



# TIONG SENG HOLDINGS LIMITED

(Incorporated in the Republic of Singapore )

(Co. Reg. No: 200807295Z)

## UNAUDITED 1Q 2019 FINANCIAL STATEMENT ANNOUNCEMENT FOR THE PERIOD ENDED 31 MARCH 2019

### PART I - INFORMATION REQUIRED FOR ANNOUNCEMENTS OF QUARTERLY (1Q, 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 31 March 2019 S\$'000	3 Months Ended 31 March 2018 S\$'000	Change %
<b>Revenue</b>			
Revenue from construction contracts	81,567	131,831	-38
Revenue from sales of development properties	7,263	8,430	-14
Rental Income	443	493	-10
	<u>89,273</u>	<u>140,754</u>	-37
Other income	843	1,543	-45
Costs of construction	(70,582)	(118,708)	-41
Costs of sales of development properties	(5,409)	(7,366)	-27
Depreciation and amortisation	(1,764)	(1,918)	-8
Selling expenses	(301)	(280)	8
Staff costs	(5,229)	(5,172)	1
Other expenses	(3,064)	(2,773)	10
	<u>(86,349)</u>	<u>(136,217)</u>	-37
<b>Profit from operating activities</b>	3,767	6,080	-38
Finance income	677	714	-5
Finance expenses	(1,631)	(1,393)	17
<b>Net finance costs</b>	<u>(954)</u>	<u>(679)</u>	41
Share of profit of joint ventures, net of tax	(927)	81	N.M.
<b>Profit before income tax</b>	1,886	5,482	-66
Income tax	(786)	(1,216)	-35
<b>Profit for the period</b>	<u>1,100</u>	<u>4,266</u>	-74

N.M : Not Meaningful

	3 Months Ended 31 March 2019 S\$'000	3 Months Ended 31 March 2018 S\$'000	Change %
<b>Other comprehensive income:</b>			
<b>Items that are / may be reclassified subsequently to profit or loss</b>			
Translation differences relating to financial statements of foreign subsidiaries	2,492	2,572	-3
Exchange differences on monetary items forming part of net investment in a foreign operation	1,363	1,583	-14
Realisation of exchange differences on monetary items previously forming part of net investment in a foreign operation	-	299	-100
<b>Other comprehensive income for the period, net of tax</b>	<b>3,855</b>	<b>4,454</b>	<b>-13</b>
<b>Total comprehensive income for the period</b>	<b>4,955</b>	<b>8,720</b>	<b>-43</b>
<b>Profit attributable to:</b>			
Owners of the Company	1,337	4,941	-73
Non-controlling interests	(237)	(675)	-65
<b>Profit for the period</b>	<b>1,100</b>	<b>4,266</b>	<b>-74</b>
<b>Total comprehensive income attributable to:</b>			
Owners of the Company	4,424	8,352	-47
Non-controlling interests	531	368	44
<b>Total comprehensive income for the period</b>	<b>4,955</b>	<b>8,720</b>	<b>-43</b>
<b>Earnings per share</b>			
- Basic and diluted (cents) <sup>1</sup>	0.30	1.10	-73

<sup>1</sup> Based on weighted average number of shares outstanding, excluding treasury shares, of 444,785,349 (2018: 447,497,105) 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 period:

#### 2a. Other income

	3 Months Ended 31 March 2019 S\$'000	3 Months Ended 31 March 2018 S\$'000	Change %
Included in other income:			
Fees from project and property management	(138)	(161)	-14
Gain on disposal of scrap parts and materials	(77)	(52)	48
Governments grants/ credit scheme	(113)	(116)	-3
Training and testing fee income	(73)	(99)	-26
Consultancy services fees	(48)	(76)	-37
Gain on disposal of property, plant and equipment	(1)	(408)	-100

**1(a)(ii) Notes to the consolidated statement of comprehensive income (Cont'd)**

2b. Selling expenses

	3 Months Ended 31 March 2019	3 Months Ended 31 Marcrh 2018	Change
	S\$'000	S\$'000	%
Included in selling expenses:			
Advertisement and commission expenses	249	96	>100

2c. Other expenses

	3 Months Ended 31 March 2019	3 Months Ended 31 March 2018	Change
	S\$'000	S\$'000	%
Included in other expenses:			
Entertainment	122	145	-16
Legal and Professional fees	514	413	24
Operating lease expenses	347	716	-52
Property management expenses	196	204	-4
Property tax	177	143	24
Repair and maintenance	750	193	>100
Travelling and transport	191	182	5

2d. Finance income

	3 Months Ended 31 March 2019	3 Months Ended 31 March 2018	Change
	S\$'000	S\$'000	%
Included in finance income:			
Interest income on:			
- cash and cash equivalents	(24)	(42)	-43
- loan to a joint venture	(39)	(63)	-38
- other investment	-	(2)	-100

2e. Finance expenses

	3 Months Ended 31 March 2019	3 Months Ended 31 March 2018	Change
	S\$'000	S\$'000	%
Included in finance expenses:			
Interest expense on:			
- bank loans	873	402	>100
- lease	28	6	>100
- medium term notes	-	17	-100
Exchange gain (net)	(280)	(456)	-39

2f. Tax expenses

	3 Months Ended 31 March 2019	3 Months Ended 31 March 2018	Change
	S\$'000	S\$'000	%
Included in tax expenses:			
Underprovision in prior year	-	60	-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	
	31.03.2019	31.12.2018	31.03.2019	31.12.2018
	S\$'000	S\$'000	S\$'000	S\$'000
<b>Non-current assets</b>				
Property, plant and equipment	115,668	121,016	-	-
Intangible assets	365	387	-	-
Investment properties	16,299	16,273	-	-
Right-of-use assets	2,883	-	-	-
Investment in subsidiaries	-	-	59,624	59,624
Associates and joint ventures	43,035	42,579	-	-
Trade and other receivables	8,013	11,741	-	-
Amount due from related parties	3,601	3,500	-	-
Other investments	1,277	1,271	-	-
Deferred tax assets	465	431	-	-
	191,606	197,198	59,624	59,624
<b>Current assets</b>				
Inventories	907	1,045	-	-
Contract costs	861	877	-	-
Contract assets	79,719	73,969	-	-
Development properties	234,658	234,290	-	-
Trade and other receivables	74,183	79,444	18	7
Amount due from related parties	37,476	38,220	104,666	104,436
Cash and cash equivalents	58,952	39,975	263	82
	486,756	467,820	104,947	104,525
Assets held for sale	215	215	-	-
	486,971	468,035	104,947	104,525
<b>Total assets</b>	<b>678,577</b>	<b>665,233</b>	<b>164,571</b>	<b>164,149</b>
<b>Equity attributable to owners of the Company</b>				
Share capital	181,947	181,947	181,947	181,947
Treasury shares	(4,452)	(4,452)	(4,452)	(4,452)
Reserves	(75,141)	(76,757)	(45,850)	(45,850)
Retained earnings / (Accumulated losses)	168,785	167,684	(26,008)	(25,771)
	271,139	268,422	105,637	105,874
<b>Non-controlling interests</b>	<b>35,533</b>	<b>38,301</b>	<b>-</b>	<b>-</b>
<b>Total equity</b>	<b>306,672</b>	<b>306,723</b>	<b>105,637</b>	<b>105,874</b>
<b>Non-current liabilities</b>				
Trade and other payables	7,393	7,588	-	-
Loans and borrowings	12,786	13,585	-	-
Lease liabilities	3,103	-	-	-
Deferred tax liabilities	3,673	3,509	-	-
	26,955	24,682	-	-
<b>Current liabilities</b>				
Contract liabilities	47,399	35,383	-	-
Trade and other payables	167,292	169,893	238	219
Amount due to related parties	21,638	22,676	58,696	58,056
Loans and borrowings	99,010	96,325	-	-
Lease liabilities	106	-	-	-
Current tax payable	9,505	9,551	-	-
	344,950	333,828	58,934	58,275
<b>Total liabilities</b>	<b>371,905</b>	<b>358,510</b>	<b>58,934</b>	<b>58,275</b>
<b>Total equity and liabilities</b>	<b>678,577</b>	<b>665,233</b>	<b>164,571</b>	<b>164,149</b>

**1(b)(ii) Aggregate amount of group's borrowings and debt securities.****Amount repayable in one year or less, or on demand**

As at 31.03.2019		As at 31.12.2018	
Secured	Unsecured	Secured	Unsecured
S\$'000	S\$'000	S\$'000	S\$'000
99,010	-	96,325	-

**Amount repayable after one year**

As at 31.03.2019		As at 31.12.2018	
Secured	Unsecured	Secured	Unsecured
S\$'000	S\$'000	S\$'000	S\$'000
12,786	-	13,585	-

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

	31 March 2019	31 December 2018
	\$'000	\$'000
<b>Carrying amounts of assets:</b>		
Leasehold land	11,174	11,305
Freehold land	3,938	3,959
Leasehold properties	52,051	52,681
Investment properties	4,255	4,296
Plant and machinery	240	167
Motor vehicles	637	661
Deposits pledged	601	603
<b>Total</b>	<b>72,896</b>	<b>73,672</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 31 March 2019 S\$'000	3 Months Ended 31 March 2018 S\$'000
<b>Cash flow from operating activities</b>		
Profit from operating activities	3,767	6,080
Adjustments for:		
Depreciation and amortisation	5,685	4,038
Gain on disposal of property, plant and equipment	(1)	(408)
<b>Operating profit before working capital changes</b>	<u>9,451</u>	<u>9,710</u>
Changes in working capital:		
Inventories	136	82
Contract costs	16	(1,538)
Contract assets / liabilities	6,266	(113,873)
Development properties	3,377	4,648
Trade and other receivables	9,437	96,559
Balances with related parties (trade)	(1,556)	238
Trade and other payables	(3,720)	(38,159)
<b>Cash generated from/(used in) operations</b>	<u>23,407</u>	<u>(42,333)</u>
Income taxes paid	(820)	(2,181)
<b>Net cash generated from/(used in) operating activities</b>	<u>22,587</u>	<u>(44,514)</u>
<b>Cash flow from investing activities</b>		
Balances with related parties (non-trade)	(866)	(187)
Investment in a joint venture	(619)	(5,640)
Loan repayment from joint ventures	360	2,970
Interest received	150	107
Proceeds from disposal of property, plant and equipment	126	2,685
Purchase of property, plant and equipment	(156)	(1,376)
Purchase of intangible assets	(2)	(34)
Purchase of other investments	-	(2)
<b>Net cash used in investing activities</b>	<u>(1,007)</u>	<u>(1,477)</u>
<b>Cash flow from financing activities</b>		
Balances with related parties (non-trade)	(730)	(161)
(Increase)/decrease in restricted cash	(4)	1,561
Dividend paid to non-controlling interests	(827)	-
Increase in deposits pledged	(3)	-
Interest paid	(901)	(424)
Principal element of lease payments	(22)	-
Acquisition of non-controlling interest of a subsidiary	(1,598)	-
Purchase of treasury shares	-	(1,222)
Payments of finance lease liabilities	(58)	(127)
Proceeds from loans and borrowings	16,000	18,301
Repayment of loans and borrowings	(14,058)	(80,197)
<b>Net cash used in financing activities</b>	<u>(2,201)</u>	<u>(62,269)</u>
<b>Net increase/(decrease) in cash and cash equivalent</b>	19,379	(108,260)
Cash and cash equivalent at beginning of the period	39,146	141,334
Effect of exchange rate changes on balance held in foreign currencies	(406)	675
<b>Cash and cash equivalents at end of the period</b>	<u>58,119</u>	<u>33,749</u>

**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 2019	181,947	(4,452)	(77,720)	(27)	3,564	(2,574)	167,684	268,422	38,301	306,723
Adjustment on initial application of SFRS(I) 16	-	-	-	-	-	-	(236)	(236)	(83)	(319)
As restated at 1 January 2019	181,947	(4,452)	(77,720)	(27)	3,564	(2,574)	167,448	268,186	38,218	306,404
Profit for the period	-	-	-	-	-	-	1,337	1,337	(237)	1,100
<b>Other comprehensive income</b>										
Translation differences relating to financial statements of foreign subsidiaries	-	-	-	-	-	1,724	-	1,724	768	2,492
Exchange differences on monetary items forming part of net investment in a foreign operation	-	-	-	-	-	1,363	-	1,363	-	1,363
Total other comprehensive income	-	-	-	-	-	3,087	-	3,087	768	3,855
<i>Total comprehensive income for the period</i>	-	-	-	-	-	3,087	1,337	4,424	531	4,955
<b>Transaction with owners, recognised directly in equity</b>										
<b>Contributions by and distributions to owners</b>										
Dividend to non-controlling interest	-	-	-	-	-	-	-	-	(827)	(827)
Acquisition of non-controlling interest without a change in control	-	-	-	(1,471)	-	-	-	(1,471)	(2,389)	(3,860)
<i>Total transaction with owners of the Company</i>	-	-	-	(1,471)	-	-	-	(1,471)	(3,216)	(4,687)
At 31 March 2019	181,947	(4,452)	(77,720)	(1,498)	3,564	513	168,785	271,139	35,533	306,672

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 2018	181,947	(3,033)	(77,720)	(2)	3,564	3,009	165,588	273,353	46,982	320,335
Adjustment on initial application of SFRS(I) 9 (net of tax)	-	-	-	-	-	-	(37)	(37)	-	(37)
As restated at 1 January 2018	181,947	(3,033)	(77,720)	(2)	3,564	3,009	165,551	273,316	46,982	320,298
Profit for the period	-	-	-	-	-	-	4,941	4,941	(675)	4,266
<b>Other comprehensive income</b>										
Translation differences relating to financial statements of foreign subsidiaries	-	-	-	-	-	1,529	-	1,529	1,043	2,572
Exchange differences on monetary items forming part of net investment in a foreign operation	-	-	-	-	-	1,583	-	1,583	-	1,583
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	-	-	-	-	-	3,411	-	3,411	1,043	4,454
<i>Total comprehensive income for the period</i>	-	-	-	-	-	3,411	4,941	8,352	368	8,720
<b>Transaction with owners, recognised directly in equity</b>										
<b>Contributions by and distributions to owners</b>										
Purchase of treasury shares	-	(1,222)	-	-	-	-	-	(1,222)	-	(1,222)
<i>Total transaction with owners of the Company</i>	-	(1,222)	-	-	-	-	-	(1,222)	-	(1,222)
As restated at 31 March 2018	181,947	(4,255)	(77,720)	(2)	3,564	6,420	170,492	280,446	47,350	327,796

Company	Share capital	Treasury Shares	Merger Reserve	Accumulated profits	Total equity
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
<b>At 1 January 2019</b>	181,947	(4,452)	(45,850)	(25,771)	105,874
Total comprehensive income for the period	-	-	-	(237)	(237)
<b>At 31 March 2019</b>	181,947	(4,452)	(45,850)	(26,008)	105,637
<b>At 1 January 2018</b>	181,947	(3,033)	(45,850)	(27,641)	105,423
Total comprehensive income for the period	-	-	-	(266)	(266)
Purchase of treasury shares	-	(1,222)	-	-	(1,222)
<b>At 31 March 2018</b>	181,947	(4,255)	(45,850)	(27,907)	103,935



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

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

State also the number of shares held as treasury shares and the number of subsidiary holdings, if any, and the percentage of the aggregate number of treasury shares and subsidiary holdings held against the total number of shares outstanding in a class that is listed as at the end of the current financial period reported on and as at the end of the corresponding period of the immediately preceding financial year.

There is no change in the Company's share capital since the end of the previous period reported on.

As at 31 March 2019, the Company held 14,838,500 treasury shares (14,366,300 treasury shares as at 31 March 2018) which represents 3.34% (3.23% as at 31 March 2018) of the total number of issued shares of the Company (excluding treasury shares).

The Company did not have any outstanding options or convertibles as at the end of the current financial period reported on and as at the end of the corresponding period of the immediate preceding financial year.

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

	No of shares	
	31 March 2019	31 December 2018
Total number of issued shares excluding treasury shares	444,785,349	444,785,349

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

There were no sales, transfers, disposal, cancellation and/or use of treasury shares as at the end of the current financial period reported on.

**1(d)(v) A statement showing all sales, transfers, cancellation and/or use of subsidiary holdings as at the end of the current financial period reported on.**

There are no subsidiary holdings as at the end of the current financial period reported on.

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

The figures has 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 2018.

**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/revised Singapore Financial Reporting Standards (International) (SFRS(I)s) that are effective for annual periods beginning on or after 1 January 2019. Changes to the Group's accounting policies have been made as required, in accordance with the transitional provisions in the respective SFRS(I)s, SFRS(I) Interpretations and amendments to SFRS(I)s.

The following are the new or amended SFRS(I)s, and SFRS(I) Interpretations, that are relevant to the Group:

- SFRS(I) 16 Leases;
- SFR(I) INT 23 Uncertainty Over Income Tax Treatments;
- Amendments to SFRS(I) 9 Prepayment Features with Negative Compensation;
- Amendments to SFRS(I) 1-28 Long-term Interests in Associates and Joint Ventures; and
- Amendments to SFRS(I) 1-23 Borrowing costs eligible for capitalisation

There is no material impact on the financial statements in adopting the new or amended SFRS(I)s, and SFRS(I) Interpretations except for the adoption of SFRS(I)16.

In the adoption of SFRS(I) 16 for the Group financial results beginning on 1 January 2019, the Group has applied the simplified transition approach and will not restate comparative amounts for the year prior to first adoption.

SFRS(I) 16 has resulted in substantial part of leases being recognized on the balance sheet, as the distinction between operating and finance leases is removed. Under the new standard, an asset (the right to use the leased item) and a financial liability to pay rentals are recognized. The only exceptions are short-term leases and leases of low value assets. The accounting for lessors has not changed significantly.

Right-of-use assets are measured using the cost model and are carried at cost less accumulated depreciation and impairment loss, if any, subsequent to initial recognition. The carrying amount for lease liabilities subsequent to initial recognition would take into account interest on the lease liabilities, lease payments made and any reassessment or lease modifications.

The adoption of SFRS(I) 16 resulted in adjustments to the balance sheet of the Group as at 1 January 2019. The impact to balance sheet as previously reported as at 31 December 2018 are as follows:

Consolidated Financial Position	1 January 2019
	Increase/(decrease)
	S\$'000
Right-of-use	2,914
<b>Total assets</b>	<b>2,914</b>

Retained earnings	(236)
Non-controlling interest	(83)
<b>Total equity</b>	<b>(319)</b>
Lease liabilities	3,233
<b>Total liabilities</b>	<b>3,233</b>
<b>Total equity and liabilities</b>	<b>2,914</b>

**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 31 March 2019	3 Months Ended 31 March 2018
	(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	0.30	1.10
(b) On a fully diluted basis	0.30	1.10

The earning per ordinary share net of non-controlling interests has been calculated based on weighted average number of shares outstanding of 444,785,349 (2018: 447,497,105) excluding treasury 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 March 2019	31 December 2018	31 March 2019	31 December 2018
	(cents)	(cents)	(cents)	(cents)
Net asset value per ordinary share based on issued share capital at the end of:	60.96	60.35	23.75	23.80

The net asset value per ordinary share, net of non-controlling interests and excluding treasury shares, has been calculated based on 444,785,349 shares as at 31 March 2019 and 31 December 2018.

**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 1Q2019 compared to 1Q2018**

**Overview**

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

	<u>Construction</u>	<u>Property Development</u>	<u>Rental</u>	<u>Others</u>	<u>Total</u>
	3 Months Ended 31 March 2019				
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
Revenue	81,567	7,263	443	-	89,273
Costs	(70,582)	(5,409)	-	-	(75,991)
Gross Profit	10,985	1,854	443	-	13,282
Other income	514	49	-	280	843
Depreciation and amortisation	(1,541)	(14)	(174)	(35)	(1,764)
Selling expenses	-	(301)	-	-	(301)
Staff costs	(4,372)	(362)	-	(495)	(5,229)
Other operating expenses	(1,702)	(874)	-	(488)	(3,064)
Profit / (loss) from operating activities	3,884	352	269	(738)	3,767

	<u>Construction</u>	<u>Property Development</u>	<u>Rental</u>	<u>Others</u>	<u>Total</u>
	3 Months Ended 31 March 2018				
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
Revenue	131,831	8,430	493	-	140,754
Costs	(118,708)	(7,366)	-	-	(126,074)
Gross Profit	13,123	1,064	493	-	14,680
Other income	1,271	5	-	267	1,543
Depreciation and amortisation	(1,590)	(15)	(305)	(8)	(1,918)
Selling expenses	-	(280)	-	-	(280)
Staff costs	(4,071)	(508)	-	(593)	(5,172)
Other operating expenses	(1,771)	(547)	-	(455)	(2,773)
Profit / (loss) from operating activities	6,962	(281)	188	(789)	6,080

Generally, the Group's profit from operating activities decreased by approximately S\$2.3 million or 37.7% from approximately S\$6.1 million in 1Q2018 to S\$3.8 million in 1Q2019. The decrease was mainly due to the decreased profit in construction segment by S\$3.1 million, partially offset by profit reported in property development segment of S\$0.4 million in 1Q2019 as contrast to a loss registered of S\$0.3 million in 1Q2018. Decrease in profit in construction segment was driven by lower gross profit as a result of lower construction work done, while profit in property development segment was mainly due to higher profit margin from units recognized in 1Q2019 as compared to 1Q2018.

### Revenue

Revenue decreased by approximately S\$51.5 million or 36.6% from approximately S\$140.8 million in 1Q2018 to approximately S\$89.3 million in 1Q2019, attributable mainly to decrease in work performed in construction segment by S\$50.3 million and lower revenue recognized in property segment by S\$1.2 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 1Q2019 amounted to S\$7.3 million contributed mainly from the sale recognition of 5 units (1,151 sqm) from Equinox Project and 4 units (1,322 sqm) from Tranquility Project. In 1Q2018, revenue amounted to S\$8.4 million was mainly derived from the sale recognition of 7 units (2,038 sqm) from Equinox Project and 3 unit (900 sqm) from Tranquility Project.

As at 31 March 2019, approximately S\$26.4 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
Equinox	434	269	49	8,059
Tranquility Residences	636	587	2	722

**Gross profit in construction segment**

Increase in gross profit margin of approximately 3.5% from 10.0% in 1Q2018 to 13.5% in 1Q2019 was due mainly to difference in 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 12.9% from 12.6% in 1Q2018 to 25.5% in 1Q2019 mainly due to the difference in projects' profile and relative profitability in the units recognized in both projects over the two periods.

**Other income**

Other income decreased by S\$0.7 million from S\$1.5 million in 1Q2018 to S\$0.8 million in 1Q2019 mainly due to recognition of gain on disposal of plant and equipment in 1Q2018 and lower miscellaneous income from construction segment.

**Other expenses**

Other expenses increased by S\$0.3 million from S\$2.8 million in 1Q2018 to S\$3.1 million in 1Q2019 mainly due to repair and maintenance cost for completed units in PRC projects which has exceeded its defect liability period covered by its main contractor.

**Net finance costs**

Net finance costs increased by approximately S\$0.3 million from approximately S\$0.7 million in 1Q2018 to approximately S\$1.0 million in 1Q2019 due mainly to increase in borrowing cost as a result of higher borrowing level in 1Q2019 as compared to previous corresponding period.

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

The Group registered a net share of loss from joint ventures of approximately S\$0.9 million in 1Q2019 due mainly to losses arising from expenses incurred prior to property sales launch.

### **Tax expense**

Income tax expense decreased by approximately S\$0.4 million to S\$0.8 million as a result of lower taxable profit.

### **Profit for the period**

Profit in 1Q2019 decreased by approximately S\$3.2 million to S\$1.1 million as a result of the factors mentioned in the preceding paragraphs.

### **Review of Financial Position**

#### **Non-Current Assets**

As at 31 March 2019, non-current assets stood at S\$191.6 million or approximately 28.2% of total assets, a decrease of approximately S\$5.6 million as compared to 31 December 2018.

Decrease in property, plant and equipment ("PPE") of approximately S\$5.3 million to S\$115.7 million as at 31 March 2019 was mainly due to depreciation incurred for the period.

Following the adoption of SFRS(I)16 as enumerated in section 5 above, right-of-use assets were first time being recognized in balance sheet for financial periods beginning on or after 1 January 2019 without restatement of comparative amounts for the period prior to first adoption.

Decrease in non-current trade and other receivables by S\$3.7 million to S\$8.0 million as at 31 March 2019 was mainly due to reclassification of retention sums receivable within 12 months to current assets.

#### **Current Assets**

As at 31 March 2019, current assets stood at S\$487.0 million or approximately 71.8% of total assets, an increase of approximately S\$18.9 million as compared to 31 December 2018.

Contract assets increased by S\$5.8 million to S\$79.7 million as at 31 March 2019 mainly due to difference in timing between revenue recognition and actual billing over the periods under review.

Decrease in trade and other receivables by approximately S\$5.3 million to S\$74.2 million as at 31 March 2018 due mainly to net decrease in retention receivables of approximately S\$8.3 million partially offset by increase in trade receivables, prepayments and other receivables by approximately S\$1.5 million, S\$0.8 million and S\$0.6 million respectively.

#### **Non-Current Liabilities**

As at 31 March 2019, non-current liabilities amounted to S\$27.0 million or approximately 7.2% of total liabilities, an increase of approximately S\$2.3 million as compared to 31 December 2018.

Following the adoption of SFRS(I)16 as enumerated in section 5 above, lease liabilities for the right-of-use assets were first time being recognized in balance sheet for financial periods beginning on or after 1 January 2019 without restatement of comparative amounts for the period prior to first adoption.

#### **Current Liabilities**

As at 31 March 2019, current liabilities stood at S\$345.0 million or approximately 92.8% of total liabilities, an increase of S\$11.1 million as compared to 31 December 2018.

Increase in contract liabilities by S\$12.0 million to S\$47.4 million as at 31 March 2019 mainly due to increase in the excess of progress billing over construction revenue recognized arising from timing difference between actual billing and revenue recognition over the period under review.

Trade and other payables decreased by approximately S\$2.6 million to S\$167.3 million mainly due to decrease in accrued trade payables.

Loans and borrowings increased by S\$2.7 million to S\$99.0 million mainly due to net increase in borrowings during the period reported on.

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

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

For the 3 months ended 31 March 2019, the Group recorded a net cash inflow from operating activities of approximately S\$22.6 million, as compared to S\$44.5 million net cash outflow in the previous corresponding period ended 31 March 2018. This was mainly due to difference in timing in collection of construction revenue and payment for construction costs for both financial period.

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

For the 3 months ended 31 March 2019, the Group recorded a net cash outflow from investing activities of approximately S\$1.0 million, decreased by S\$0.5 million as compared to previous corresponding period ended 31 March 2018. Net cash used in investing activities in both periods are mainly attributed to loan to associated company and investment in joint ventures.

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

For the 3 months ended 31 March 2019, the Group recorded a net cash outflow from financing activities of S\$2.2 million, decreased by S\$60.1 million as compared to previous corresponding period ended 31 March 2018. Net cash used in financing activities in 1Q2019 was a combination of payment for acquisition of non-controlling interest in a subsidiary, amount due to related party, interest and dividend, partially offset by net increase in borrowings. Net cash used in financing activities in 1Q2018 was mainly due to redemption of S\$75.0 million multi-currency term note partially offset by net borrowings of S\$13.1 million.

**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**

Driven mainly by an improvement in private sector construction activities, the construction sector logged its first quarter of positive growth in 2019 following ten consecutive quarters of decline<sup>1</sup>. While residential construction activities are expected to remain sluggish, impetus from a healthy pipeline of industrial building construction and major infrastructure works during the year is expected to gradually boost construction activity. In view of this projected ramp up in public sector construction activity, industry observers expect an improved showing for the sector in the coming quarters.

As at 31 March 2019, the Group's order book stands at approximately S\$661.6 million, expected to extend till year 2023.

### **Property Development Outlook**

#### *China*

Home prices in China are expected to rise more this year than predicted as the government urges banks to ramp up lending and lower interest rates to boost the slowing economy<sup>2</sup>. In addition, some smaller cities have also quietly loosened home purchase restrictions to prop up sentiment and demand. More recently, the Chinese government announced a scheme to ease residency curbs in small cities – known as *hukou* – amid a renewed push to accelerate urbanisation. Many industry observers believe this scheme would enable more out-of-towners to buy properties in the city, thereby boosting property demand in mid-to-small cities near a large hub<sup>3</sup>.

As at 31 March 2019, approximately 73.3% 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, E2 and G1, with expected completion and handover in 3Q2020 and 4Q2021 respectively.

For Tranquility Residences project in Suzhou New District Development zone, approximately 92.6% of the total 636 completed units were sold.

#### *Singapore*

Private home prices in Singapore continued its gradual decline into the first quarter of the year, as cooling measures implemented in mid-2018 continued to bite and developers launched more properties than they sold<sup>4</sup>. With the passing of the festive Lunar New Year in February, developers have been eager to resume launches. This led to 10 new private residential projects and 1,812 units being launched for sale in March, as compared with the 614 units launched in the same period the year before<sup>5</sup>. While these aggressive launches resulted in 1,054 units sold, the overall take-up rate of 58.2 per cent reflects the mismatch between supply and demand. In light of these prevailing trends, buyers are expected to adopt a wait-and-see approach given the plethora of launches scheduled this year and next<sup>6</sup>.

The Group's joint venture project located at Balmoral Road is currently under development and is expected to be launched in 2Q2019 whereas project located at Cairnhill Rise is expected to commence its main construction work in 4Q2019 with sales launch tentatively in 2H2019.

<sup>1</sup> "Singapore's GDP growth slows to 1.3% in Q1: MTI advance estimates", Channel NewsAsia, 12 April 2019

<sup>2</sup> "China's home prices rise faster in March aided by policy support", The Straits Times, 16 April 2019

<sup>3</sup> "China's easing of residency requirements could boost cooling property market", The Business Times, 8 April 2019

<sup>4</sup> "Private property prices dip slightly in Q1: URA", Channel NewsAsia, 26 April 2019

<sup>5</sup> "New private home sales jump 47% in March as developers roll out multiple projects", Channel NewsAsia, 15 April 2019

<sup>6</sup> "As another mega condo launches, will there be enough demand in Singapore's property market?", Channel NewsAsia, 15 March 2019



**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 and the reason(s) for the decision.**

No dividend has been declared by the Board of the Company in respect of 1Q2019. The Company has been declaring dividend annually in fourth quarter results announcement since 2010.

**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 31 March 2019.

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)	
	1Q2019 S\$'000	FY2019 S\$'000	1Q2019 S\$'000	FY2019 S\$'000
Peck Tiong Choon Transport (Pte) Ltd	-	-	1,341	1,341
Peck Tiong Choon Logistic (Pte) Ltd	-	-	217	217
Total	-	-	1,558	1,558

**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 May 2019



# **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 1<sup>st</sup> quarter financial statements for the financial period ended 31 March 2019 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 May 2019