1 are expected to be completed towards 4Q2015. As at 30 June 2015, approximately 59.4% of the total 234 units launched have been sold.

For Tranquility Residences project in Suzhou New District Development zone, construction of phase 1, total 2 phases, has commenced in 3Q2013 with expected completion in 4Q2015. Phase 2 has commenced construction in 2Q2014 with expected completion in 2Q2017. Meantime, the Group has completed construction for the last phase of the 4 phases of Sunny International project in 4Q2014.

## **11. Dividend**

### **(a) Current Financial Period Reported On**

Any dividend declared for the current financial period reported on?

No

### **(b) Corresponding Period of the Immediately Preceding Financial Year**

Any dividend declared for the corresponding period of the immediately preceding financial year?

No

### **(c) Date payable**

Not Applicable

### **(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 2Q2015.

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<sup>2</sup>“China property sales to grow modestly as government policies start to work”, Moody’s Investors Services, 2 June 2015

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- 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 2015.

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)	
	2Q2015	1H2015	2Q2015	1H2015
Peck Tiong Choon Transport (Pte) Ltd – Hiring charges	-	-	798,000	1,890,000

On behalf of the Board of Directors

BY ORDER OF THE BOARD

Pek Lian Guan  
Executive Director and CEO  
14 August 2015



# **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 2015 to be false or misleading in any material aspect.

For and on behalf of the Board of Directors of  
**TIONG SENG HOLDINGS LIMITED**

Pek Lian Guan  
Executive Director & CEO

Pay Sim Tee  
Executive Director

14 August 2015

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