



TIONG SENG HOLDINGS LIMITED

(Incorporated in the Republic of Singapore)

(Co. Reg. No: 200807295Z)

UNAUDITED 3Q 2014 FINANCIAL STATEMENT ANNOUNCEMENT FOR THE PERIOD ENDED 30 SEPTEMBER 2014

PART I - INFORMATION REQUIRED FOR ANNOUNCEMENTS OF QUARTERLY (Q1, Q2 & Q3), HALF-YEAR AND FULL YEAR RESULTS

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

	3 Months Ended 30 September 2014 S\$'000	3 Months Ended 30 September 2013 S\$'000	Change %	9 Months Ended 30 September 2014 S\$'000	9 Months Ended 30 September 2013 S\$'000	Change %
Revenue						
Revenue from construction contracts	131,544	142,425	-8	450,205	390,142	15
Revenue from sales of development properties	27,319	1,002	>100	30,236	26,412	14
Revenue from sales of goods	2,351	2,509	-6	5,303	6,877	-23
Rental income	309	259	19	913	858	6
	<u>161,523</u>	<u>146,195</u>	10	<u>486,657</u>	<u>424,289</u>	15
Other income	589	557	6	3,808	10,132	-62
Costs of construction	(117,360)	(129,795)	-10	(417,387)	(350,061)	19
Costs of sales of development properties	(27,258)	(987)	>100	(29,957)	(26,109)	15
Cost of goods sold	(1,261)	(1,646)	-23	(2,796)	(4,154)	-33
Depreciation and amortisation	(1,365)	(1,704)	-20	(4,301)	(5,071)	-15
Selling expenses	(787)	(1,492)	-47	(2,921)	(3,108)	-6
Staff costs	(4,519)	(5,521)	-18	(14,258)	(15,983)	-11
Other expenses	(21,187)	(4,066)	>100	(26,796)	(10,802)	>100
	<u>(173,737)</u>	<u>(145,211)</u>	20	<u>(498,416)</u>	<u>(415,288)</u>	20
(Loss) / Profit from operating activities	<u>(11,625)</u>	<u>1,541</u>	->100	<u>(7,951)</u>	<u>19,133</u>	->100
Finance income	451	1,336	-66	1,904	3,227	-41
Finance expenses	(1,050)	(1,380)	-24	(3,942)	(3,429)	15
Net finance expenses	<u>(599)</u>	<u>(44)</u>	>100	<u>(2,038)</u>	<u>(202)</u>	>100
Share of profit of joint ventures, net of tax	1,161	25	>100	1,777	492	>100
(Loss) / Profit before tax	<u>(11,063)</u>	<u>1,522</u>	->100	<u>(8,212)</u>	<u>19,423</u>	->100
Tax	(432)	(675)	-36	(1,663)	(5,195)	-68
(Loss) / Profit for the period	<u>(11,495)</u>	<u>847</u>	->100	<u>(9,875)</u>	<u>14,228</u>	->100

	3 Months Ended 30 September 2014 S\$'000	3 Months Ended 30 September 2013 S\$'000	Change %	9 Months Ended 30 September 2014 S\$'000	9 Months Ended 30 September 2013 S\$'000	Change %
Other comprehensive income						
Items that may be reclassified subsequently to profit or loss:						
Translation differences relating to financial statements of foreign subsidiaries	3,019	(2,828)	->100	(1,437)	9,518	->100
Exchange differences on monetary items forming part of net investment in a foreign operation	2,010	1,161	73	(386)	728	->100
Net change in the fair value of available-for-sale investments	(3)	(6)	-50	7	(6)	->100
Tax on other comprehensive income	1	(198)	->100	(1)	(124)	-99
Other comprehensive income for the period	5,027	(1,871)	->100	(1,817)	10,116	->100
Total comprehensive income for the period	(6,468)	(1,024)	>100	(11,692)	24,344	->100
Profit attributable to:						
Owners of the Company	(7,918)	2,265	->100	(4,896)	16,941	->100
Non-controlling interests	(3,577)	(1,418)	>100	(4,979)	(2,713)	84
Profit for the period	(11,495)	847	->100	(9,875)	14,228	->100
Total comprehensive income attributable to:						
Owners of the Company	(3,648)	498	->100	(6,525)	24,823	->100
Non-controlling interests	(2,820)	(1,522)	85	(5,167)	(479)	>100
Total comprehensive income for the period	(6,468)	(1,024)	>100	(11,692)	24,344	->100
Earnings per share						
- Basic and diluted (cents) ¹	(0.86)	0.29	->100	(0.53)	2.17	->100

¹ Based on 919,247,700 shares, net of non-controlling interests as at 30 September 2014 and a weighted average number of ordinary shares outstanding of 781,932,691 as at 30 September 2013.

Earnings per share for period ended 30 September 2013 has been restated to take into account the effect of the rights issue in accordance with FRS 33 Earnings per Share.

1(a)(ii) Notes to the consolidated statement of comprehensive income

The following items have been charged or (credited) in arriving at profit for the period:

	3 Months Ended 30 September 2014 S\$'000	3 Months Ended 30 September 2013 S\$'000	Change %	9 Months Ended 30 September 2014 S\$'000	9 Months Ended 30 September 2013 S\$'000	Change %
Fees from property management	(89)	(131)	-32	(296)	(284)	4
Gain on disposal of spare parts and scrap materials	(208)	(86)	>100	(741)	(195)	>100
Gain on disposal of investment properties	-	-	N.M	(683)	(8,104)	-92
Allowance for diminution in value of development properties	18,500	-	100	18,500	-	100
Operating lease expenses	386	357	8	1,103	1,110	-1
Travelling and transport	287	370	-22	795	888	-10
Repair and maintenance expenses	161	263	-39	561	1,111	-50
Professional fees	367	565	-35	1,050	1,213	-13
Advertisement and promotional expenses	513	1,209	-58	1,971	2,254	-13

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

	Group		Company	
	30.09.2014	31.12.2013	30.09.2014	31.12.2013
	S\$'000	S\$'000	S\$'000	S\$'000
Non-current assets				
Property, plant and equipment	88,350	87,052	-	-
Intangible assets	5,062	6,307	-	-
Investment properties	15,867	17,999	-	-
Investment in subsidiaries	-	-	59,624	59,624
Associates and joint ventures	24,875	25,903	-	-
Trade and other receivables	26,053	33,872	-	-
Other investments	6,083	6,018	-	-
Deferred tax assets	4,143	3,921	-	-
	170,433	181,072	59,624	59,624
Current assets				
Inventories	2,918	2,714	-	-
Construction work-in-progress	33,432	43,519	-	-
Development properties	412,367	390,296	-	-
Trade and other receivables	213,517	225,115	19	10,037
Amount due from related parties	28,414	27,069	123,849	44,871
Cash and cash equivalents	78,788	79,812	13,395	26,465
	769,436	768,525	137,263	81,373
Total assets	939,869	949,597	196,887	140,997
Equity attributable to owners of the Company				
Share capital	181,947	154,552	181,947	154,552
Reserves	(63,846)	(34,822)	(45,850)	(18,455)
Retained earnings / (Accumulated losses)	134,507	144,918	(14,943)	(7,778)
	252,608	264,648	121,154	128,319
Non-controlling interests	41,158	46,301	-	-
Total equity	293,766	310,949	121,154	128,319
Non-current liabilities				
Trade and other payables	19,276	15,847	-	-
Loans and borrowings	157,187	93,582	73,541	1,000
Deferred tax liabilities	3,344	3,565	-	-
	179,807	112,994	73,541	1,000
Current liabilities				
Progress billings in excess of construction work-in-progress	6,081	1,480	-	-
Trade and other payables	313,417	331,477	892	1,510
Amount due to related parties	16,646	26,038	-	8,968
Loans and borrowings	122,967	158,455	1,300	1,200
Current tax payable	7,185	8,204	-	-
	466,296	525,654	2,192	11,678
Total liabilities	646,103	638,648	75,733	12,678
Total equity and liabilities	939,869	949,597	196,887	140,997

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

Amount repayable in one year or less, or on demand

As at 30.09.2014		As at 31.12.2013	
Secured	Unsecured	Secured	Unsecured
S\$'000	S\$'000	S\$'000	S\$'000
122,967	-	157,210	1,245

Amount repayable after one year

As at 30.09.2014		As at 31.12.2013	
Secured	Unsecured	Secured	Unsecured
S\$'000	S\$'000	S\$'000	S\$'000
83,646	73,541	93,582	-

Details of any collateral

1. Secured loan from a financial institution

Pursuant to a loan agreement dated 26 June 2010 and the shareholding entrusted agreements, the shareholders of our subsidiary, Tianjin Zizhulin Guangang Property Development Co., Ltd. ("Guangang"), pledged their equity interests as well as the shareholders' loan of RMB62 million to Northern International Trust & Investment Co., Ltd. ("NIT") as a form of security for loans up to RMB200 million to Guangang for a tenure of 24 months. Details of the loan are as per our announcement dated 29 June 2010. In 2013, the loan repayment dates have been extended to August 2014 (RMB130 million) and December 2014 (RMB 70 million). Notwithstanding this, Guangang remains a subsidiary of the Group. In the month of August 2014, the Group has refinanced the loan (Rmb 130 million) that was due for repayment.

2. 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.

3. The secured bank loans, secured loan from a financial institution and secured bank overdrafts are secured on the following assets:

	30 September 2014	31 December 2013
	\$'000	\$'000
Carrying amounts of assets:		
Leasehold land	4,823	4,902
Freehold land	4,846	4,835
Leasehold properties	33,581	34,279
Investment properties	563	567
Development properties	114,279	96,747
Plant and machinery	16,550	12,767
Deposits pledged	37,962	18,778
Total	212,604	172,875

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 September 2014 S\$'000	3 Months Ended 30 September 2013 S\$'000	9 Months Ended 30 September 2014 S\$'000	9 Months Ended 30 September 2013 S\$'000
Cash flow from operating activities				
(Loss) / Profit from operating activities	(11,625)	1,541	(7,951)	19,133
Adjustments for:				
Allowance for doubtful trade receivables	363	-	363	20
Depreciation and amortisation	2,944	3,706	9,609	11,058
Allowance for diminution in value of development properties	18,500	-	18,500	-
(Gain)/loss on disposal of:				
- property, plant and equipment	(13)	-	(191)	16
- investment properties	-	-	(683)	(8,104)
- other investments	-	-	(16)	-
Operating profit before working capital changes	10,169	5,247	19,631	22,123
Changes in working capital:				
Inventories	(286)	(1,068)	(321)	(620)
Construction work-in-progress	(7,497)	4,160	14,719	720
Development properties	18,930	(24,534)	(38,128)	(20,286)
Trade and other receivables	8,644	(20,674)	10,910	(20,226)
Balances with related parties (trade)	(4,361)	(338)	1,211	450
Trade and other payables	(26,473)	48,938	(16,339)	38,091
Cash generated from/(used in) operations	(874)	11,731	(8,317)	20,252
Taxes paid	(1,443)	(5,014)	(3,780)	(17,511)
Net cash (used in) / from operating activities	(2,317)	6,717	(12,097)	2,741
Cash flow from investing activities				
Balances with related parties (non-trade)	(2,613)	(1,412)	(3,947)	(2,941)
Balances with ultimate holding company	-	-	2,420	-
Dividends received from joint ventures (gross)	3,816	-	3,816	10,995
Investments in joint ventures	(440)	-	(440)	-
Interest received	42	22	135	324
Proceeds from disposal of property, plant and equipment	211	259	818	291
Proceeds from disposal of investment properties	-	-	1,950	8,470
Proceeds from disposal of other investments	-	-	94	194
Purchase of other investment	-	-	(62)	(3,692)
Purchase of property, plant and equipment	(1,375)	(7,162)	(8,508)	(14,048)
Purchase of intangible assets	(13)	(253)	(155)	(427)
Net cash used in investing activities	(372)	(8,546)	(3,879)	(834)

	3 Months Ended 30 September 2014 S\$'000	3 Months Ended 30 September 2013 S\$'000	9 Months Ended 30 September 2014 S\$'000	9 Months Ended 30 September 2013 S\$'000
Cash flow from financing activities				
Balances with related parties (non-trade)	12,534	983	(389)	(897)
Capital contribution by non-controlling interests	12	-	122	27
Repayment of loan to non-controlling interests	-	-	(1,724)	(1,470)
Increase in deposits pledged	(32,859)	(50)	(19,130)	(4,049)
Dividends paid to: - owners of the company	-	-	(5,515)	(7,660)
- non-controlling interests	(98)	-	(98)	-
Interest paid	(2,757)	(3,839)	(5,789)	(10,211)
Proceeds from issue of rights	-	-	10,026	-
Proceeds from loan from business associates	-	-	-	3,487
Proceeds from issue of multicurrency medium term note	73,541	-	73,541	-
Payments of finance lease liabilities	(257)	(151)	(699)	(393)
Proceeds from loans and borrowings	59,013	8,960	167,482	85,857
Repayment of loans and borrowings	(120,626)	(9,588)	(208,889)	(93,970)
Net cash (used in) / from financing activities	(11,497)	(3,685)	8,938	(29,279)
Net decrease in cash and cash equivalents	(14,186)	(5,514)	(7,038)	(27,372)
Cash and cash equivalent at beginning of the period	54,518	27,267	49,566	49,282
Effect of exchange rate changes on balance held in foreign currencies	492	860	(1,704)	703
Cash and cash equivalents at end of the period	40,824	22,613	40,824	22,613

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 2014	154,552	(77,720)	29,283	3,564	16	10,035	144,918	264,648	46,301	310,949
Total comprehensive income for the period										
(Loss) / Profit for the period	-	-	-	-	-	-	(4,896)	(4,896)	(4,979)	(9,875)
Other comprehensive income										
Translation differences relating to financial statements of foreign subsidiaries	-	-	-	-	-	(1,249)	-	(1,249)	(188)	(1,437)
Exchange differences on monetary items forming part of net investment in a foreign operations	-	-	-	-	-	(386)	-	(386)	-	(386)
Net change in the fair value of available for sales investment	-	-	-	-	7	-	-	7	-	7
Tax on other comprehensive income	-	-	-	-	(1)	-	-	(1)	-	(1)
Total other comprehensive income	-	-	-	-	6	(1,635)	-	(1,629)	(188)	(1,817)
<i>Total comprehensive income and expenses for the period</i>	-	-	-	-	6	(1,635)	(4,896)	(6,525)	(5,167)	(11,692)
Transaction with owners, recognised directly in equity										
Contributions by and distributions to owners										
Dividends declared	-	-	-	-	-	-	(5,515)	(5,515)	(98)	(5,613)
Reclassification from capital reserves to share capital for rights shares issued	27,395	-	(27,395)	-	-	-	-	-	-	-
Capital contribution by non-controlling interests	-	-	-	-	-	-	-	-	122	122
<i>Total transaction with owners of the Company</i>	<i>27,395</i>	<i>-</i>	<i>(27,395)</i>	<i>-</i>	<i>-</i>	<i>-</i>	<i>(5,515)</i>	<i>(5,515)</i>	<i>24</i>	<i>(5,491)</i>
At 30 September 2014	181,947	(77,720)	1,888	3,564	22	8,400	134,507	252,608	41,158	293,766

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 2013	154,552	(77,720)	1,888	3,564	25	(4,214)	143,257	221,352	45,383	266,735
Total comprehensive income for the period										
Profit or for the period	-	-	-	-	-	-	16,941	16,941	(2,713)	14,228
Other comprehensive income										
Translation differences relating to financial statements of foreign subsidiaries	-	-	-	-	-	7,284	-	7,284	2,234	9,518
Exchange differences on monetary items forming part of net investment in a foreign operations	-	-	-	-	-	728	-	728	-	728
Net change in the fair value of available for sales investment	-	-	-	-	(6)	-	-	(6)	-	(6)
Tax on other comprehensive income	-	-	-	-	-	(124)	-	(124)	-	(124)
Total other comprehensive income	-	-	-	-	(6)	7,888	-	7,882	2,234	10,116
<i>Total comprehensive income and expenses for the period</i>	-	-	-	-	(6)	7,888	16,941	24,823	(479)	24,344
Contributions by and distributions to owners										
Dividends declared	-	-	-	-	-	-	(7,660)	(7,660)	-	(7,660)
Capital contribution by non-controlling interests	-	-	-	-	-	-	-	-	27	27
Total contributions by and distributions to owners	-	-	-	-	-	-	(7,660)	(7,660)	27	(7,633)
<i>Total transaction with owners of the Company</i>	-	-	-	-	-	-	(7,660)	(7,660)	27	(7,633)
At 30 September 2013	154,552	(77,720)	1,888	3,564	19	3,674	152,538	238,515	44,931	283,446

Company	Share Capital S\$'000	Capital Reserve S\$'000	Merger Reserve S\$'000	Retained earnings S\$'000	Total equity S\$'000
At 1 January 2014	154,552	27,395	(45,850)	(7,778)	128,319
Total comprehensive income for the period	-	-	-	(1,650)	(1,650)
Reclassification from capital reserves to share capital for rights shares issued	27,395	(27,395)	-	-	-
Dividend paid	-	-	-	(5,515)	(5,515)
At 30 September 2014	181,947	-	(45,850)	(14,943)	121,154
At 1 January 2013	154,552	-	(45,850)	(2,201)	106,501
Total comprehensive income for the period	-	-	-	(2,264)	(2,264)
Dividend paid	-	-	-	(7,660)	(7,660)
At 30 September 2013	154,552	-	(45,850)	(12,125)	96,577

- 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 January 2014	766,039,750	154,552
Issue of new ordinary shares pursuant to rights issuance	153,207,950	27,395
Balance at 30 September 2014	919,247,700	181,947

The Company issued a total of 153,207,950 new ordinary shares in the capital of the Company during the nine months ended 30 September 2014 pursuant to the rights issuance exercise that was fully subscribed as of 27 December 2013.

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 September 2014 and 766,039,750 issued shares as at 31 December 2013.

- 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 2013.

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 2014. 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 September 2014	3 Months Ended 30 September 2013	9 Months Ended 30 September 2014	9 Months Ended 30 September 2013
	(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	(0.86)	0.29	(0.53)	2.17
(b) On a fully diluted basis	(0.86)	0.29	(0.53)	2.17

The earning per ordinary share has been calculated net of non-controlling interests of 919,247,700 shares as at 30 September 2014 and a weighted average number of 781,932,691 as at 30 September 2013.

Earnings per share for period ended 30 September 2013 has been restated to take into account the effect of the rights issue in accordance with FRS 33 Earnings per Share.

7. Net asset value (for the issuer and group) per ordinary share based on the total number of issued shares excluding treasury shares of the issuer at the end of the:
(a) current financial period reported on; and
(b) immediately preceding financial year.

	Group		Company	
	30 September 2014	31 December 2013	30 September 2014	31 December 2013
	(cents)	(cents)	(cents)	(cents)
Net asset value per ordinary share based on issued share capital at the end of:	27.48	34.55	13.18	16.75

The net asset value per ordinary share has been calculated net of non-controlling interests of 919,247,700 shares as at 30 September 2014 and 766,039,750 shares as at 31 December 2013.

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:
- 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
 - 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 9M2014 vs 9M2013

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>
	9 Months Ended 30 September 2014					
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
Revenue	450,205	30,236	5,303	913	-	486,657
Costs	(417,387)	(29,957)	(2,796)	-	-	(450,140)
Gross Profit	32,818	279	2,507	913	-	36,517
Other income	2,187	48	130	874	569	3,808
Depreciation	(2,906)	(68)	(495)	(832)	-	(4,301)
Selling expenses	(7)	(2,702)	(212)	-	-	(2,921)
Staff costs	(8,615)	(2,057)	(2,389)	-	(1,197)	(14,258)
Other operating expenses	(4,551)	(19,744)	(893)	-	(1,608)	(26,796)
Profit / (loss) from operating activities	18,926	(24,244)	(1,352)	955	(2,236)	(7,951)

	<u>Construction</u>	<u>Property Development</u>	<u>Sales of Goods</u>	<u>Rental</u>	<u>Others</u>	<u>Total</u>
	9 Months Ended 30 September 2013					
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
Revenue	390,142	26,412	6,877	858	-	424,289
Costs	(350,061)	(26,109)	(4,154)	-	-	(380,324)
Gross Profit	40,081	303	2,723	858	-	43,965
Other income	1,454	85	78	8,030	485	10,132
Depreciation	(3,554)	(89)	(606)	(822)	-	(5,071)
Selling expenses	-	(2,966)	(142)	-	-	(3,108)
Staff costs	(10,330)	(1,991)	(2,215)	-	(1,447)	(15,983)
Other operating expenses	(6,121)	(3,022)	(636)	-	(1,023)	(10,802)
Profit / (loss) from operating activities	21,530	(7,680)	(798)	8,066	(1,985)	19,133

The Group's revenue increased by S\$62.4 million from S\$424.3 million in 9M2013 to S\$486.7 million in 9M2014 underpinned by higher construction activity. Construction segment contributes substantially to the Group's gross profit though its level reduced by S\$7.3 million from S\$40.1 million in 9M2013 to S\$32.8 million in 9M2014 on the back of the challenging tender landscape as well as increased cost in construction segment. Nevertheless, construction segment remains the key contributor with operating profit of S\$18.9 million.

Property development registered higher revenue following the revenue recognition of S\$26.3 million from terrace units in Equinox project. However, slowdown in residential property sales growth, high inventory levels in the market and liquidity crunch in the PRC property market have a negative impact on the prospect of the projects. As a result, the Group has made an allowance for diminution in value of development properties of S\$18.5 million for these projects, resulting a net loss of S\$24.2 million being registered in this segment.

Meanwhile, rental segment profit decreased by S\$7.1 million in 9M2014 due to the absence of a one-timed disposal gain of investment properties of S\$8.1 million recorded in 9M2013.

Due to efforts in cost tightening, overall operating expenses have decreased by S\$5.2 million from S\$35.0 million to S\$29.8 million. This reduction has mitigated the downward impact on profitability as a consequence of the allowance for diminution in value of development properties of S\$18.5 million booked in this quarter.

Excluding one-time item of gain on disposal of investment properties of S\$8.1 million in 9M2013, and the allowance for diminution in value of S\$18.5 million for property development in 9M2014, the Group's profit from operating activities decreased marginally by S\$0.5 million from approximately S\$11.0 million in 9M2013 to S\$10.5 million in 9M2014.

Revenue

Revenue increased by approximately S\$62.4 million or 15% yoy from approximately S\$424.3 million in 9M2013 to approximately S\$486.7 million in 9M2014, attributable mainly to increase in revenue from construction contracts by S\$60.1 million and sales of development properties of approximately S\$3.8 million, offset by a decrease in sales of goods of approximately S\$1.6 million.

Revenue from construction contract

Increase in revenue was mainly due to a net increase in work done for new, on-going and completed projects.

In accordance with our revenue recognition policy, work done amounting to approximately S\$34.8 million from newly commenced projects have yet to be recognized as revenue as at 30 September 2014.

Revenue from sales of development properties

Revenue from sales of development properties in 9M2014 amounted to S\$30.2 million was contributed mainly from the sale recognition of 66 units (12,659 sqm) of terrace from Equinox and 24 units (3,466 sqm) of residential from Sunny International Project respectively.

As at 30 September 2014, approximately S\$64.7 million of gross development value were sold, but yet to be recognised as revenue in accordance to our revenue recognition policy, as follows:

Projects	Units	Sqm
Sunny International	205	20,104
Equinox	39	11,388
Tranquility Residences	41	5,006
Wenchang Baihui	3	183
Tianmen Jinwan	1	141

Revenue from sales of goods

Decrease in revenue from sales of goods by approximately S\$1.6 million from S\$6.9 million in 9M2013 to S\$5.3 million in 9M2014 was due mainly to a decrease in sales volume.

Other income

Decrease in other income of approximately S\$6.3 million from S\$10.1 million in 9M2013 to S\$3.8 million in 9M2014 was mainly due to the absence of a one-time gain on disposal of investment properties as contrast to that recorded 9M2013.

Gross profit in construction segment

Gross profit in the construction segment declined 18.1% yoy to S\$32.8 million in 9M2014. Correspondingly, gross profit margin decreased from 10.3% in 9M2013 to 7.3% in 9M2014 due mainly to the challenging tender landscape as well as the impact from manpower tightening policy which increased the cost of construction at a greater pace than that of the corresponding revenue.

Gross profit in property development segment

Gross profit in the property development segment remains consistent at S\$0.3 million as of 9M2014 with gross profit margin of 0.9%.

Gross profit in sales of goods segment

Gross profit in sales of goods segment decreased 7.9% yoy to S\$2.5 million in 9M2014 due to lower transacted volume. However, gross profit margin increased from 39.6% in 9M2013 to 47.3% in 9M2014, due mainly to increase in average selling price.

Depreciation and amortization

Decrease in depreciation and amortization expenses of approximately S\$0.8 million to S\$4.3 million in 9M2014 due mainly to higher utilization of property, plant and equipment, thereby attributing higher depreciation expenses direct to cost of construction in 9M2014.

Selling expenses

Decrease in selling expenses of approximately S\$0.2 million to S\$2.9 million in 9M2014 due mainly to the reduced marketing activities to promote property development projects in the People's Republic of China during 9M2014.

Staff costs

Decrease in staff costs of approximately S\$1.7 million to S\$14.3 million in 9M2014 due mainly to general decrease in headcount.

Other expenses

Increase in other expenses of approximately S\$16.0 million to S\$26.8 million in 9M2014 due mainly to allowance for diminution in value of development properties of S\$18.5 million, partially offset by aggregate decrease in repair and maintenance cost, entertainment and tender expenses.

Net finance expenses

Net finance expense increased by approximately S\$1.8 million to S\$2.0 million in 9M2014 due mainly to exchange loss of approximately S\$0.3 million as a result of depreciation in CHF vis-à-vis SGD in 9M2014, as compared to exchange gain of approximately S\$1.4 million

as a result of appreciation in RMB vis-à-vis SGD in corresponding period. The increase in net finance expense was also due to finance expense of S\$0.9 million arise from multicurrency medium term note issued in early July 2014, partially offset by the decrease in accretion of discount implicit in retention sum receivables of S\$0.8 million.

Share of profit of joint ventures, net of tax

Share of profit of joint ventures increased by approximately S\$1.3 million to S\$1.8 million in 9M2014 due mainly to recognition of share of higher profit from our joint venture project.

Income tax expense

Income tax expense decreased by approximately S\$3.5 million to S\$1.7 million in 9M2014 due mainly to decrease in profit from construction segment.

Loss for the period

9M2014 reported a loss of S\$9.9 million as a result of the factors mentioned in the preceeding paragraphs.

Review of Financial Position

Non-Current Assets

As at 30 September 2014, non-current assets stood at S\$170.4 million or approximately 18.1% of total assets, a decrease of approximately S\$10.6 million as compared to 31 December 2013.

Increase in property, plant and equipment ("PPE") of approximately S\$1.3 million to S\$88.4 million as at 30 September 2014 was mainly due to purchase of PPE amounting to S\$9.5 million which was offset by disposal of PPE of S\$0.6 million and depreciation charges of S\$7.6 million.

The decrease in intangible assets of S\$1.2 million was mainly due to amortisation charges in 9M2014.

Decrease in investment properties by S\$2.1 million to S\$15.9 million as at 30 September 2014 was mainly due to disposal of an investment property in 2Q2014.

Decrease in trade and other receivables by S\$7.8 million to S\$26.1 million as at 30 September 2014 was mainly due to reduction in retention sums from construction projects.

Current Assets

As at 30 September 2014, current assets stood at S\$769.4 million or approximately 81.9% of total assets, an increase of approximately S\$0.9 million as compared to 31 December 2013.

The decrease in construction work-in-progress (net of excess of progress billings over construction work-in-progress) of about S\$14.7 million was due mainly to differences in stages of the various construction projects.

Increase in development properties by S\$22.1 million to S\$412.4 million as at 30 September 2014 from 31 December 2013 was due mainly to increase in development costs for ongoing PRC development projects, being Equinox, Sunny International and Tranquility Residences projects, partially offset by units sold and recognized in Equinox project and Sunny International project as well as the allowance for diminution in value of development properties of approximately S\$18.5 million.

As at 30 September 2014, trade and other receivables decreased by approximately S\$11.6 million to S\$213.5 million due mainly to decrease in accrued receivables and other receivables of approximately S\$46.5 million and S\$9.5 million respectively, partially offset by the increase in trade receivables, retention sum on construction contracts and other recoverable of approximately S\$26.3 million and S\$14.8 million and S\$3.3 million respectively.

Non-Current Liabilities

As at 30 September 2014, non-current liabilities amounted to S\$179.8 million or approximately 27.8% of total liabilities, an increase of approximately S\$66.8 million compared to 31 December 2013.

Non-current loans and borrowings increased by S\$63.6 million from 31 December 2013 to S\$157.2 million as at 30 September 2014 due mainly to the issue of multicurrency medium term note of S\$75 million (gross).

Non-current trade and other payables increased by S\$3.4 million from 31 December 2013 to S\$19.3 million as at 30 September 2014 due mainly to increase of retention sums payable as a result from increase in work done for on-going and new projects.

Current Liabilities

As at 30 September 2014, current liabilities stood at S\$466.3 million or approximately 72.2% of total liabilities, a decrease of S\$59.4 million from 31 December 2013.

Trade and other payables decreased by approximately S\$18.1 million from 31 December 2013 to S\$313.4 million as at 30 September 2014 due mainly to a collective decrease in trade payables, accrued operating expenses and other payables of approximately S\$38.7 million, S\$7.3 million and S\$3.1 million respectively, partially offset by increase in accrued trade payables, receipts in advance and retention sum payable of approximately S\$22.5 million, S\$3.1 million and S\$5.4 million respectively.

Decrease in amount due to related parties of approximately S\$9.4 million from 31 December 2013 to S\$16.6 million as at 30 September 2014 due mainly to return of S\$8.5 million excess rights application monies to a corporate shareholder, pursuant to the rights issuance exercise.

Loans and borrowings decreased by S\$35.5 million from 31 December 2013 to S\$123.0 million as at 30 September 2014 mainly due to repayment of bank loan.

The decrease in current tax payable of S\$1.0 million to S\$7.2 million as at 30 September 2014 was due mainly to income tax payment of approximately S\$3.8 million, and partially offset by provision for corporate income tax of approximately S\$2.8 million.

Review of Statement of Cash Flows

Net cash from operating activities

For the 9 months ended 30 September 2014, the Group recorded a net cash outflow from operating activities of approximately S\$12.1 million, reversing a net cash inflow of S\$2.7 million as compared to the previous corresponding period ended 30 September 2013. Net cash outflow from operating activities are mostly to support working capital of the Group.

The changes in working capital from operating activities arose mainly from:

- (a) Decrease in construction work-in-progress by S\$14.7 million, due mainly to the different stages of construction of the various projects.
 - (b) Increase in development properties by S\$38.1 million, due mainly to additional property development costs for Equinox, Sunny International and Tranquility Residences projects, partially offset by units sold.
-

- (c) Decrease in trade and other payables by S\$16.3 million, due mainly to decrease in trade payables, accrued operating expenses and other payables, partially offset by the increase in accrued trade payables, receipts in advance and retention sum payable, following the completion and finalization of accounts for a few construction projects.

Net cash from investing activities

For the 9 months ended 30 September 2014, the Group recorded a net cash outflow from investing activities of S\$3.9 million, increased by S\$3.0 million as compared to a net cash outflow of S\$0.8 million in previous corresponding period ended 30 September 2013. This was mainly due to purchase of property, plant and equipment of approximately S\$8.5 million in 9M2014, partially offset by dividend received from joint venture project of approximately S\$3.8 million and the sales proceeds from sales of investment property of approximately S\$2.0 million.

Net cash from financing activities

For the 9 months ended 30 September 2014, the Group recorded a net cash inflow from financing activities of S\$8.9 million, increased by S\$38.2 million as compared to a net cash outflow of S\$29.3 million in the previous corresponding period ended 30 September 2013. This was due mainly to cash inflow from net proceeds from issue of multicurrency medium term note of S\$73.5 million, proceeds of rights issue of S\$10.0 million (S\$17.6 million received in end 2013), partially offset by cash outflow from increase in deposits pledged of S\$19.1 million as compared to S\$4.0 million in previous corresponding period ended 30 September 2013 as well as net repayment of loans and borrowings obtained in current period of S\$41.4 million as compared to net repayment of loans and borrowings of S\$8.1 million in previous corresponding period ended 30 September 2013.

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

The 3Q 2014 results announcement is in line with the profit guidance announced on 31 October 2014.

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

Ministry of Trade and Industry released advance estimates on 14 October 2014 stating that the Singapore economy has grown 2.4% on a year-on-year (“yoy”) basis in the third quarter of 2014, matching growth in the previous quarter. The construction sector grew by 1.4% on a yoy basis, compared to 4.1% in the preceding quarter largely due to a slowdown in private sector construction activities.

The construction construction sector continues to be affected by the tight labour market and as such Tiong Seng continues to emphasize its focus on employing productivity-enhancing construction technologies. The Group recently secured a S\$276.6 million contract from MCL Land Limited for the construction of an Executive Condominium at Choa Chu Kang Grove. This updates Tiong Seng’s current order book to approximately S\$1.4 billion. The project will utilize an extensive amount of

precast¹ capabilities, such as Precast Bathroom Units (PBU), Cobiax² green technology and advanced formwork³.

The Building and Construction Authority (BCA) has also been actively working on encouraging the implementation of sustainability and productivity initiatives in the Construction sector. The Green Mark Scheme was launched in 2005 to drive Construction players to build more environmentally-friendly buildings while the S\$250 million Construction Productivity and Capability Fund (CPCF) was launched in 2014 to encourage improvement in worksite productivity and technology adoption.

Property Development Outlook

According to a report by Moody's Investor Service⁴ on 17 September 2014, property developers in China can expect stronger results in 2H2014 as compared to the first half of this year. The report mentioned that revenue recognition and EBITDA of Chinese property developers should rise with the launch of more housing projects, higher contracted sales and faster cash collection. The report, however, stated that developers' profit margins are expected to continue to be weak mainly due to an oversupply of new project launches in 2H2014.

As at 30 September 2014, approximately S\$64.7 million of gross development value comprises of 1 unit, totaling 141 sqm of Tianmen Jinwan, 205 units (20,104 sqm) of Sunny International, 39 units (11,388 sqm) of the Equinox, 41 units (5,006 sqm) of Tranquility Residences and 3 units totaling 183 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 (phase 1) in March 2014 and is currently carrying out construction for B2 (phase 1), C (phase 2) and E1 (phase 3) out of the 7 phases for the Equinox Project. The construction for B2, C and E1 are expected to be completed towards 4Q2014, 2Q2015 and 4Q2015 respectively. As at 30 September 2014, approximately 44.9% of the total 234 units of phase 1, 2 and 3 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 2015. Phase 2 has commenced construction in 2Q2014 with expected completion in 2016.

Meantime, construction for last phase of the 4 phases of Sunny International project are expected to be completed in 4Q2014.

1 Precast allows casting of concrete in a controlled environment which is subsequently transported to the construction site. This improves productivity with automation and optimizes land usage

2 Concrete slab technology which reduces carbon emissions and improves structural efficiencies by removing unnecessary deadweight of concrete slabs by up to 30 per cent without modifying flexural strength.

3 The formwork system can be easily configured to suit different layout through the use of modular parts and the lightweight system is also easy to transfer from one area to the next construction area, without relying on heavy carnage.

4 "Chinese property developers can expect stronger results in 2H2014", Moody's Investors Services, 17 September 2014

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 3Q2014.

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.

The Company has obtained a general mandate from shareholders for interested person transactions ("IPTs") at the Extraordinary General meeting held on 28 April 2014. Save as disclosed below, there was no other IPT for the period ended 30 September 2014.

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)	
	3Q2014	9M2014	3Q2014	9M2014
Peck Tiong Choon Transport (Pte) Ltd – Hiring charges	-	4,372,000 ⁽¹⁾	2,334,000	5,048,000

⁽¹⁾ For financial period prior to the IPT Mandate obtained on 28 April 2014.

14. Use of proceeds from Rights Issue

As at 6 November 2014, approximately S\$1.3 million of the S\$27.4 million Rights Proceeds money (net of S\$0.2 million rights issuance related expenses) has been utilised in accordance with the stated use as follows:

Purpose of use	Previously announced*	Additional amount utilised	Total
	S\$	S\$	S\$
General working capital			
- Corporate branding	79,000	-	79,000
- Professional fees	183,000	-	183,000
- Listing expense	38,000	-	38,000
- Other general expenses	100,000	-	100,000
Total	400,000	-	400,000
Investment in JV	440,000	440,000	880,000
Grand total	840,000	440,000	1,280,000

* Previously announced dated 14 August 2014

On behalf of the Board of Directors

BY ORDER OF THE BOARD

Pek Lian Guan
Executive Director and CEO
6 November 2014



TIONG SENG HOLDINGS LIMITED

(Incorporated in the Republic of Singapore)

(Co. Reg. No: 200807295Z)

CONFIRMATION BY DIRECTORS PURSUANT TO RULE 705(5) OF THE LISTING MANUAL OF SGX-ST

On behalf of the Board of Directors of TIONG SENG HOLDINGS LIMITED (the "Company"), we, the undersigned, confirm that to the best of our knowledge, nothing has come to the attention of the Board of Directors of the Company which may render the 3rd quarter financial statements for the financial period ended 30 September 2014 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

6 November 2014
