



TIONG SENG HOLDINGS LIMITED

(Incorporated in the Republic of Singapore)

(Co. Reg. No: 200807295Z)

UNAUDITED FULL YEAR FINANCIAL STATEMENT ANNOUNCEMENT FOR THE YEAR ENDED 31 DECEMBER 2016

PART I - INFORMATION REQUIRED FOR ANNOUNCEMENTS OF FULL YEAR RESULTS

1(a)(i) Consolidated statement of comprehensive income, together with a comparative statement for the corresponding year of the immediately preceding financial year.

	12 Months Ended 31 December 2016	12 Months Ended 31 December 2015	Change
	S\$'000	S\$'000	%
Revenue			
Revenue from construction contracts	629,442	482,220	31
Revenue from sales of development properties	137,821	71,784	92
Revenue from sales of goods	4,777	7,386	-35
Rental Income	2,218	2,410	-8
	<u>774,258</u>	<u>563,800</u>	37
Other income	6,078	10,486	-42
Costs of construction contracts	(576,787)	(432,906)	33
Costs of sales of development properties	(127,686)	(62,560)	>100
Costs of goods sold	(3,464)	(4,086)	-15
Reversal of diminution in value of development properties	-	669	-100
Depreciation and amortization	(4,901)	(6,629)	-26
Selling expenses	(3,147)	(3,561)	-12
Staff costs	(20,095)	(19,534)	3
Other expenses	(12,262)	(14,150)	-13
	<u>(748,342)</u>	<u>(542,757)</u>	38
Profit from operating activities	31,994	31,529	1
Finance income	2,328	2,985	-22
Finance costs	(10,760)	(7,974)	35
Net finance costs	<u>(8,432)</u>	<u>(4,989)</u>	69
Share of profit/(loss) of joint ventures, net of tax	866	(3,137)	N.M
Profit before tax	<u>24,428</u>	<u>23,403</u>	4
Tax expense	(8,585)	(8,698)	-1
Profit for the year	<u>15,843</u>	<u>14,705</u>	8

N.M : Not Meaningful

	12 Months Ended 31 December 2016	12 Months Ended 31 December 2015	Change
	S\$'000	S\$'000	%
Other comprehensive income			
Items that are / may be reclassified subsequently to profit or loss:			
Translation differences relating to financial statements of foreign subsidiaries	(10,384)	1,171	N.M
Exchange differences on monetary items forming part of net investment in a foreign operation	(1,997)	97	N.M
Realisation of exchange differences on monetary items previously forming part of net investment in a foreign operation transferred to income statement	(2,278)	-	100
Equity accounted investee – share of other comprehensive income	-	(283)	-100
Net change in the fair value of available-for-sale investments	-	(15)	-100
Other comprehensive income for the year, net of tax	(14,659)	970	N.M
Total comprehensive income for the year	1,184	15,675	-92
Profit attributable to:			
Owners of the Company	15,289	10,237	49
Non-controlling interests	554	4,468	-88
Profit for the year	15,843	14,705	8
Total comprehensive income attributable to:			
Owners of the Company	3,342	11,004	-70
Non-controlling interests	(2,158)	4,671	N.M
Total comprehensive income for the year	1,184	15,675	-92
Earnings per share			
- Basic and diluted (cents) ¹	3.35	2.23	50

¹ The earnings per share net of non-controlling interests has been calculated based on weighted average number of shares outstanding after share consolidation and excluding treasury shares of 455,989,038 (2015: 459,476,562) shares.

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 year:

	12 Months Ended 31 December 2016	12 Months Ended 31 December 2015	Change
	S\$'000	S\$'000	%
Fees from project and property management	(767)	(796)	-4
Gain on disposal of scrap parts and materials	(275)	(144)	91
Gain on disposal of investment properties	(216)	(593)	-64
Impairment loss on intangible assets	-	1,284	-100
Operating lease expenses	1,004	1,392	-28
Legal and Professional fees	1,659	2,106	-21
Advertisement and promotional expenses	951	1,755	-46
Gain from sales of car park lots	(1,780)	(3,586)	-50
Allowance for doubtful debts	-	979	-100

1(b)(i) A balance sheet (for the issuer and group), together with a comparative statement as at the end of the immediately preceding financial year.

	Group		Company	
	31.12.2016	31.12.2015	31.12.2016	31.12.2015
	S\$'000	S\$'000	S\$'000	S\$'000
Non-current assets				
Property, plant and equipment	123,164	101,606	-	-
Intangible assets	1,235	1,747	-	-
Investment properties	14,927	15,880	-	-
Associates and joint ventures	22,953	22,200	-	-
Trade and other receivables	30,719	30,748	-	-
Amount due from related parties	1,653	-	-	-
Investment in subsidiaries	-	-	59,624	59,624
Other investments	1,145	6,130	-	-
Deferred tax assets	204	3,140	-	-
	196,000	181,451	59,624	59,624
Current assets				
Inventories	1,467	1,875	-	-
Construction work-in-progress	30,337	45,430	-	-
Development properties	336,049	445,341	-	-
Trade and other receivables	256,903	206,113	3	6
Amounts due from related parties	51,645	52,799	129,981	125,685
Cash and cash equivalents	92,248	93,210	2,930	2,980
	768,649	844,768	132,914	128,671
Total assets	964,649	1,026,219	192,538	188,295
Equity attributable to owners of the Company				
Share capital	181,947	181,947	181,947	181,947
Treasury shares	(1,310)	(244)	(1,310)	(244)
Reserves	(65,948)	(54,001)	(45,850)	(45,850)
Retained earnings / (Accumulated losses)	145,517	132,510	(22,622)	(23,994)
	260,206	260,212	112,165	111,859
Non-controlling interests	57,641	59,799	-	-
Total equity	317,847	320,011	112,165	111,859
Non-current liabilities				
Trade and other payables	24,348	15,936	-	-
Loans and borrowings	90,931	87,244	72,568	74,129
Deferred tax liabilities	5,810	4,556	-	-
	121,089	107,736	72,568	74,129
Current liabilities				
Progress billings in excess of construction work-in-progress	8,545	15,138	-	-
Trade and other payables	395,651	342,438	3,197	2,307
Amounts due to related parties	23,498	17,314	4,608	-
Loans and borrowings	85,449	211,566	-	-
Current tax payable	12,570	12,016	-	-
	525,713	598,472	7,805	2,307
Total liabilities	646,802	706,208	80,373	76,436
Total equity and liabilities	964,649	1,026,219	192,538	188,295

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

Amount repayable in one year or less, or on demand

As at 31.12.2016		As at 31.12.2015	
Secured	Unsecured	Secured	Unsecured
S\$'000	S\$'000	S\$'000	S\$'000
85,449	-	211,566	-

Amount repayable after one year

As at 31.12.2016		As at 31.12.2015	
Secured	Unsecured	Secured	Unsecured
S\$'000	S\$'000	S\$'000	S\$'000
18,363	72,568	13,115	74,129

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 these 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, secured loan from a financial institution and secured bank overdrafts are secured on the following assets:

	31 December 2016	31 December 2015
	\$'000	\$'000
Carrying amounts of assets:		
Leasehold land	12,336	12,853
Freehold land	4,017	4,111
Leasehold properties	39,301	30,949
Investment properties	470	487
Development properties	-	172,673
Plant and machinery	11,276	13,448
Motor vehicles	1,458	1,296
Deposits pledged	636	1,165
Total	69,494	236,982

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.

	12 Months Ended 31 December 2016 S\$'000	12 Months Ended 31 December 2015 S\$'000
Cash flow from operating activities		
Profit from operating activities	31,994	31,529
Adjustments for:		
Allowance for doubtful trade receivables	-	979
Depreciation and amortisation	17,352	13,185
Reversal of diminution in value of development properties	-	(669)
Impairment loss on intangible assets	-	1,284
Property, plant and equipment written off	88	362
Gain on disposal of:		
- property, plant and equipment	(75)	(2,000)
- investment properties	(216)	(593)
Bad debts written off	911	196
Inventory written off	357	-
Operating profit before working capital changes	50,411	44,273
Changes in working capital:		
Inventories	51	393
Construction work-in-progress	8,507	13,571
Development properties	91,241	7,212
Trade and other receivables	(50,707)	(12,544)
Balances with related parties (trade)	5,404	(2,157)
Trade and other payables	65,297	(3,365)
Cash generated from operations	170,204	47,383
Income taxes paid	(4,456)	(6,649)
Income taxes refunded	-	1,757
Net cash from operating activities	165,748	42,491
Cash flow from investing activities		
Balances with related parties (non-trade)	(2,111)	(4,694)
Distribution received from joint ventures	7,497	-
Dividend received from other investments	232	1
Investment in a joint venture	(326)	(83)
Interest received	997	655
Proceeds from disposal of:		
- property, plant and equipment	886	3,071
- investment properties	320	629
Distribution from other investments	5,333	-
Purchase of property, plant and equipment	(39,573)	(25,008)
Purchase of intangible assets	(6)	(385)
Purchase of other investments	(178)	-
Net cash used in investing activities	(26,929)	(25,814)

	12 Months Ended 31 December 2016 S\$'000	12 Months Ended 31 December 2015 S\$'000
Cash flow from financing activities		
Balances with related parties (non-trade)	(4,897)	1,446
(Increase)/Decrease in restricted cash	(737)	1,337
Decrease in deposits pledged	498	35,974
Dividends paid to: - owners of the company	(2,282)	(1,838)
Interest paid	(7,308)	(11,909)
Purchase of treasury shares	(1,066)	(244)
Payments of finance lease liabilities	(972)	(1,040)
Proceeds from loans and borrowings	86,636	58,688
Repayment of loans and borrowings	(208,835)	(62,495)
Net cash (used in)/from financing activities	(138,963)	19,919
Net (decrease)/increase in cash and cash equivalents	(144)	36,596
Cash and cash equivalents at beginning of the year	88,774	53,209
Effect of exchange rate changes on balances held in foreign currencies	(1,028)	(1,031)
Cash and cash equivalents at end of the year	87,602	88,774

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	Foreign currency translation reserve	Retained earnings	Total	Non-controlling interests	Total equity
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
At 1 January 2016	181,947	(244)	(77,720)	1,888	3,564	18,267	132,510	260,212	59,799	320,011
Total comprehensive income for the year										
Profit for the year	-	-	-	-	-	-	15,289	15,289	554	15,843
Other comprehensive income										
Translation differences relating to financial statements of foreign subsidiaries	-	-	-	-	-	(7,672)	-	(7,672)	(2,712)	(10,384)
Exchange differences on monetary items forming part of net investment in a foreign operation	-	-	-	-	-	(1,997)	-	(1,997)	-	(1,997)
Realisation of exchange differences on monetary items previously forming part of net investment in a foreign operation transferred to income statement	-	-	-	-	-	(2,278)	-	(2,278)	-	(2,278)
Total other comprehensive income	-	-	-	-	-	(11,947)	-	(11,947)	(2,712)	(14,659)
<i>Total comprehensive income for the year</i>	-	-	-	-	-	(11,947)	15,289	3,342	(2,158)	1,184
Transaction with owners, recognised directly in equity										
Contributions by and distributions to owners										
Purchase of treasury shares	-	(1,066)	-	-	-	-	-	(1,066)	-	(1,066)
Dividends declared	-	-	-	-	-	-	(2,282)	(2,282)	-	(2,282)
<i>Total transactions with owners of the Company</i>	-	(1,066)	-	-	-	-	(2,282)	(3,348)	-	(3,348)
At 31 December 2016	181,947	(1,310)	(77,720)	1,888	3,564	6,320	145,517	260,206	57,641	317,847

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 2015	181,947	-	(77,720)	1,888	3,564	15	17,485	124,111	251,290	45,430	296,720
Total comprehensive income for the year											
Profit for the year	-	-	-	-	-	-	-	10,237	10,237	4,468	14,705
Other comprehensive income											
Translation differences relating to financial statements of foreign subsidiaries	-	-	-	-	-	-	968	-	968	203	1,171
Exchange differences on monetary items forming part of net investment in a foreign operation	-	-	-	-	-	-	97	-	97	-	97
Equity accounted investee – share of other comprehensive income	-	-	-	-	-	-	(283)	-	(283)	-	(283)
Net change in the fair value of available-for-sale investments	-	-	-	-	-	(15)	-	-	(15)	-	(15)
Total other comprehensive income	-	-	-	-	-	(15)	782	-	767	203	970
<i>Total comprehensive income for the year</i>	-	-	-	-	-	(15)	782	10,237	11,004	4,671	15,675
Transaction with owners, recognised directly in equity											
Contributions by and distributions to owners											
Purchase of treasury shares	-	(244)	-	-	-	-	-	-	(244)	-	(244)
Dividends declared	-	-	-	-	-	-	-	(1,838)	(1,838)	-	(1,838)
Capital contribution by non-controlling interests	-	-	-	-	-	-	-	-	-	9,698	9,698
<i>Total transactions with owners of the Company</i>	-	(244)	-	-	-	-	-	(1,838)	(2,082)	9,698	7,616
At 31 December 2015	181,947	(244)	(77,720)	1,888	3,564	-	18,267	132,510	260,212	59,799	320,011

Company	Share capital S\$'000	Treasury Shares S\$'000	Capital Reserve S\$'000	Merger Reserve S\$'000	Accumulated losses S\$'000	Total equity S\$'000
At 1 January 2016	181,947	(244)	-	(45,850)	(23,994)	111,859
Total comprehensive income for the period	-	-	-	-	3,654	3,654
Dividend paid	-	-	-	-	(2,282)	(2,282)
Purchase of treasury shares	-	(1,066)	-	-	-	(1,066)
At 31 December 2016	181,947	(1,310)	-	(45,850)	(22,622)	112,165
At 1 January 2015	181,947	-	-	(45,850)	(16,656)	119,441
Total comprehensive income for the period	-	-	-	-	(5,500)	(5,500)
Dividend paid	-	-	-	-	(1,838)	(1,838)
Purchase of treasury shares	-	(244)	-	-	-	(244)
At 31 December 2015	181,947	(244)	-	(45,850)	(23,994)	111,859

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

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

Issued and fully paid ordinary shares, with no par value	No of shares	S\$'000
At 1 October 2016	455,053,349	181,947
Share buy-backs	(1,039,200)	-
Balance at 31 December 2016	454,014,149	181,947

As at 31 December 2016, the Company held 5,609,700 treasury shares (1,088,500 treasury shares as at 31 December 2015).

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 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.

	No of shares	
	31 December 2016	31 December 2015
Total number of issued shares excluding treasury shares	454,014,149	458,535,349

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 5,609,700 treasury shares as at the end of the current financial period ended 31 December 2016. There were no sales, transfers, disposal, cancellation and/or use of treasury shares as at the end of the current financial year 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 2015.

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 2016. 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.

	12 Months Ended 31 December 2016	12 Months Ended 31 December 2015
	(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	3.35	2.23
(b) On a fully diluted basis	3.35	2.23

The earning per ordinary share net of non-controlling interests has been calculated based on weighted average number of shares outstanding after share consolidation and excluding treasury shares of 455,989,038 (2015: 459,476,562) 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	
	31 December 2016	31 December 2015	31 December 2016	31 December 2015
	(cents)	(cents)	(cents)	(cents)
Net asset value per ordinary share based on issued share capital at the end of:	57.31	56.75	24.71	24.39

The net asset value per ordinary share net of controlling interests has been calculated excluding treasury shares of 454,014,149 shares as at 31 December 2016 and 458,535,349 shares as at 31 December 2015.

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 FY2016 vs FY2015

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>
	Financial Year Ended 31 December 2016					
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
Revenue	629,442	137,821	4,777	2,218	-	774,258
Costs	(576,787)	(127,686)	(3,464)	-	-	(707,937)
Gross Profit	52,655	10,135	1,313	2,218	-	66,321
Other income	2,806	1,996	31	271	974	6,078
Depreciation	(4,059)	(42)	(102)	(651)	(47)	(4,901)
Selling expenses	-	(2,990)	(154)	-	(3)	(3,147)
Staff costs	(15,047)	(1,923)	(743)	-	(2,382)	(20,095)
Other operating expenses	(6,420)	(1,737)	(1,599)	-	(2,506)	(12,262)
Profit / (loss) from operating activities	29,935	5,439	(1,254)	1,838	(3,964)	31,994

	<u>Construction</u>	<u>Property Development</u>	<u>Sales of Goods</u>	<u>Rental</u>	<u>Others</u>	<u>Total</u>
	Financial Year Ended 31 December 2015					
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
Revenue	482,220	71,784	7,386	2,410	-	563,800
Costs	(432,906)	(62,560)	(4,086)	-	-	(499,552)
Gross Profit	49,314	9,224	3,300	2,410	-	64,248
Other income	4,880	3,941	49	593	1,023	10,486
Depreciation	(5,022)	(68)	(820)	(637)	(82)	(6,629)
Selling expenses	-	(3,128)	(419)	-	(14)	(3,561)
Staff costs	(13,155)	(2,285)	(2,395)	-	(1,699)	(19,534)
Other operating expenses	(6,678)	(2,082)	(2,981)	-	(2,409)	(14,150)
Reversal of allowance for diminution in value of development properties	-	669	-	-	-	669
Profit / (loss) from operating activities	29,339	6,271	(3,266)	2,366	(3,181)	31,529

As a whole, the Group's profit from operating activities improved by S\$0.5 million or 1.5% year-on-year (yoy) from approximately S\$31.5 million in FY2015 to S\$32.0 million in FY2016. The improvement was mainly due to improved profit in construction segment by S\$0.6 million and lower loss suffered in sales of goods segment by approximately S\$2.0 million. The increase in Group profit from operating activities was partially offset by lower profit reported in property development and rental segments by approximately S\$0.8 and S\$0.5 million respectively and higher staff cost by S\$0.7 million.

Higher profit contribution from construction segment was driven by the overall increase in construction revenue whereas the sales of goods segment saw a reduction in costs following a cost rationalization exercise during the year.

Lower profit contribution from property development segment was due to relatively higher income from car park sales in FY2015 from Sunny International project as compared to that from Tranquility project in FY2016. Decrease in rental segment profit was due mainly to lower gain from disposal of investment property by S\$0.4 million in FY2016.

Revenue

Revenue increased by approximately S\$210.5 million or 37.3% yoy from S\$563.8 million in FY2015 to S\$774.3 million in FY2016, attributable mainly to increase in both revenue from construction contracts and development properties segments by S\$147.2 million and S\$66.0 million respectively.

Revenue from construction contracts

The increase in revenue by approximately S\$147.2 million from S\$482.2 million in FY2015 to S\$629.4 million in FY2016 was mainly due to differences in stages of revenue recognition for the various construction contracts.

In accordance with our revenue recognition policy, work done amounting to approximately S\$17.0 million from newly commenced projects have yet to be recognized as revenue as at 31 December 2016.

Revenue from sales of development properties

Revenue from sales of development properties in FY2016 amounted to S\$137.8 million contributed mainly from the sale recognition of 503 units (57,530 sqm) from phase I of the Tranquility Project and 31 units (3,847 sqm) from the Sunny International Project and 40 units (7,823 sqm) from Equinox Project.

As at 31 December 2016, approximately S\$82.8 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 recognize	
			Units	Sqm
Sunny International	1,459	1,450	-	-
Equinox	322	131	63	13,158
Tranquility Residences	636	503	52	16,350

Revenue from sales of goods

The decrease in revenue from sales of goods by approximately S\$2.6 million from S\$7.4 million in FY2015 to S\$4.8 million in FY2016 was mainly due to reduction in sales volume.

Other income

Other income decreased by S\$4.4 million from S\$10.5 million in FY2015 to S\$6.1 million in FY2016 mainly due to the combined reduction in profits from sale of car park lots and disposal of investment property and property, plant and equipment.

Gross profit in construction segment

Gross profit margin decreased approximately 1.8% from 10.2% in FY2015 to 8.4% in FY2016 due mainly to overall project mix.

Gross profit in property development segment

Gross profit margin decreased approximately 5.4% from 12.8% in FY2015 to 7.4% in FY2016 due to relatively lower gross profit margin between Tranquility (FY2016) and Sunny International (FY2015) projects.

Gross profit in sales of goods segment

Gross profit margin decreased from 44.7% in FY2015 to 27.5% in FY2016, due mainly to a decrease in licensing income with higher profit margins and reduction of profit margin in component sales.

Depreciation and amortization

Decrease in depreciation and amortization expenses of approximately S\$1.7 million to S\$4.9 million in FY2016 due mainly to the reduced value in intangible assets following impairment made in FY2015. At the same time, higher utilization of property, plant and equipment in the construction projects resulted in higher depreciation charges being directly charged to cost of construction.

Selling expenses

Decrease in selling expenses of approximately S\$0.4 million to S\$3.1 million in FY2016 due mainly to cutting down of marketing activities for the properties in the People's Republic of China ("PRC").

Other expenses

Decrease in other expenses of approximately S\$1.9 million to S\$12.3 million in FY2016 due to the absence of impairment made to certain intangibles assets of S\$1.3 million in FY2015 and aggregate decrease in legal and professional fees and operating leases.

Net finance costs

Net finance expense increased by approximately S\$3.4 million to S\$8.4 million in FY2016 due mainly to net exchange loss of approximately S\$3.6 million in FY2016 as a result of depreciation in Renminbi (RMB) vis-à-vis SGD, in contrast to an exchange gain of approximately S\$1.1 million in the corresponding year. The increase in net finance expense was partially offset by lower interest expense and finance cost from discounting of long term retention receivables and payables of S\$0.5 million and S\$0.3 million respectively as well as higher interest and dividend income of S\$0.5 million.

Share of loss of joint ventures, net of tax

The Group registered a net share of profit from joint ventures of approximately S\$0.9 million in FY2016 due mainly to net improvement of results from the joint venture projects.

Profit for the year

FY2016 reported a profit after tax of S\$15.8 million as a result of the factors mentioned in the preceding paragraphs.

Review of Group Financial Position

Non-Current Assets

As at 31 December 2016, non-current assets stood at S\$196.0 million or approximately 20.3% of total assets, an increase of approximately S\$14.5 million as compared to 31 December 2015.

Increase in property, plant and equipment ("PPE") of approximately S\$21.6 million to S\$123.2 million as at 31 December 2016 was mainly due to aggregate addition in machineries, tools and moulds and property under construction of S\$19.3 million, S\$3.9 million and S\$14.7 million respectively which was partially offset by depreciation amounting to S\$16.2 million in the same year.

Amount due from a related party refers to retention sum receivable from a joint venture project.

The decrease in intangible assets of S\$0.5 million to S\$1.2 million as at 31 December 2016 was mainly due to amortization over the year reported on.

Decrease in other investments by S\$5.0 million to S\$1.1 million mainly due to capital return from other investment.

Decrease in deferred tax assets by S\$2.9 million to S\$0.2 million as at 31 December 2016 mainly due to reversal of deferred tax assets following a review of the deferred tax position of the group.

Current Assets

As at 31 December 2016, current assets stood at S\$768.6 million or approximately 79.7% of total assets, a decrease of approximately S\$76.1 million as compared to 31 December 2015.

Decrease in inventories by approximately S\$0.4 million to S\$1.5 million as at 31 December 2016 mainly due to inventory written off of approximately S\$0.4 million.

Decrease in construction work-in-progress (net of excess of progress billings over construction work-in-progress) of about S\$8.5 million was mainly due to differences in stages of various construction projects.

Decrease in development properties by S\$109.3 million to S\$336.0 million as at 31 December 2016 was due mainly to revenue recognition in the Tranquility, Sunny International and Equinox projects.

Increase in trade and other receivables by approximately S\$50.8 million to S\$256.9 million as at 31 December 2016 due mainly to increase in accrued and trade receivables of approximately S\$40.9 million and S\$11.8 million respectively.

Non-Current Liabilities

As at 31 December 2016, non-current liabilities amounted to S\$121.1 million or approximately 18.7% of total liabilities, an increase of approximately S\$13.4 million as compared to 31 December 2015.

Non-current trade and other payables increased by S\$8.4 million to S\$24.3 million as at 31 December 2016 due mainly to increase in retention sum payable arising from the construction projects.

Deferred tax liabilities increased by S\$1.3 million to S\$5.8 million as at 31 December 2016 was mainly due to timing differences on accounting and taxable profits in construction segment.

Current Liabilities

As at 31 December 2016, current liabilities stood at S\$525.7 million or approximately 81.3% of total liabilities, a decrease of S\$72.8 million as compared to 31 December 2015.

Trade and other payables increased by approximately S\$53.2 million to S\$395.7 million as at 31 December 2016 due mainly to increase in accrued trade payables of approximately S\$67.9 million partially offset by decrease in retention sum on construction contracts of approximately S\$15.9 million.

An increase in amount due to related parties of approximately S\$6.2 million to S\$23.5 million as at 31 December 2016 was due mainly to increase in trade payable to an affiliated corporation.

Loans and borrowings decreased by S\$126.1 million to S\$85.4 million as at 31 December 2016 mainly due to net repayment of loans during the year.

Review of Statement of Cash Flows

Net cash from operating activities

For the year ended 31 December 2016, the Group recorded a net cash inflow from operating activities of approximately S\$165.7 million, as compared to S\$42.5 million in the previous corresponding year. Net cash inflow from operating activities was mainly due to improved operating cash flow from the property development segment following increased in sales and construction segment from profit recognition and working capital changes.

Net cash from investing activities

For the year ended 31 December 2016, the Group recorded a net cash outflow from investing activities of S\$26.9 million, as compared to S\$25.8 million in the previous corresponding year. During the year the Group made investments in property, plant and equipment of approximately S\$39.6 million, partially offset by distribution received from joint venture and other investment of S\$7.5 million and S\$5.3 million respectively.

Net cash from financing activities

For the year ended 31 December 2016, the Group recorded a net cash outflow from financing activities of S\$139.0 million, as compared to net cash inflow of S\$19.9 million. This was due mainly to net repayment of loans and borrowings of S\$122.2 million and the absence of reduction in deposits pledged of S\$36.0 million in the previous corresponding period.

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

Considering the slowdown in the growth of China's economy and the uncertainties in the global geopolitical scene, the Ministry of Trade and Industry expects Singapore's full-year growth for 2017 to be modest and within the range of 1 to 3 per cent.

In view of the lackluster performance by the Construction sector in 2016, the government has decided to introduce measures to boost the sector in 2017. At the Building and Construction Authority (BCA)-Real Estate Developers' Association of Singapore seminar on 6 January 2017, Mr. Desmond Lee, Senior Minister of State for Home Affairs and National Development, announced the creation of a Built Environment cluster sub-committee under the Council for Skills, Innovation and Productivity, to develop an industry transformation map for the sector. The focus for construction firms is on two areas – internationalising and adopting capabilities such as the Design for Manufacturing and Assembly (DfMA) concept to reap productivity gains. In the near future, more government land sales sites may mandate the use of DfMA-based technologies¹.

While private-sector construction demand is expected to remain subdued with the value of contracts to be awarded in 2017 to be between S\$8.0 billion and S\$11.0 billion, mega-

¹ "Public-sector work to give construction firms a boost", The Straits Times, 7 January 2017

infrastructure projects (e.g. second phase of the Deep Tunnel Sewerage System, North-South Corridor, Circle Line 6) are expected to drive growth for the public-sector construction space.² Overall, the public sector's construction demand is forecasted to grow between S\$20.0 billion and S\$24.0 billion in 2017, up from S\$15.8 billion in 2016.

In view of these prevailing industry trends, the Group will allocate its resources accordingly and work towards strengthening the core competencies of its dedicated civil engineering business unit.

Construction Order Book

In June 2016, the Group secured a S\$98.3 million contract from Public Utilities Board for the supply and installation of water transmission pipeline from Ayer Rajah Expressway/Henderson Road to River Valley Road.

In July 2016, the Group was awarded a contract by Ministry of Home Affairs for the development and construction of Selarang Park Complex along Upper Changi Road North.

This updates the Group's order book to approximately S\$1.0 billion as at to date and is expected to extend till year 2020.

Property Development Outlook

The property market conditions in the People's Republic of China ("China") remain volatile due to uncertainties posed by the government's cooling measures to curb the overheated property market. Effects of the restrictive housing policies are evident in China's property sales, which have been on a downward trend since October 2016. According to the National Statistics Bureau, 46 of the 70 Chinese cities tracked reported price increases in December, compared to 55 the month before. In addition, average new home prices in China's four biggest cities remained unchanged in December, slowing from a 0.1 per cent increase in November.³

However, China's home prices are still expected to rise in 2017 due to expectations of further yuan depreciation and more US rate hikes⁴, should the current policies stay constant. Furthermore, the tightening measures appear to be location-specific and tightening in the major cities may compel buyers to move into smaller cities, and lower-tier cities with high inventory may continue to witness the slackening of regulations. As such, the Group maintains a cautiously optimistic outlook for its property development business, which is largely based in the second- and third-tier cities in China.

As at 31 December 2016, approximately S\$82.8 million of gross development value comprises of 63 units (13,158 sqm) of the Equinox and 52 units (16,350 sqm) of Tranquility Residences were sold, but yet to be recognized as revenue in accordance to the Group's revenue recognition policy.

As at 31 December 2016, approximately 60.2% of the total 322 units launched for Equinox have been sold. Based on current existing phase development plan and schedule, the Group is currently carrying out construction for its phase B3 which is expected to be completed mid 2018. Also, phase C is completed and expected to be handed over in 1Q2017.

² "Public sector projects worth up to \$24b to boost construction sector this year", The Straits Times, 6 January 2017

³ "China property developers cut new home prices in compliance with government curbs designed to cool market", South China Morning Post, 13 February 2017

⁴ "China home prices, property investment likely to rise in 2017", The Business Times, 7 January 2017

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

11. Dividend

(a) Current Financial Period Reported On

Any dividend declared for the current financial period reported on?

Yes.

Name of Dividend:	First and Final
Dividend Type:	Cash
Dividend Rate:	0.8 cent per ordinary share
Tax rate:	1-tier tax-exempt

(b) Corresponding Period of the Immediately Preceding Financial Year

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

Yes.

Name of Dividend:	First and Final
Dividend Type:	Cash
Dividend rate:	0.5 cent per ordinary share
Tax rate:	1-tier tax-exempt

(c) Date payable

The proposed dividend, if approved at the Annual General Meeting, will be paid out at a date to be announced.

(d) Books closure date

The books closure date will be announced at a later date.

12. If no dividend has been declared/recommended, a statement to that effect.

Not applicable.

13. If the group has obtained a general mandate from shareholders for IPTs, the aggregate value of such transactions as require under Rule 920(1)(a)(ii). If no IPT mandate has been obtained, a statement to that effect.

Pursuant to Rule 920(1)(a)(ii), the following interested person transactions were entered into during the financial year ended 31 December 2016.

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)	
	4Q2016	FY2016	4Q2016	FY2016
<u>Hiring charges</u>				
Peck Tiong Choon Transport (Pte) Ltd	-	-	2,932,000	10,362,000
Peck Tiong Choon Logistic (Pte) Ltd	-	-	8,000	19,000
Total	-	-	2,940,000	10,381,000
<u>Construction revenue</u>				
Peck Tiong Choon (Pte) Ltd*	9,640,000	9,640,000	-	-
Total	9,640,000	9,640,000	-	-

*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.

PART II - ADDITIONAL INFORMATION REQUIRED FOR FULL YEAR ANNOUNCEMENT
(This part is no applicable to Q1, Q2, Q3, or Half Year Results)

- 14. Segmented revenue and results for business or geographical segments (of the group) in the form presented in the issuer's most recently audited annual financial statements, with comparative information for the immediately preceding year.**

a) Business segments

31 December 2016

	Construction S\$'000	Property Development S\$'000	Rental S\$'000	Sales of goods S\$'000	Segments total S\$'000	Others [*] S\$'000	Total S\$'000
External revenue	629,442	137,821	2,218	4,777	774,258	-	774,258
Interest income	14	955	-	-	969	260	1,229
Interest expenses	(1,755)	-	-	(5)	(1,760)	(3,863)	(5,623)
Depreciation and amortization	(16,509)	(43)	(651)	(102)	(17,305)	(47)	(17,352)
Reportable segment profit / (loss) before income tax	28,170	6,230	1,839	(1,268)	34,971	(11,409)	23,562
Share of profit of associates and joint ventures, net of tax	131	735	-	-	866	-	866
Profit before income tax							24,428
Income tax expense							(8,585)
Profit for the year							15,843
Reportable segment assets	489,610	425,888	14,927	1,777	932,202	9,494	941,696
Investment in associates and joint ventures	-	22,953	-	-	22,953	-	22,953
Total assets							964,649
Reportable segment liabilities	418,958	220,655	-	3,005	642,618	4,184	646,802
Capital expenditure	39,760	121	-	-	39,881	2	39,883

31 December 2015

	Construction S\$'000	Property Development S\$'000	Rental S\$'000	Sales of goods S\$'000	Segments total S\$'000	Others [*] S\$'000	Total S\$'000
External revenue	482,220	71,784	2,410	7,386	563,800	-	563,800
Interest income	92	600	-	-	692	23	715
Interest expenses	(2,371)	-	-	(16)	(2,387)	(3,764)	(6,151)
Depreciation and amortization	(11,133)	(69)	(637)	(1,266)	(13,105)	(80)	(13,185)
Reversal of diminution in value of development properties	-	669	-	-	669	-	669
Impairment loss on intangible assets	-	-	-	(1,284)	(1,284)	-	(1,284)
Reportable segment profit / (loss) before income tax	28,079	6,609	2,366	(3,305)	33,749	(7,209)	26,540
Share of (loss)/ profit of associates and joint ventures, net of tax	(3,326)	189	-	-	(3,137)	-	(3,137)
Profit before income tax							23,403
Income tax expense							(8,698)
Profit for the year							14,705
Reportable segment assets	422,843	550,205	15,882	4,263	993,193	10,826	1,004,019
Investment in associates and joint ventures	-	22,200	-	-	22,200	-	22,200
Total assets							1,026,219
Reportable segment liabilities	359,910	337,952	-	4,336	702,198	4,010	706,208
Capital expenditure	29,427	128	-	335	29,890	4	29,894

*General Corporate activities

(b) Geographical segment

In presenting information on the basis of geographical segments, segment revenue is based on the geographical location of customers. Segment assets are based on the geographical location of the assets. The construction and property development segments are mainly domiciled in Singapore and the PRC respectively.

	<u>Revenue from external customers</u>		<u>Non-current assets*</u>	
	2016 S\$'000	2015 S\$'000	2016 S\$'000	2015 S\$'000
Singapore	629,963	481,671	138,730	116,055
PRC	139,039	73,260	15,004	16,181
PNG	113	1,146	538	752
Europe	4,729	7,353	95	493
Malaysia	414	370	7,912	7,952
	774,258	563,800	162,279	141,433

* The non-current asset consists of property, plant and equipment, intangible assets, investment properties and investment in associates and joint ventures.

15. In the review of performance, the factors leading to any material changes in contributions to turnover and earnings by the business or geographical segments.

Please refer to section 8.

16. A breakdown of sales and profit before tax.

	2016	2015	Increase / (Decrease) %
	S\$'000	S\$'000	
Sales reported for first half year	405,205	197,113	>100
Operating profit after tax before deducting non-controlling interests reported for first half year	7,428	4,031	84
Sales reported for second half year	369,053	366,687	1
Operating profit after tax before deducting non-controlling interests reported for second half year	8,415	10,674	-21

17. A breakdown of the total annual dividend (in dollar value) for the issuer's latest full year and its previous full year

Total annual dividend (Refer to note 11 for the details).

	Latest full year (S\$'000) (Recommended)	Previous full year (S\$'000)
Ordinary	3,630	2,282
Preference	-	-
Total:	3,630	2,282

18. PERSONS OCCUPYING MANAGERIAL POSITIONS PURSUANT TO RULE 704(13)

Name	Age	Family Relationship with any Director and/or Chief Executive Officer and/or Substantial Shareholder	Current position and duties, and the year position was first held	Details of changes in duties and position held, if any, during the year
Pek Lian Guan	52	<p>Brother of Pek Dien Kee (Head of Asset Management).</p> <p>Cousin of Pay Sim Tee (Executive Director) and Pay Teow Heng (Project Director).</p> <p>Uncle of Ong Chun Tiong (General Manager for the Group's subsidiaries in Tianjin, PRC), Pek Chik Lay (General Manager of Cobiax Technologies (Asia) Pte Ltd and Robin Village International Pte Ltd), Peh Geok Soon (Deputy General Manager of Suzhou Huisheng Construction Development Co., Ltd & Deputy General Manager of Suzhou Chang He Investment & Development Co. Ltd), Pek Chee Keong (General Manager of Jet-Scan Private Limited) and Pay Simin Jasmine (Deputy Contracts Manager) of Tiong Seng Contractors (Private) Limited).</p>	Executive Director & CEO since 15 April 2008 and 2010 respectively	Not Applicable
Pay Sim Tee	66	<p>Uncle of Ong Chun Tiong (General Manager for the Group's subsidiaries in Tianjin, PRC), Pek Chik Lay (General Manager of Cobiax Technologies (Asia) Pte Ltd and Robin Village International Pte Ltd), Peh Geok Soon (Deputy General Manager of Suzhou Huisheng Construction Development Co., Ltd & Deputy General Manager of Suzhou Chang He Investment & Development Co. Ltd), Pek Chee Keong (General Manager of Jet-Scan Private Limited) and Pay Simin Jasmine (Deputy Contracts Manager) of Tiong Seng Contractors (Private) Limited).</p>	Executive Director since 2010	Not Applicable
Pek Dien Kee	63	<p>Brother of Pek Lian Guan (Executive Director and CEO).</p> <p>Cousin of Pay Sim Tee (Executive Director).</p>	Head of Asset Management since 2010	Not Applicable

Name	Age	Family Relationship with any Director and/or Chief Executive Officer and/or Substantial Shareholder	Current position and duties, and the year position was first held	Details of changes in duties and position held, if any, during the year
Pay Teow Heng	50	Cousin of Pek Lian Guan (Executive Director and CEO) and Pay Sim Tee (Executive Director).	Project Director since 2010	Not Applicable
Ong Chun Tiong	44	Nephew of Pek Lian Guan (Executive Director and CEO) and Pay Sim Tee (Executive Director).	General Manager for the Group's subsidiaries in Tianjin, PRC since 2004	Not Applicable
Pek Chik Lay	40	Nephew of Pek Lian Guan (Executive Director and CEO) and Pay Sim Tee (Executive Director).	General Manager of Cobiax Technologies (Asia) Pte Ltd since 2012 and Robin Village International Pte Ltd since 2016	Pek Chik Lay transferred from Robin Village Development Pte Ltd to Robin Village International Pte Ltd as General Manager since 2016
Peh Geok Soon	62	Nephew of Pek Lian Guan (Executive Director and CEO) and Pay Sim Tee (Executive Director).	Deputy General Manager of Suzhou Huisheng Construction Development Co., Ltd since 2003 & Deputy General Manager of Suzhou Chang He Investment & Development Co. Ltd since 2011	Not Applicable
Pek Chee Keong	35	Nephew of Pek Lian Guan (Executive Director and CEO) and Pay Sim Tee (Executive Director).	General Manager of Jet-Scan Private Limited since 2014	Not applicable
Pay Simin Jasmine	35	Niece of Pek Lian Guan (Executive Director and CEO) and Pay Sim Tee (Executive Director)	Deputy Contracts Manager of Tiong Seng Contractors Pte Ltd since 2015	Not applicable

19. 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) of the Listing Manual.

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
24 February 2017