



TIONG SENG HOLDINGS LIMITED

(Incorporated in the Republic of Singapore)

(Co. Reg. No: 200807295Z)

UNAUDITED HALF-YEAR FINANCIAL STATEMENT ANNOUNCEMENT FOR THE PERIOD ENDED 30 JUNE 2020

PART I - INFORMATION REQUIRED FOR ANNOUNCEMENTS OF HALF-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.

	6 Months Ended 30 June 2020 S\$'000	6 Months Ended 30 June 2019 S\$'000	Change %
Revenue	102,294	169,812	-40
Cost of Sales	(99,069)	(149,785)	-34
Gross profit	3,225	20,027	-84
Other income	9,508	9,160	4
Depreciation and amortization	(3,587)	(3,856)	-7
Selling expenses	(562)	(549)	2
Staff costs	(9,136)	(10,240)	-11
Other expenses	(4,030)	(5,374)	-25
	(17,315)	(20,019)	-14
(Loss)/Profit from operating activities	(4,582)	9,168	N.M.
Finance income	301	562	-46
Finance costs	(2,312)	(3,242)	-29
Net finance costs	(2,011)	(2,680)	-25
Share of profit of joint ventures, net of tax	(611)	35	N.M.
(Loss) / Profit before tax	(7,204)	6,523	N.M.
Tax expense	(2,071)	(4,174)	-50
(Loss) / Profit for the year	(9,275)	2,349	N.M.

	6 Months Ended 30 June 2020 S\$'000	6 Months Ended 30 June 2019 S\$'000	Change %
Other comprehensive income			
Items that are / may be reclassified subsequently to profit or loss:			
Translation differences relating to financial statements of foreign subsidiaries	2,320	(1,276)	N.M.
Exchange differences on monetary items forming part of net investment in a foreign operation	1,261	(516)	N.M.
Realisation of translation differences from disposal of subsidiary companies	95	268	-65
Other comprehensive income for the period, net of tax	3,676	(1,524)	N.M.
Total comprehensive income for the period	(5,599)	825	N.M.
(Loss)/Profit attributable to:			
Owners of the Company	(9,186)	2,736	N.M.
Non-controlling interests	(89)	(387)	-77
(Loss) / Profit for the period	(9,275)	2,349	N.M.
Total comprehensive income attributable to:			
Owners of the Company	(5,994)	1,470	N.M.
Non-controlling interests	395	(645)	N.M.
Total comprehensive income for the period	(5,599)	825	N.M.
Earnings per share			
- Basic and diluted (cents) ¹	(2.07)	0.62	N.M.

¹ The earnings per share net of non-controlling interests has been calculated based on 443,564,427 (2019: 444,785,349) 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 loss for the year:

2a. Other income

	6 Months Ended 30 June 2020 S\$'000	6 Months Ended 30 June 2019 S\$'000	Change %
<u>Included in other income:</u>			
Fees from project and property management	(192)	(361)	-47
Gain on disposal of scrap parts and materials	(150)	(345)	>-100
Governments grants/ credit scheme	(6,689)	(119)	>100
Training and testing fee income	(110)	(74)	49
Consultancy services fees	(84)	(9)	>100
Gain on disposal of subsidiary companies	-	(7,371)	-100
Gain on disposal of property, plant and equipment	(10)	(17)	-41
Gain on disposal of assets held for sale	(1,573)	-	100

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

2b. Selling expenses

	6 Months Ended 30 June 2020	6 Months Ended 30 June 2019	Change
	S\$'000	S\$'000	%
<u>Included in selling expenses:</u>			
Advertisement and commission expenses	464	454	2

2c. Other expenses

	6 Months Ended 30 June 2020	6 Months Ended 30 June 2019	Change
	S\$'000	S\$'000	%
<u>Included in other expenses:</u>			
Entertainment	246	187	32
Legal and Professional fees	550	852	-35
Short term/low value lease expense	119	277	-57
Property management expenses	318	423	-25
Repair and maintenance	632	1,127	-44
Travelling and transport	129	358	>-100

2d. Finance income

	6 Months Ended 30 June 2020	6 Months Ended 30 June 2019	Change
	S\$'000	S\$'000	%
<u>Included in finance income:</u>			
Interest income on:			
- cash and cash equivalents	(124)	(140)	-11
- loan to a joint venture	(27)	(65)	-58
- other investment	(9)	(7)	29

2e. Finance expenses

	6 Months Ended 30 June 2020	6 Months Ended 30 June 2019	Change
	S\$'000	S\$'000	%
<u>Included in finance expenses:</u>			
Interest expense on:			
- bank loans	1,193	1,725	-31
- lease liabilities	81	55	47
Exchange (gain) / loss (net)	(120)	380	N.M.

2f. Tax expenses

	6 Months Ended 30 June 2020	6 Months Ended 30 June 2019	Change
	S\$'000	S\$'000	%
<u>Included in tax expenses:</u>			
Underprovision in prior year	1,280	-	100

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

	Group		Company	
	30.6.2020	31.12.2019	31.12.2019	31.12.2019
	S\$'000	S\$'000	S\$'000	S\$'000
Non-current assets				
Property, plant and equipment	106,394	102,465	-	-
Intangible assets	286	335	-	-
Investment properties	3,867	3,931	-	-
Right-of-use assets	4,733	5,404	-	-
Investment in subsidiaries	-	-	59,624	59,624
Associates and joint ventures	37,995	36,986	-	-
Trade and other receivables	3,863	2,917	-	-
Amount due from related parties	4,222	3,979	-	-
Other investments	1,480	1,485	-	-
Deferred tax assets	612	149	-	-
	163,452	157,651	59,624	59,624
Current assets				
Inventories	5,009	2,673	-	-
Contract costs	1,415	1,043	-	-
Contract assets	67,133	102,569	-	-
Development properties	223,396	223,993	-	-
Trade and other receivables	54,105	78,949	27	7
Amounts due from related parties	24,746	29,340	104,436	104,436
Cash and cash equivalents	60,000	55,539	2,341	85
	435,804	494,106	106,804	104,528
Assets held for sale	-	215	-	-
	435,804	494,321	106,804	104,528
Total assets	599,256	651,972	166,428	164,152
Equity attributable to owners of the Company				
Share capital	181,947	181,947	181,947	181,947
Treasury shares	(4,721)	(4,452)	(4,721)	(4,452)
Reserves	(86,656)	(89,848)	(45,850)	(45,850)
Retained earnings / (Accumulated losses)	166,486	177,885	(29,697)	(27,755)
	257,056	265,532	101,679	103,890
Non-controlling interests	19,035	18,955	-	-
Total equity	276,091	284,487	101,679	103,890
Non-current liabilities				
Trade and other payables	14,681	11,933	-	-
Loans and borrowings	20,882	15,432	-	-
Deferred tax liabilities	3,411	3,412	-	-
	38,974	30,777	-	-
Current liabilities				
Contract liabilities	90,770	57,536	-	-
Trade and other payables	105,750	175,143	2,323	936
Amounts due to related parties	16,592	15,697	62,426	59,326
Loans and borrowings	64,326	81,930	-	-
Current tax payable	6,753	6,402	-	-
	284,191	336,708	64,749	60,262
Total liabilities	323,165	367,485	64,749	60,262
Total equity and liabilities	599,256	651,972	166,428	164,152

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

Amount repayable in one year or less, or on demand

As at 30.6.2020		As at 31.12.2019	
Secured	Unsecured	Secured	Unsecured
S\$'000	S\$'000	S\$'000	S\$'000
63,091	-	80,432	-

Amount repayable after one year

As at 30.6.2020		As at 31.12.2019	
Secured	Unsecured	Secured	Unsecured
S\$'000	S\$'000	S\$'000	S\$'000
16,957	-	10,834	-

* Group's borrowings and debts securities table above exclude lease liabilities of S\$5,160,000 (2019: S\$6,096,000).

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 Tiong Seng 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. 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:

	30 June 2020	31 December 2019
	\$'000	\$'000
Carrying amounts of assets:		
Leasehold lands	10,529	10,789
Freehold land	13,647	3,950
Leasehold properties	48,901	50,160
Investment properties	3,854	3,931
Plant and machinery	101	131
Motor vehicles	485	551
Deposits pledged	301	590
Assets held for sale	-	215
Total	77,818	70,317

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.

	6 Months Ended 30 June 2020 S\$'000	6 Months Ended 30 June 2019 S\$'000
Cash flow from operating activities		
(Loss) / Profit from operating activities	(4,582)	9,168
Adjustments for:		
Depreciation and amortisation	7,875	11,695
Gain on disposal of property, plant and equipment	(1,583)	(17)
Gain on disposal of subsidiary companies	-	(7,371)
Operating profit before working capital changes	<u>1,710</u>	<u>13,475</u>
Changes in working capital:		
Inventories	(2,330)	(129)
Contract costs	(372)	(27)
Contract assets/ liabilities	67,835	20,600
Development properties	4,757	436
Trade and other receivables	23,005	10,453
Balances with related parties (trade)	2,047	(475)
Trade and other payables	(70,315)	(16,121)
Cash generated from operations	<u>26,337</u>	<u>28,212</u>
Income taxes paid	(896)	(3,006)
Net cash generated from operating activities	<u>25,441</u>	<u>25,206</u>
Cash flow from investing activities		
Balances with related parties (non-trade)	3,824	(3,449)
Investment in a joint venture	(673)	(2,235)
Loan repayment from a joint venture	-	3,675
Proceeds from disposal of subsidiary companies, net of cash disposed [#]	-	5,912
Proceeds from disposal of property, plant and equipment	1,809	151
Purchase of property, plant and equipment [^]	(4,136)	(1,930)
Purchase of intangible assets	-	(4)
Interest received	134	205
Net cash (used in) / generated from investing activities	<u>958</u>	<u>2,325</u>

	6 Months Ended 30 June 2020 S\$'000	6 Months Ended 30 June 2019 S\$'000
Cash flow from financing activities		
Balances with related parties (non-trade)	(819)	(1,291)
Increase in restricted cash	(4)	(2)
Increase in deposits pledged	-	(3)
Dividends paid to:		
- owners of the company	-	(2,224)
- non-controlling interests	(315)	(1,109)
Interest paid	(1,279)	(1,781)
Acquisition of non-controlling interest in a subsidiary	-	(1,598)
Purchase of treasury shares	(269)	-
Payments of lease liabilities	(877)	(150)
Proceeds from loans and borrowings	22,795	20,248
Repayment of loans and borrowings	(41,141)	(32,879)
Net cash used in financing activities	<u>(21,909)</u>	<u>(20,789)</u>
Net increase in cash and cash equivalents	4,490	6,742
Cash and cash equivalents at beginning of the period	54,725	39,146
Effect of exchange rate changes on balances held in foreign currencies	(40)	(572)
Cash and cash equivalents at end of the period	<u>59,175</u>	<u>45,316</u>

Partial proceeds of Rmb30.0 million was received with the remaining balance of Rmb37.0 million was received in 3Q2019.

^ The acquisition of 2 plots of land in Johor Bahru, Malaysia amounted to S\$9.7 million was partially funded by bank loan of S\$6.9 million.

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	Fair value reserve	Foreign currency translation reserve	Retained earnings	Total	Non-controlling interests	Total equity
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
At 1 January 2020	181,947	(4,452)	(77,720)	(7,279)	1,495	209	(6,553)	177,885	265,532	18,955	284,487
Total comprehensive income for the year											
Loss of for the period	-	-	-	-	-	-	-	(9,186)	(9,186)	(89)	(9,275)
Other comprehensive income											
Translation differences relating to financial statements of foreign subsidiaries	-	-	-	-	-	-	1,836	-	1,836	484	2,320
Exchange differences on monetary items forming part of net investment in a foreign operation	-	-	-	-	-	-	1,261	-	1,261	-	1,261
Realisation of exchange differences on monetary items previously forming part of net investment in a foreign operation transferred to income statement	-	-	-	-	-	-	95	-	95	-	95
Total other comprehensive income	-	-	-	-	-	-	3,192	-	3,192	484	3,676
<i>Total comprehensive income for the period</i>	-	-	-	-	-	-	3,192	(9,186)	(5,994)	395	(5,599)
Transaction with owners, recognised directly in equity											
Contributions by and distributions to owners											
Purchase of treasury shares	-	(269)	-	-	-	-	-	-	(269)	-	(269)
Dividend declared	-	-	-	-	-	-	-	(2,213)	(2,213)	(315)	(2,528)
<i>Total transaction with owners of the Company</i>	-	(269)	-	-	-	-	-	(2,213)	(2,482)	(315)	(2,797)
At 30 June 2020	181,947	(4,721)	(77,720)	(7,279)	1,495	209	(3,361)	166,486	257,056	19,035	276,091

Group	Share capital	Treasury shares	Merger reserve	Capital reserve	Statutory reserve	Fair value reserve	Foreign currency translation reserve	Retained earnings	Total	Non-controlling interests	Total equity
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
At 1 January 2019	181,947	(4,452)	(77,720)	(27)	3,564	-	(2,574)	167,684	268,422	38,301	306,723
Adjustment on initial application of SFRS(I)16	-	-	-	-	-	-	-	(236)	(236)	(83)	(319)
As restated at 1 January 2019	181,947	(4,452)	(77,720)	(27)	3,564	-	(2,574)	167,448	268,186	38,218	306,404
Profit for the period	-	-	-	-	-	-	-	2,736	2,736	(387)	2,349
Other comprehensive income											
Translation differences relating to financial statements of foreign subsidiaries	-	-	-	-	-	-	(1,018)	-	(1,018)	(258)	(1,276)
Exchange differences on monetary items forming part of net investment in a foreign operation	-	-	-	-	-	-	(516)	-	(516)	-	(516)
Realisation of translation difference from disposal of a subsidiary group	-	-	-	-	-	-	268	-	268	-	268
Total other comprehensive income	-	-	-	-	-	-	(1,266)	-	(1,266)	(258)	(1,524)
<i>Total comprehensive income for the period</i>	-	-	-	-	-	-	(1,266)	2,736	1,470	(645)	825
Transaction with owners, recognised directly in equity											
Contributions by and distributions to owners											
Dividend paid	-	-	-	-	-	-	-	(2,224)	(2,224)	(1,109)	(3,333)
Acquisition of non-controlling interest without a change in control	-	-	-	(1,471)	-	-	-	-	(1,471)	(2,389)	(3,860)
Disposal of a subsidiary group with non-controlling interest	-	-	-	-	-	-	-	-	-	(4,536)	(4,536)
<i>Total transaction with owners of the Company</i>	-	-	-	(1,471)	-	-	-	(2,224)	(3,695)	(8,034)	(11,729)
At 30 June 2019	181,947	(4,452)	(77,720)	(1,498)	3,564	-	(3,840)	167,960	265,961	29,539	295,500

Company	Share capital	Treasury Shares	Merger Reserve	Accumulated losses	Total equity
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
At 1 January 2020	181,947	(4,452)	(45,850)	(27,755)	103,890
Total comprehensive income for the period	-	-	-	271	271
Purchase of treasury shares	-	(269)	-	-	(269)
Dividend declared	-	-	-	(2,213)	(2,213)
At 30 June 2020	181,947	(4,721)	(45,850)	(29,697)	101,679
At 1 January 2019	181,947	(4,452)	(45,850)	(25,771)	105,874
Total comprehensive income for the period	-	-	-	(461)	(461)
Dividend paid	-	-	-	(2,224)	(2,224)
At 30 June 2019	181,947	(4,452)	(45,850)	(28,456)	103,189

1(d)(ii) Details of any changes in the company's share capital arising from rights issue, bonus issue, subdivision, consolidation, 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 January 2020	444,785,349	181,947
Share buy-backs	(2,233,100)	-
Balance at 30 June 2020	442,552,249	181,947

The Company held 17,071,600 treasury shares (14,838,500 treasury shares as at 30 June 2019) which represents 3.86% (3.34% as at 30 June 2019) 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	
	30 June 2020	31 December 2019
Total number of issued shares excluding treasury shares	442,552,249	444,785,349

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

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 2019.

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

The Group has adopted new/revised Singapore Financial Reporting Standards (International) (SFRS(I)s) that are effective for annual periods beginning on or after 1 January 2020. Changes to the Group's accounting policies have been made as required, in accordance with the transitional provisions in the respective SFRS(I)s, SFRS(I) Interpretations and amendments to SFRS(I)s.

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

- Amendments to SFRS(I) 3 Business Combinations; and
- Amendments to SFRS(I) 9, SFRS(I) 1-39 and SFRS(I) 7 Interest Rate Benchmark Reform.

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

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.

	6 Months Ended 30 June 2020	6 Months Ended 30 June 2019
	(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	(2.07)	0.62
(b) On a fully diluted basis	(2.07)	0.62

The earning per ordinary share net of non-controlling interests has been calculated based on weighted average number of shares outstanding of 443,564,427 (2019: 444,785,349) 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	
	30 June 2020	31 December 2019	30 June 2020	31 December 2019
	(cents)	(cents)	(cents)	(cents)
Net asset value per ordinary share based on issued share capital at the end of:	58.08	59.70	22.98	23.36

The net asset value per ordinary share, net of non-controlling interests and excluding treasury shares, has been calculated based on 442,552,249 shares as at 30 June 2020 and 444,785,349 shares as at 31 December 2019.

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 1H2020 vs 1H2019

Overview

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

	<u>Construction</u>	<u>Engineering Solution</u>	<u>Property Development</u>	<u>Others</u>	<u>Elimination</u>	<u>Total</u>
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
	6 Months Ended 30 June 2020					
Revenue	71,664	21,748	13,694	26	(4,838)	102,294
Costs	(74,562)	(19,998)	(9,262)	-	4,753	(99,069)
Gross Profit	(2,898)	1,750	4,432	26	(85)	3,225
Other income	7,235	2,168	4	191	(90)	9,508
Depreciation	(3,227)	(260)	(15)	(85)	-	(3,587)
Selling expenses	-	-	(562)	-	-	(562)
Staff costs	(5,431)	(2,610)	(691)	(404)	-	(9,136)
Other operating expenses	(1,929)	(814)	(833)	(629)	175	(4,030)
(Loss) / Profit from operating activities	(6,250)	234	2,335	(901)	-	(4,582)

	<u>Construction</u>	<u>Engineering Solution</u>	<u>Property Development</u>	<u>Others</u>	<u>Elimination</u>	<u>Total</u>
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
	6 Months Ended 30 June 2019 (Restated)					
Revenue	130,257	40,405	12,402	863	(14,115)	169,812
Costs	(113,906)	(40,897)	(8,706)	-	13,724	(149,785)
Gross Profit	16,351	(492)	3,696	863	(391)	20,027
Other income	395	892	175	7,788	(90)	9,160
Depreciation	(3,222)	(191)	(26)	(417)	-	(3,856)
Selling expenses	-	-	(549)	-	-	(549)
Staff costs	(6,543)	(1,930)	(914)	(853)	-	(10,240)
Other operating expenses	(2,591)	(1,076)	(1,210)	(978)	481	(5,374)
Profit / (loss) from operating activities	4,390	(2,797)	1,172	6,403	-	9,168

As announced on 10 December 2019, the Group has re-organized its management structure to have its diverse portfolio of engineering capabilities carved out from the Group's construction segment to form a new operating segment namely "Engineering Solutions".

Following the re-organization of the management structure, Engineering Solutions segment has been split out from Construction segment for operating segment disclosure with corresponding segment financial being restated to reflect the change.

In 1H2019, the Group disposed of a subsidiary group (“Huiyang Group”) that holds an investment property for rental income. Following the disposal of Huiyang Group, investment property and rental income are no longer a significant component to the Group’s asset and income statement. As a result, rental segment is no longer separately presented in the Group’s segment report but included as part of other segment.

As a whole, the Group reported a loss from operating activities of S\$4.6 million for 1H2020 as compared to a profit of S\$9.2 million for 1H2019. The loss in 1H2020 were mainly due to substantial decrease in revenue and gross profit in construction segment as a result of suspension and delay in construction activities due to Covid-19 pandemic and overall lower margin from current projects profile, as well as unproductive construction labor cost suffered during the circuit breaker (“CB”) period¹. However, engineering solutions segment performance improved with reported gross profit of S\$1.8 million in 1H2020 as compared to gross loss in 1H2019 underpinned by the overall change in precast projects profile with higher profit margin.

Group Revenue and Revenue from construction and engineering solutions segments

Revenue decreased by approximately S\$67.5 million or 39.8% yoy from approximately S\$169.8 million in 1H2019 to approximately S\$102.3 million in 1H2020, mainly due to decrease in work performed in construction and engineering segment with the suspension and delay in construction activities due to Covid-19 pandemic.

Revenue from sales of development properties

Revenue from sales of development properties in 1H2020 amounted to S\$13.7 million contributed mainly from the sale recognition of 9 units (2,772 sqm) from Tranquility Project, 3 units (685 sqm) from Sunny International Project and 2 units (752 sqm) from Equinox Project. In 1H2019, revenue amounted to S\$12.4 million was contributed mainly from the sale recognition of 8 units (2,505 sqm) from Tranquility Project and 1 units (204 sqm) from the Sunny International Project and 7 units (1,415 sqm) from Equinox Project.

As at 30 June 2020, approximately S\$45.7 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	Total Launch	Sold and recognised	Sold but yet to be recognised	Unsold Inventories	Future Launch	ASP [^] psm for units sold but yet to be recognized (RMB)
Equinox	Units	Note 1	434	274	75	85	Note 1	15,030
	Area ('000 sqm)	172	88	57	13	18	84	
Tranquility	Units	636	636	608	6	22	-	18,622
	Area ('000 sqm)	100	100	90	2	8	-	

Note 1: Products for subsequent phases to be finalized on accordance to market demand

[^] Average selling price

¹ During the months of April and May 2020, the Singapore government implemented tighter safe distancing measures during the Circuit Breaker period to decisively curb the rising trend of local Covid-19 transmissions. The objective of the circuit-breaker period was to significantly reduce movements and interactions in public and private places.

Gross loss in construction segment

The Group reported a gross loss of S\$2.9 million in 1H2020 instead of a gross profit of S\$16.4 million in 1H2019 were as the results of temporary suspension and delay of construction activities amid Covid-19 pandemic, overall lower margin from current profile of projects and unproductive construction labor costs suffered during the CB period.

Gross profit in engineering solutions segment

Gross profit margin improved from -1.2% in 1H2019 to 8.0% in 1H2020 mainly due to differences in profitability and stages of work progress from various projects over the two periods.

Staff costs

Staff costs decreased by S\$1.1 million from S\$10.2 million to S\$9.1 million mainly due to cost cutting measures implemented to counteract the headwinds from Covid-19 pandemic.

Other expenses

Other expenses decreased by S\$1.4 million from S\$5.4 million in 1H2019 to S\$4.0 million in 1H2020 mainly due to lower repair and maintenance expenses, legal & professional fee, lease expense and overall cost reduction resulted from lower business activities during CB period.

Net finance expenses

Net finance expenses decreased by approximately S\$0.7 million from S\$2.7 million in 1H2019 to S\$2.0 million in 1H2020 mainly due to exchange gain reported in 1H2020 instead of exchange loss in 1H2019 resulted from appreciation in Renminbi vis-a-vis Singapore Dollar and decrease in loan interest.

Share of profit of joint ventures, net of tax

The Group registered a share of loss from joint ventures by approximately S\$0.6 million in 1H2020 as compared to a marginal profit of less than S\$0.1 million in 1H2019. Loss in 1H2020 was mainly due to interest expenses incurred to fund the property development project.

Tax expense

Income tax expense decreased by approximately S\$2.1 million from S\$4.2 million in 1H2019 to S\$2.1 million in 1H2020 due to lower taxable profit in 1H2020. Income tax expenses in 1H2020 include under provision of income tax in construction segment amounted to S\$0.5 million and land appreciation tax in development property segment of S\$0.8 million.

Profit for the year

1H reported a loss after tax of S\$9.3 million as a result of the factors mentioned in the preceding paragraphs.

Review of Group Financial Position

Non-Current Assets

As at 30 June 2020, non-current assets stood at S\$163.5 million or approximately 27.3% of total assets, an increase of approximately S\$5.8 million as compared to 31 December 2019.

Increase in property, plant & equipment (“PPE”) by approximately S\$3.9 million to S\$106.4 million as at 30 June 2020 was mainly due to the completion of acquisition of 2 plots of land in Johor Bahru, Malaysia, partially offset by depreciation incurred for the period.

Increase in investment in associates and joint ventures by S\$1.0 million to S\$38.0 million as at 30 June 2020 was mainly due to additional loan to joint venture.

Current Assets

As at 30 June 2020, current assets stood at S\$435.8 million or approximately 72.7% of total assets, a decrease of approximately S\$58.5 million as compared to 31 December 2019.

Inventories increased by S\$2.3 million to S\$5.0 million as at 30 June 2020 mainly due to built up in inventories of precast tunnel undelivered with the travel restriction under Covid-19 pandemic.

Contract assets decreased by S\$35.4 million to S\$67.1 million as at 30 June 2020 in tandem with the drop in revenue recognition following reduction in construction activities due to Covid-19 pandemic.

Decrease in trade and other receivables by S\$24.8 million to S\$54.1 million as at 30 June 2020 was due mainly to lower billing to customers with the reduction in construction activities under Covid-19 pandemic.

Amount due from related parties decreased by S\$4.6 million to S\$24.7 million as at 30 June 2020 mainly due to settlement of trade balances by joint venture and affiliated company.

Increase in cash and cash equivalents by S\$4.5 million to S\$60.0 million as at 30 June 2020 mainly due to improvement in cash flow from working capital.

Non-Current Liabilities

As at 30 June 2020, non-current liabilities amounted to S\$39.0 million or approximately 12.1% of total liabilities, an increase of approximately S\$8.2 million as compared to 31 December 2019.

Non-current trade and other payables increased by approximately S\$2.7 million to S\$14.7 million as at 30 June 2020 mainly due to increase in retention sum payables arising from construction projects.

Loan and borrowings increased by approximately S\$5.5 million to S\$20.9 million as at 30 June 2020 mainly due to loan raised to fund the acquisition of the 2 plots of land in Johor Bahru, Malaysia.

Current liabilities

As at 30 June 2020, current liabilities stood at S\$284.2 million or approximately 87.9% of total liabilities, a decrease of S\$52.5 million as compared to 31 December 2019.

Contract liabilities increased by S\$33.2 million to S\$90.8 million as at 30 June 2020 mainly due to increase in the excess of progress billing over construction revenue recognized arising from timing difference between actual billing and revenue recognition over the period under review and increase in advance receipt from sale of development properties in PRC.

Decrease in trade and other payables by S\$69.4 million to S\$105.8 million as at 30 June 2020 mainly due to lower billing and cost incurred from subcontractors and suppliers with the reduction in construction activities under Covid-19 pandemic.

Loan and borrowings decreased by S\$17.6 million to 64.3 million as at 30 June 2020 due mainly to net repayment made for the period reported on.

Review of Statement of Cash Flows

Net cash from operating activities

For the 6 months ended 30 June 2020, the Group recorded a net cash inflow from operating activities of approximately S\$25.4 million, as compared to S\$25.2 million in the previous corresponding period. Net cash inflow from operating activities in 1H2020 was mainly due to differences in timing of collection and payment of construction billing and costs.

Net cash from investing activities

For the 6 months ended 30 June 2020, the Group recorded a net cash inflow from investing activities of approximately S\$1.0 million, as compared to S\$2.3 million in the previous corresponding period. The cash outflow from investing activities mainly due to the purchase of 2 plots of land via acquisition of a subsidiary.

Net cash from financing activities

For the 6 months ended 30 June 2020, the Group recorded a net cash outflow from financing activities of S\$21.9 million, decreased by S\$1.1 million as compared to previous corresponding period. Net cash used in financing activities in both periods are mainly due to net payment of loans and borrowings and dividend payment in 1H2019.

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

The company refers to its announcement dated 15 May 2020 on its business update for 1Q2020, which contains information relating to the assessment of the Group's performance impacted by the Covid-19 pandemic, and profit guidance released on 7 August 2020 as to the Group's results for the 6 months ended 30 June 2020, the results announcement contains within are in line with the company's announcement made on 15 May 2020 and 7 August 2020.

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

Based on advanced estimates, the construction sector contracted by 54.7% yoy in the second quarter of 2020, a significant deterioration from the 1.1% yoy decline in the previous quarter². This was due mainly to the stoppage of most construction activities during the Circuit Breaker period, as well as manpower disruptions arising from additional measures to curb the spread of Covid-19. While building contractors were gradually allowed to resume operations from 2

² "Singapore's GDP Contracted by 12.6 Per Cent in the Second Quarter of 2020", Ministry of Trade and Industry, 14 July 2020

June 2020, manpower issues remains one of the biggest roadblocks as firms report difficulties in meeting the stringent requirements set by local authorities to get workers cleared to return to work³.

Looking ahead, the sector's transition to full resumption is expected remain long, challenging and costly due to the implementation of tighter measures to prevent further outbreaks of Covid-19 amongst the migrant worker population.

The Group's order book as at 30 June 2020 stood at approximately S\$1.2 billion which is expected to extend till year 2023.

Property Development Outlook

Singapore

New home sales posted a surprise rebound, with developers selling 998 non-landed private homes in June, up 105.0% quarter-on-quarter ("qoq") from 487 private homes in May, as showflats were allowed to reopen on 19 June after a two-month Circuit Breaker period ended⁴. The numbers – the highest monthly sales for June in seven years – seem to indicate resilience in the property market, as also evidenced by a 22.0% yoy rise in new home sales from 821 a year ago. However, industry analysts highlighted that as home prices are highly correlated to household income and job security, it has been projected that private residential prices could decline 5.0% in 2020⁵.

The Group's joint venture project located at Balmoral Road ("Balmoral Project") and Cairnhill Rise ("Cairnhill Project") are currently under development. Balmoral Project was launched to the public on 11 January 2020. Meantime, Cairnhill Project started its soft launch in July 2020.

China

China's home prices are expected to grow slightly faster in 2020 than predicted a few months earlier while sales will stay soft, as Beijing refrains from strong easing to cushion the coronavirus-led slowdown in the sector. The property market has shown some signs of recovery, helped by cheaper credit and incremental policy easing as the Chinese economy emerges from its coronavirus lockdown. However, weak consumer confidence and fears of a second wave of virus infections may dampen chances for a sustainable rebound. On the whole, industry observers expect average residential property prices to rise 3.75% yoy in 2020, albeit down from 6.6% yoy growth in 2019⁴.

As at 30 June 2020, approximately S\$45.7 million of gross development value comprises 75 units (12,780 sqm) of the Equinox and 6 units (2,045 sqm) of Tranquility Residences were sold, but yet to be recognized as revenue in accordance to the Group's revenue recognition policy.

As at 30 June 2020, approximately 80.4% of the total 434 units launched for Equinox have been sold. Based on current existing phase development plan and schedule, the Group is currently carrying out construction for two of its phases, E2 and G1, with expected completion and handover in 3Q2020 and 4Q2021 respectively.

For Tranquility Residences project in Suzhou New District Development zone, approximately 96.5% of the total 636 completed units were sold.

³ "Manpower issues pose biggest roadblocks for construction firms seeking to resume business amid Covid-19 pandemic", The Straits Times, 1 August 2020

⁴ "Singapore new home sales rebound, hit 7-year high for month of June: URA data", The Straits Times, 15 July 2020

⁵ "New private home sales post surprise rebound", The Straits Times, 16 July 2020

⁴ "China home prices to pick up, but outlook remains soft: Reuters poll", Reuters, 22 June 2020

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 dividend had been declared by the Board of the Company in respect of 1H2020. The Company has been declaring dividend annually in fourth quarter results announcement since 2010.

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

Pursuant to Rule 920(1)(a)(ii), the following interested person transactions were entered into during the financial period ended 30 June 2020.

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)	
	1H2020 S\$'000	1H2019 S\$'000	1H2020 S\$'000	1H2019 S\$'000
<u>Hiring charges</u>				
Peck Tiong Choon Transport (Pte) Ltd	-	-	1,174	1,510
Peck Tiong Choon Logistic (Pte) Ltd	-	-	154	178
Total	-	-	1,328	1,688

14. Confirmation that the issuer has procured undertakings from all its directors and executive officers (in the format set out in Appendix 7.7) under Rule 720(1).

The Company confirms that the undertakings required under Rule 720(1) of the Listing Manual have been obtained from all its directors and executive officers in the format set out in Appendix 7.7 of the Listing Manual.

On behalf of the Board of Directors

BY ORDER OF THE BOARD

Pay Sim Tee
Executive Director and CEO
14 August 2020



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 half-year financial statements for the financial period ended 30 June 2020 to be false or misleading in any material aspect.

For and on behalf of the Board of Directors of
TIONG SENG HOLDINGS LIMITED

Pay Sim Tee
Executive Director & CEO

Ong Lay Khiam
Non-Executive Chairman

14 August 2020