

TIONG SENG HOLDINGS LIMITED

(Incorporated in Singapore)

(Company Registration No. 200807295Z)

DISPOSAL OF 55% OWNED SUBSIDIARY – JIANGSU HUIYANG CONSTRUCTION DEVELOPMENT CO., LTD

Tiong Seng Holdings Limited (the “Company” and together with its subsidiary, the “Group”) wishes to announce that it has, through its wholly-owned subsidiary, Suzhou Huisheng Construction Development Co., Ltd (“Huisheng”), entered into a sale and purchase agreement (“SPA”) with the minority 45% shareholder, 扬州市城建国有资产控股（集团）有限责任公司 (the “Purchaser”), of our subsidiary Jiangsu Huiyang Construction Development Co., Ltd (“Huiyang”), a company incorporated in the People’s Republic of China (“PRC”), for the sale of our entire 55% stake in Huiyang at an aggregate consideration of RMB 67 million (equivalent to approximately S\$13.4 million) (the “Disposal”).

Having regard to a strategic review of the Group’s core business, long term strategy and business prospect of Huiyang, the Board is of the view that the Disposal will allow the Group to dispose a non-core business which generate minimal annual return, unlock value attached to the underlying assets and strengthen the Group’s financial position for new investment opportunities as and when they arise.

Relative figures for the Disposal, as computed on the bases set out in Rule 1006 of the Listing Manual, are all less than 5% except that the aggregate value of the consideration received, when compared with the Company’s market capitalization basing on the total number of issued Shares excluding treasury shares, is 13%. Accordingly, the Proposed Disposal is classified as a “discloseable transaction” under Chapter 10 of the Listing Manual.

Huiyang is principally engaged in the sale, leasing and management of various commercial units within a retail investment property, Wenchang Broadway (the “Investment Property”), located Yangzhou City. Huiyang owns a wholly-owned subsidiary, Yangzhou Huixin Commercial Asset and Property Management Services Co., Ltd (“Huixin”), which principally provide property management service to Huiyang. Huiyang and Huixin shall collectively be known as the “Disposal Group”.

The consideration of RMB 67 million, arrived at on a willing-buyer and willing-seller basis, was on the premise of the property valuation on Wenchang Broadway performed by 江苏中大土地资产评估测绘有限公司 at RMB 135.8 million (equivalent to approximately S\$27.1 million) commissioned by the Purchaser as well as the estimated costs to repair, upkeep and upgrade the Investment Property and post-acquisition staff consolidation within the Disposal Group. No material conditions are attached to the Proposed Disposal and payment of consideration shall be by way of cash in 2 tranches, RMB 30 million on the 7th working day upon the signing of the SPA and balance RMB 37 million upon completion of the Disposal.

Based on the latest announced consolidated accounts of the Group for 1Q2019, the Disposal Group’s revenue amounted to S\$0.5 million with a loss before tax of less than S\$0.1 million. As at 31 March 2019, the net tangible asset (“NTA”) value of the Disposal Group amounted to S\$10.6 million, with our 55% share being S\$5.8 million, resulting in a Net Profit After Tax of approximately RMB 24.8 million (equivalent to approximately S\$5.0 million).

Had the Disposal took place in the recent completed financial year 2018, the effect on the NTA per share and Earnings Per Share (“EPS”) would be follows:

	Before the completion of the Disposal	After the completion of the Disposal
NTA per Share (cents)	68.96	69.82
EPS (cents)	1.98	2.98

None of the Directors and Controlling Shareholders of the Company has any interest, direct or indirect, in the Disposal. No service contract of directors being proposed to be entered with the Company in connection with the Disposal.

A copy of the SPA and the Valuation Report will be made available for inspection during normal business hours at the registered office of the Company at 21 Fan Yong Road Singapore 629796, for a period of three (3) months from the date of this Announcement.

BY ORDER OF THE BOARD
TIONG SENG HOLDINGS LIMITED

Pek Lian Guan
Executive Director and CEO
3 June 2019