



# 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 2017

### 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 2017	12 Months Ended 31 December 2016	Change
	S\$'000	S\$'000	%
<b>Revenue</b>			
Revenue from construction contracts	651,326	634,219	3
Revenue from sales of development properties	89,537	137,821	-35
Rental Income	1,933	2,218	-13
	<u>742,796</u>	<u>774,258</u>	-4
Other income	<u>6,221</u>	<u>6,078</u>	2
Costs of construction contracts	(583,309)	(580,251)	1
Costs of sales of development properties	(80,203)	(127,686)	-37
Depreciation and amortization	(5,103)	(4,901)	4
Selling expenses	(4,202)	(3,147)	34
Staff costs	(20,187)	(20,095)	-
Other expenses	(11,521)	(12,262)	-6
	<u>(704,525)</u>	<u>(748,342)</u>	-6
<b>Profit from operating activities</b>	<b>44,492</b>	<b>31,994</b>	<b>39</b>
Finance income	2,182	2,328	-6
Finance costs	(6,750)	(10,760)	-37
<b>Net finance costs</b>	<b>(4,568)</b>	<b>(8,432)</b>	<b>-46</b>
Share of profit of joint ventures, net of tax	<u>120</u>	<u>866</u>	-86
<b>Profit before tax</b>	<b>40,044</b>	<b>24,428</b>	<b>64</b>
Tax expense	(9,778)	(8,585)	14
<b>Profit for the year</b>	<b><u>30,266</u></b>	<b><u>15,843</u></b>	<b>91</b>

N.M : Not Meaningful

	12 Months Ended 31 December 2017	12 Months Ended 31 December 2016	Change
	S\$'000	S\$'000	%
<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	(4,487)	(10,384)	-57
Exchange differences on monetary items forming part of net investment in a foreign operation	(1,278)	(1,997)	-36
Realisation of exchange differences on monetary items previously forming part of net investment in a foreign operation transferred to income statement	175	(2,278)	N.M
<b>Other comprehensive income for the year, net of tax</b>	<b>(5,590)</b>	<b>(14,659)</b>	<b>-62</b>
<b>Total comprehensive income for the year</b>	<b>24,676</b>	<b>1,184</b>	<b>&gt;100</b>
<b>Profit attributable to:</b>			
Owners of the Company	30,928	15,289	>100
Non-controlling interests	(662)	554	NM
<b>Profit for the year</b>	<b>30,266</b>	<b>15,843</b>	<b>91</b>
<b>Total comprehensive income attributable to:</b>			
Owners of the Company	27,568	3,342	>100
Non-controlling interests	(2,892)	(2,158)	34
<b>Total comprehensive income for the year</b>	<b>24,676</b>	<b>1,184</b>	<b>&gt;100</b>
<b>Earnings per share</b>			
- Basic and diluted (cents) <sup>1</sup>	6.85	3.35	

<sup>1</sup> The earnings per share net of non-controlling interests has been calculated based on 451,722,047 (2016: 455,989,038 ) weighted average number of shares outstanding excluding treasury 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 2017	12 Months Ended 31 December 2016	Change
	S\$'000	S\$'000	%
Fees from project and property management	(933)	(767)	22
Gain on disposal of scrap parts and materials	(276)	(275)	-
Gain on disposal of investment properties	(1,357)	(216)	>100
Operating lease expenses	1,802	1,004	79
Legal and Professional fees	1,396	1,659	-16
Advertisement and commission expenses	3,388	1,151	>100
Gain from sales of car park lots	(361)	(1,780)	-80

**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	
	31.12.2017	31.12.2016	31.12.2017	31.12.2016
	S\$'000	S\$'000	S\$'000	S\$'000
<b>Non-current assets</b>				
Property, plant and equipment	129,349	123,164	-	-
Intangible assets	408	1,235	-	-
Investment properties	13,584	14,927	-	-
Associates and joint ventures	10,802	22,953	-	-
Trade and other receivables	13,929	30,719	-	-
Amount due from related parties	2,715	1,653	-	-
Investment in subsidiaries	-	-	59,624	59,624
Other investments	1,285	1,145	-	-
Deferred tax assets	202	204	-	-
	172,274	196,000	59,624	59,624
<b>Current assets</b>				
Inventories	1,074	1,467	-	-
Construction work-in-progress	28,558	30,337	-	-
Development properties	367,695	336,049	-	-
Trade and other receivables	166,381	256,903	7	3
Amounts due from related parties	50,867	51,645	104,436	129,981
Cash and cash equivalents	144,120	92,248	77,078	2,930
	758,695	768,649	181,521	132,914
<b>Total assets</b>	930,969	964,649	241,145	192,538
<b>Equity attributable to owners of the Company</b>				
Share capital	181,947	181,947	181,947	181,947
Treasury shares	(3,033)	(1,310)	(3,033)	(1,310)
Reserves	(71,198)	(65,948)	(45,850)	(45,850)
Retained earnings / (Accumulated losses)	172,815	145,517	(27,191)	(22,622)
	280,531	260,206	105,873	112,165
<b>Non-controlling interests</b>	47,815	57,641	-	-
<b>Total equity</b>	328,346	317,847	105,873	112,165
<b>Non-current liabilities</b>				
Trade and other payables	23,296	24,348	-	-
Loans and borrowings	77,559	90,931	-	72,568
Deferred tax liabilities	3,779	5,810	-	-
	104,634	121,089	-	72,568
<b>Current liabilities</b>				
Progress billings in excess of construction work-in-progress	-	8,545	-	-
Trade and other payables	333,807	395,651	3,142	3,197
Amounts due to related parties	31,228	23,498	59,119	4,608
Loans and borrowings	114,882	85,449	72,996	-
Current tax payable	18,072	12,570	15	-
	497,989	525,713	135,272	7,805
<b>Total liabilities</b>	602,623	646,802	135,272	80,373
<b>Total equity and liabilities</b>	930,969	964,649	241,145	192,538

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

Amount repayable in one year or less, or on demand

As at 31.12.2017		As at 31.12.2016	
Secured	Unsecured	Secured	Unsecured
S\$'000	S\$'000	S\$'000	S\$'000
41,886	72,996	85,449	-

Amount repayable after one year

As at 31.12.2017		As at 31.12.2016	
Secured	Unsecured	Secured	Unsecured
S\$'000	S\$'000	S\$'000	S\$'000
77,559	-	18,363	72,568

**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. The Group has fully repaid the loans and is currently negotiating with the bank for new facilities under this existing security arrangement. 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 2017	31 December 2016
	\$'000	\$'000
<b>Carrying amounts of assets:</b>		
Leasehold land	11,820	12,337
Freehold land	4,102	3,818
Leasehold properties	37,624	39,301
Investment properties	438	470
Development properties	89,019	-
Plant and machinery	5,006	11,276
Motor vehicles	1,155	1,458
Deposits pledged	580	636
<b>Total</b>	<b>149,744</b>	<b>69,296</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.**

	12 Months Ended 31 December 2017 S\$'000	12 Months Ended 31 December 2016 S\$'000
<b>Cash flow from operating activities</b>		
Profit from operating activities	44,492	31,994
Adjustments for:		
Write back of doubtful trade receivables	(4)	-
Depreciation and amortisation	16,915	17,352
Property, plant and equipment written off	-	88
Intangible assets written off	463	-
Gain on disposal of:		
- property, plant and equipment	(251)	(75)
- investment properties	(1,357)	(216)
Bad debts written off	-	911
Inventory written off	-	357
<b>Operating profit before working capital changes</b>	<b>60,258</b>	<b>50,411</b>
Changes in working capital:		
Inventories	389	51
Construction work-in-progress	(6,767)	8,507
Development properties	(35,818)	91,241
Trade and other receivables	109,238	(50,707)
Balances with related parties (trade)	(11,425)	5,404
Trade and other payables	(62,782)	65,297
Cash generated from operations	53,093	170,204
Income taxes paid	(7,615)	(4,456)
Income taxes refunded	429	-
<b>Net cash from operating activities</b>	<b>45,907</b>	<b>165,748</b>
<b>Cash flow from investing activities</b>		
Balances with related parties (non-trade)	(3,578)	(2,111)
Distribution received from joint ventures	136	7,497
Loan repayment from joint ventures	12,135	-
Dividend received from other investments	-	232
Investment in a joint venture	-	(326)
Interest received	1,058	997
Proceeds from disposal of:		
- property, plant and equipment	519	886
- investment properties	1,891	320
Distribution from other investments	69	5,333
Purchase of property, plant and equipment	(22,078)	(39,573)
Purchase of intangible assets	(137)	(6)
Purchase of other investments	(190)	(178)
<b>Net cash used in investing activities</b>	<b>(10,175)</b>	<b>(26,929)</b>

	12 Months Ended 31 December 2017 S\$'000	12 Months Ended 31 December 2016 S\$'000
<b>Cash flow from financing activities</b>		
Balances with related parties (non-trade)	14,861	(4,896)
Decrease/(increase) in restricted cash	2,205	(739)
(Increase)/decrease in deposits pledged	(2)	498
Dividends paid to:		
- owners of the company	(3,630)	(2,282)
- non-controlling interests	(58)	-
Interest paid	(5,143)	(7,308)
Acquisition of non-controlling interest in a subsidiary	(4,457)	-
Purchase of treasury shares	(1,723)	(1,066)
Payments of finance lease liabilities	(706)	(973)
Proceeds from loans and borrowings	101,739	86,636
Repayment of loans and borrowings	(85,413)	(208,833)
<b>Net cash (used in)/from financing activities</b>	<b>17,673</b>	<b>(138,963)</b>
<b>Net (decrease)/increase in cash and cash equivalents</b>	<b>53,405</b>	<b>(144)</b>
Cash and cash equivalents at beginning of the year	87,602	88,774
Effect of exchange rate changes on balances held in foreign currencies	732	(1,028)
<b>Cash and cash equivalents at end of the year</b>	<b>141,739</b>	<b>87,602</b>

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

Group	Share capital	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 2017	181,947	(1,310)	(77,720)	1,888	3,564	6,320	145,517	260,206	57,641	317,847
<b>Total comprehensive income for the year</b>										
Profit for the year	-	-	-	-	-	-	30,928	30,928	(662)	30,266
<b>Other comprehensive income</b>										
Translation differences relating to financial statements of foreign subsidiaries	-	-	-	-	-	(2,257)	-	(2,257)	(2,230)	(4,487)
Exchange differences on monetary items forming part of net investment in a foreign operation	-	-	-	-	-	(1,278)	-	(1,278)	-	(1,278)
Realisation of exchange differences on monetary items previously forming part of net investment in a foreign operation transferred to income statement	-	-	-	-	-	175	-	175	-	175
Total other comprehensive income	-	-	-	-	-	(3,360)	-	(3,360)	(2,230)	(5,590)
<i>Total comprehensive income for the year</i>	-	-	-	-	-	(3,360)	30,928	27,568	(2,892)	24,676
<b>Transaction with owners, recognised directly in equity</b>										
<b>Contributions by and distributions to owners</b>										
Purchase of treasury shares	-	(1,723)	-	-	-	-	-	(1,723)	-	(1,723)
Dividends declared	-	-	-	-	-	-	(3,630)	(3,630)	(58)	(3,688)
Acquisition of non-controlling interest without a change in control	-	-	-	(1,890)	-	-	-	(1,890)	(6,876)	(8,766)
<i>Total transactions with owners of the Company</i>	-	(1,723)	-	(1,890)	-	-	(3,630)	(7,243)	(6,934)	(14,177)
<b>At 31 December 2017</b>	<b>181,947</b>	<b>(3,033)</b>	<b>(77,720)</b>	<b>(2)</b>	<b>3,564</b>	<b>2,960</b>	<b>172,815</b>	<b>280,531</b>	<b>47,815</b>	<b>328,346</b>

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
<b>Total comprehensive income for the year</b>										
Profit for the year	-	-	-	-	-	-	15,289	15,289	554	15,843
<b>Other comprehensive income</b>										
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
<b>Transaction with owners, recognised directly in equity</b>										
<b>Contributions by and distributions to owners</b>										
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)
<b>At 31 December 2016</b>	<b>181,947</b>	<b>(1,310)</b>	<b>(77,720)</b>	<b>1,888</b>	<b>3,564</b>	<b>6,320</b>	<b>145,517</b>	<b>260,206</b>	<b>57,641</b>	<b>317,847</b>

Company	Share capital	Treasury Shares	Merger Reserve	Accumulated losses	Total equity
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
<b>At 1 January 2017</b>	181,947	(1,310)	(45,850)	(22,622)	112,165
Total comprehensive income for the period	-	-	-	(939)	(939)
Dividend paid	-	-	-	(3,630)	(3,630)
Purchase of treasury shares	-	(1,723)	-	-	(1,723)
<b>At 31 December 2017</b>	<b>181,947</b>	<b>(3,033)</b>	<b>(45,850)</b>	<b>(27,191)</b>	<b>105,873</b>
<b>At 1 January 2016</b>	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)
<b>At 31 December 2016</b>	<b>181,947</b>	<b>(1,310)</b>	<b>(45,850)</b>	<b>(22,622)</b>	<b>112,165</b>

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

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

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

Issued and fully paid ordinary shares, with no par value	No of shares	S\$'000
At 1 October 2017	449,369,449	181,947
Share buy-backs	(988,000)	-
Balance at 31 December 2017	448,381,449	181,947

As at 31 December 2017, the Company held 11,242,400 treasury shares (5,609,700 treasury shares as at 31 December 2016) which represents 2.51% (1.24% as at 31 December 2016) 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 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 2017	31 December 2016
Total number of issued shares excluding treasury shares	448,381,449	454,014,149

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

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

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

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

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

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

Not applicable.

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

Except as disclosed in paragraph 5 below, the Group has applied the same accounting policies and methods of computation in the financial statements for the current reporting period as those of the audited financial statements for the year ended 31 December 2017.

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

The Group adopted a number of new standards, amendments to standard and interpretations that are effective for annual periods beginning on or after 1 January 2017. 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 2016
	(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	6.85	3.35
(b) On a fully diluted basis	6.85	3.35

The earning per ordinary share net of non-controlling interests has been calculated based on weighted average number of shares outstanding of 451,722,407 (2016: 455,989,038) excluding any 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 December 2017	31 December 2016	31 December 2017	31 December 2016
	(cents)	(cents)	(cents)	(cents)
Net asset value per ordinary share based on issued share capital at the end of:	62.57	57.31	23.61	24.71

The net asset value per ordinary share net of controlling interests and excluding treasury shares has been calculated based on 448,381,449 shares and 454,014,149 shares as at 31 December 2017 and as at 31 December 2016 respectively.

8. **A review of the performance of the group, to the extent necessary for a reasonable understanding of the group's business. It must include a discussion of the following:**
- (a) **any significant factors that affected the turnover, costs, and earnings of the group for the current financial period reported on, including (where applicable) seasonal or cyclical factors; and**
- (b) **any material factors that affected the cash flow, working capital, assets or liabilities of the group during the current financial period reported on.**

### Review of Group Performance for FY2017 vs FY2016

#### 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>
	Financial Year Ended 31 December 2017				
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
Revenue	651,326	89,537	1,933	-	742,796
Costs	(583,309)	(80,203)	-	-	(663,512)
Gross Profit	68,017	9,334	1,933	-	79,284
Other income	2,222	2,177	485	1,337	6,221
Depreciation	(4,444)	(50)	(577)	(32)	(5,103)
Selling expenses	(13)	(4,189)	-	-	(4,202)
Staff costs	(15,789)	(1,666)	-	(2,732)	(20,187)
Other operating expenses	(7,708)	(1,803)	-	(2,010)	(11,521)
Profit / (loss) from operating activities	42,285	3,803	1,841	(3,437)	44,492

	<u>Construction</u>	<u>Property Development</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
Revenue	634,219	137,821	2,218	-	774,258
Costs	(580,251)	(127,686)	-	-	(707,937)
Gross Profit	53,968	10,135	2,218	-	66,321
Other income	2,837	1,996	271	974	6,078
Depreciation	(4,161)	(42)	(651)	(47)	(4,901)
Selling expenses	(154)	(2,990)	-	(3)	(3,147)
Staff costs	(15,790)	(1,923)	-	(2,382)	(20,095)
Other operating expenses	(8,019)	(1,737)	-	(2,506)	(12,262)
Profit / (loss) from operating activities	28,681	5,439	1,838	(3,964)	31,994

As a whole, the Group's profit from operating activities improved by S\$12.5 million or 39.1% year-on-year (yoy) from approximately S\$32.0 million in FY2016 to S\$44.5 million in FY2017. The improvement was mainly due to improved profit in construction segment by S\$13.6 million partially offset by lower profit reported in property development by approximately S\$1.6 million.

Higher profit contribution from construction segment was driven by improved in profit margin due mainly to the difference in projects' profile and relative weighted average profitability in the projects recognized over the two periods. Lower profit contribution from property development segment was due to relatively lower revenue recognition, in accordance to the Group's revenue recognition policy.

### Revenue

Revenue decreased by approximately S\$31.5 million or 4.1% yoy from S\$774.3 million in FY2016 to S\$742.8 million in FY2017, attributable mainly to decrease in revenue from development properties segments by S\$48.3 million partially offset by increased in revenue in construction segment by S\$17.1 million.

#### Revenue from construction contracts

The increase in revenue by approximately S\$17.1 million from S\$634.2 million in FY2016 to S\$651.3 million in FY2017 was mainly due to differences in stages of revenue recognition for the various construction contracts.

#### Revenue from sales of development properties

Revenue from sales of development properties in FY2017 amounted to S\$89.5 million contributed mainly from the sale recognition of 70 units (22,363 sqm) from Tranquility Project, 2 units (265 sqm) from Sunny International Project and 35 units (10,620 sqm) from Equinox Project. In FY2016, revenue amounted to S\$137.8 million was contributed mainly from the sale recognition of 503 units (57,530 sqm) from 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 2017, approximately S\$60.7 million of gross development value were sold, but yet to be recognised as revenue in accordance to our revenue recognition policy, as follows:

Projects	Total units launched	Units sold and recognised	Units sold but yet to recognize	
			Units	Sqm
Equinox	322	166	106	19,227
Tranquility Residences	636	573	3	900

#### Rental Income

Rental income decreased by approximately S\$0.3 million from S\$2.2 million in FY2016 to S\$1.9 million in FY2017 was mainly due to lower income from rentable properties.

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

Gross profit margin increased approximately 1.9% from 8.5% in FY2016 to 10.4% in FY2017 due mainly to the 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 3.0% from 7.4% in FY2016 to 10.4% in FY2017 due to recognition of phase II units from Tranquility project in FY2017 with higher profit margin as compared to phase I units in 2016 from the same project.

### **Selling expenses**

Increase in selling expenses of approximately S\$1.1 million to S\$4.2 million in FY2017 mainly due to increased in marketing expenses for properties in the People's Republic of China ("PRC").

### **Net finance costs**

Net finance expense decreased by approximately S\$3.9 million to S\$4.6 million in FY2017 due mainly to lower exchange loss of approximately S\$0.8 million in FY2017 as compared to approximately S\$3.6 million in the corresponding year. The decrease in net finance expense was also attributed to lower interest expense of S\$0.8 million.

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

The Group registered a net share of profit from joint ventures of approximately S\$0.1 million in FY2017 due mainly to net profit of results from the joint venture projects.

### **Tax expense**

Income tax expense increased by approximately S\$1.2 million to S\$9.8 million due mainly to higher profit contribution from construction segment.

### **Profit for the year**

FY2017 reported a profit after tax of S\$30.3 million as a result of the factors mentioned in the preceding paragraphs.

## **Review of Group Financial Position**

### **Non-Current Assets**

As at 31 December 2017, non-current assets stood at S\$172.3 million or approximately 18.5% of total assets, a decrease of approximately S\$23.7 million as compared to 31 December 2016.

Increase in property, plant and equipment ("PPE") of approximately S\$6.2 million to S\$129.3 million as at 31 December 2017 was mainly due to costs incurred in property construction amounted to S\$14.8 million and additions on other PPE items of S\$7.3 million partially offset by depreciation in the same period.

Decrease in investment in associates and joint ventures of approximately S\$12.2 million to S\$10.8 million as at 31 December 2017 was mostly due to repayment from a joint venture amounted to S\$12.1 million.

Decrease in trade and other receivables by S\$16.8 million to S\$13.9 million as at 31 December 2017 was mainly due to reclassification of retention sums receivable within 12 months to current assets.

Increase in amount due from related parties by S\$1.1 million to S\$2.7 million as at 31 December 2017 due to increase in retention sum receivable from a joint venture project.

### **Current Assets**

As at 31 December 2017, current assets stood at S\$758.7 million or approximately 81.5% of total assets, a decrease of approximately S\$9.9 million as compared to 31 December 2016.

Increase in construction work-in-progress (net of excess of progress billings over construction work-in-progress) of about S\$6.8 million to S\$28.6 million as at 31 December 2017 was mainly due to differences in stages of various construction projects.

Increase in development properties by S\$31.6 million to S\$367.7 million as at 31 December 2017 was due mainly to land and incidental costs incurred of approximately S\$89.1 million for the redevelopment of 17 Balmoral Road and Lot 99899P of Town Subdivision 26 (the "Balmoral Project"), partially offset by revenue recognition in the Tranquility, Sunny International and Equinox projects.

Decrease in trade and other receivables by approximately S\$90.5 million to S\$166.4 million as at 31 December 2017 due mainly to decrease in trade receivables, accrued receivables and retention receivables of approximately S\$44.9 million, S\$27.7 million and S\$14.9 million respectively.

### **Non-Current Liabilities**

As at 31 December 2017, non-current liabilities amounted to S\$104.6 million or approximately 17.4% of total liabilities, a decrease of approximately S\$16.5 million as compared to 31 December 2016.

Loan and borrowings decreased by approximately S\$13.4 million to S\$77.6 million as at 31 December 2017 due mainly to reclassification of multi-currency medium term note which is due for repayment within 12 months to current liabilities amounted to S\$73.0 million partially offset by loan obtained to fund the Balmoral Project.

Deferred tax liabilities decreased by S\$2.0 million to S\$3.8 million as at 31 December 2017 was mainly due to timing differences on accounting and taxable profits in construction segment.

### **Current Liabilities**

As at 31 December 2017, current liabilities stood at S\$498.0 million or approximately 82.6% of total liabilities, a decrease of S\$27.7 million as compared to 31 December 2016.

Trade and other payables decreased by approximately S\$61.8 million to S\$333.8 million as at 31 December 2017 due mainly to decrease in receipts in advance, trade payables and accrued trade payables of approximately S\$31.9 million, S\$29.3 million and S\$26.7 million respectively, partially offset by increase in retention sum payables on construction contracts of approximately S\$27.4 million.

An increase in amount due to related parties of approximately S\$7.7 million to S\$31.2 million as at 31 December 2017 was due mainly to increase in amount due to non-controlling

interests of approximately S\$13.9 million partially offset by decrease in amount due to an affiliated corporation of approximately S\$5.8 million.

Loans and borrowings increased by S\$29.4 million to S\$114.9 million as at 31 December 2017 mainly due to reclassification of multi-currency medium term note due for repayment within 12 months from non-current liabilities partially offset by net repayment of loan during the period reported on.

Current tax payable increased by S\$5.5 million to S\$18.1 million mainly due to tax provision partially offset by tax paid for the period reported on.

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

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

For the year ended 31 December 2017, the Group recorded a net cash inflow from operating activities of approximately S\$45.9 million, as compared to S\$165.7 million in the previous corresponding year. This was mainly due to net cash inflow in FY2016 from property development segment following increased in sales in Tranquility as contrast to net cash outflow for Balmoral Project in FY2017.

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

For the year ended 31 December 2017, the Group recorded a net cash outflow from investing activities of S\$10.2 million, as compared to S\$26.9 million in the previous corresponding year mainly due to a decrease in investment in PPE from S\$39.6 million in FY2016 to S\$22.1 million in FY2017.

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

For the year ended 31 December 2017, the Group recorded a net cash inflow from financing activities of S\$17.7 million, as compared to net cash outflow of S\$139.0 million. This was due mainly to net proceeds from borrowing of S\$16.3 million to fund the Balmoral Project as contrast to net repayment of loans and borrowings of S\$122.2 million in FY2016.

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

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

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

### **Construction Outlook**

Construction demand in Singapore is expected to grow modestly from S\$24.5 billion in 2017 to S\$26.0-31.0 billion in 2018. Of this total, public civil engineering projects are expected to contribute about 60% of 2018's total projected demand, and grow from S\$15.5 billion in 2017

to S\$16.0-19.0<sup>1</sup> billion in 2018. Our civil engineering business unit, Tiong Seng Civil Engineering, is poised to bid for the influx of public sector projects we expect to see in 2018.

The upturn in demand for land banks witnessed by the bullish en-blocs taken on by private property developers in last quarter of 2017 bodes well for the private build space. In line with this outlook, the Building and Construction Authority (BCA) in Singapore has indicated that these developments will ultimately translate into higher construction demand going forward.

In a push to revive the sector, the new Industry Transformation Map (ITM) for the construction industry was launched on 24 October 2017 at the opening of the Singapore Construction and Productivity Week<sup>2</sup>. The ITM strives to prepare 80,000 tech-ready construction professionals by 2025, thereby allowing local construction companies to pit more effectively against foreign competition through the use of technology. The ITM would potentially alleviate pressures of a slowdown in the sector as more productive construction methods are adopted. Furthermore, a technologically ready workforce will help firms grapple with the reduction in supply of cheaper foreign labour. Being at the forefront of adopting cutting-edge construction technologies, the Group stands to benefit as a result of these government initiatives aimed at breeding a tech-ready talent pool in Singapore.

### **Construction Order Book**

The Group's order book as at 31 December 2017 stood at approximately S\$543.1 million which is expected to extend till year 2020.

### **Property Development Outlook**

In spite of cooling measures taken by the Chinese government to curb speculation in the property market, Chinese property developers reported surging sales in 2017. 31 listed property developers who disclosed their sales performance in 2017 recorded total sales volume of about RMB3.38 trillion (USD518.1 billion), representing a 54.0% yoy increase<sup>3</sup>. Correspondingly, demand for our developments in the PRC such as The Equinox in Tianjin and Tranquility Residences in Suzhou have maintained satisfactory sales performance, where 84.5% and 90.6% of units launched have been sold respectively.

In Singapore, the property market witnessed a turnaround as 28 residential sites and three commercial / industrial sites were sold in collective sales for nearly S\$8.7 billion. This is in stark contrast to the S\$1.0 billion sold from three residential sites in 2016<sup>4</sup>. The Urban Redevelopment Authority's (URA) private residential property price index further evidenced this trend, rising 0.7% quarter-on-quarter for 4Q2017<sup>5</sup>. Prior to these developments, the Group had also started allocating resources in the property development market in Singapore. TSky Development Pte Ltd, the Group's majority-owned property development subsidiary, in 3Q2017 acquired 17 Balmoral Road in the prime district 10 in Singapore for redevelopment into high-end residential units. With this newly established subsidiary, the Group is well-poised to grow its property development segment in this recovering market landscape.

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<sup>1</sup> "Public sector construction demand is expected to strengthen this year", Building and Construction Authority (BCA), 11 January 2018

<sup>2</sup> "New Industry Transformation Map launched to create new, better jobs in construction sector", Channel NewsAsia, 24 October 2017

<sup>3</sup> "Chinese property developers see surging 2017 sales despite cooling market", China Daily, 14 January 2018

<sup>4</sup> "Is collective sale fever cooling?" - The Straits Times, 28 January 2017

<sup>5</sup> "Private home prices stage first full-year growth since 2013: URA flash estimates", The Business Times, 2 January 2018

As at 31 December 2017, approximately S\$60.7 million of gross development value comprises of 106 units (19,227 sqm) of the Equinox and 3 units (900 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 2017, approximately 84.5% 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 two of its phases, B3 and E2, with expected completion and handover in 2018 and 2019 respectively.

For Tranquility Residences project in Suzhou New District Development zone, construction of phase 2 was 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:	1.5 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:	0.8 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 2017.

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)	
	4Q2017 S\$'000	FY2017 S\$'000	4Q2017 S\$'000	FY2017 S\$'000
<b>Hiring charges</b>				
Peck Tiong Choon Transport (Pte) Ltd	-	-	1,074	7,786
Peck Tiong Choon Logistic (Pte) Ltd	-	-	6	45
Total	-	-	1,080	7,831
<b>Construction revenue</b>				
Peck Tiong Choon (Pte) Ltd*	3,893	24,873	-	-
Total	3,893	24,873	-	-

\*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 2017

	Construction S\$'000	Property Development S\$'000	Rental S\$'000	Segments total S\$'000	Others* S\$'000	Total S\$'000
External revenue	651,326	89,537	1,933	742,796	-	742,796
Interest income	166	757	-	923	135	1,058
Interest expenses	(1,456)	(204)	-	(1,660)	(3,758)	(5,418)
Depreciation and amortization	(16,256)	(50)	(577)	(16,883)	(32)	(16,915)
Reportable segment profit / (loss) before income tax	40,495	4,533	1,841	46,869	(6,945)	39,924
Share of profit of associates and joint ventures, net of tax	(986)	1,106		120		120
Profit before income tax						40,044
Income tax expense						(9,778)
Profit for the year						30,266
Reportable segment assets	375,638	434,310	13,584	823,532	96,635	920,167
Investment in associates and joint ventures	-	10,802	-	10,802	-	10,802
Total assets						930,969
Reportable segment liabilities	356,481	168,517	-	524,998	77,625	602,623
Capital expenditure	31,520	86	-	31,606	6	31,612

31 December 2016

	Construction S\$'000	Property Development S\$'000	Rental S\$'000	Segments total S\$'000	Others* S\$'000	Total S\$'000
External revenue	634,219	137,821	2,218	774,258	-	774,258
Interest income	13	955	-	968	28	996
Interest expenses	(1,928)	-	-	(1,928)	(3,863)	(5,791)
Depreciation and amortization	(16,611)	(43)	(651)	(17,305)	(47)	(17,352)
Reportable segment profit / (loss) before income tax	26,902	6,230	1,839	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	491,387	425,888	14,927	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	421,963	220,655	-	642,618	4,184	646,802
Capital expenditure	39,760	121	-	39,881	2	39,883

\*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>	
	<b>2017</b> <b>S\$'000</b>	2016 S\$'000	<b>2017</b> <b>S\$'000</b>	2016 S\$'000
Singapore	<b>651,451</b>	629,963	<b>132,216</b>	138,730
PRC	<b>90,823</b>	139,039	<b>13,604</b>	15,004
PNG	<b>103</b>	113	<b>403</b>	538
Europe	-	4,729	<b>85</b>	95
Malaysia	<b>419</b>	414	<b>7,835</b>	7,912
	<b>742,796</b>	774,258	<b>154,143</b>	162,279

\* 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.**

	<b>2017</b> <b>S\$'000</b>	<b>2016</b> <b>S\$'000</b>	<b>Increase / (Decrease)</b> <b>%</b>
Sales reported for first half year	424,440	405,205	5
Operating profit after tax before deducting non-controlling interests reported for first half year	14,441	7,428	94
Sales reported for second half year	318,356	369,053	-14
Operating profit after tax before deducting non-controlling interests reported for second half year	15,825	8,415	88

**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).

	<b>Latest full year (S\$'000)</b> <b>(Recommended)</b>	<b>Previous full year (S\$'000)</b>
Ordinary	6,724	3,630
Preference	-	-
Total:	6,724	3,630

**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	53	<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 &amp; Deputy General Manager of Suzhou Chang He Investment &amp; 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	67	<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 &amp; Deputy General Manager of Suzhou Chang He Investment &amp; 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	64	<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	51	Cousin of Pek Lian Guan (Executive Director and CEO) and Pay Sim Tee (Executive Director).	Project Director since 2010	Not Applicable
Ong Chun Tiong	45	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	41	Nephew of Pek Lian Guan (Executive Director and CEO) and Pay Sim Tee (Executive Director).	General Manager of Robin Village International Pte Ltd since 2016	Not Applicable
Peh Geok Soon	63	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	36	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	36	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
Pek Zhi Kai	28	Eldest son of Pek Lian Guan (Executive Director and CEO) and nephew of Pay Sim Tee (Executive Director)	Commercial & Risk Manager of Steeltech Industrial Pte Ltd since 1 February 2018	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  
23 February 2018