



# TIONG SENG HOLDINGS LIMITED

(Incorporated in the Republic of Singapore)

(Co. Reg. No: 200807295Z)

## UNAUDITED HALF-YEAR 2016 FINANCIAL STATEMENT ANNOUNCEMENT FOR THE PERIOD ENDED 30 JUNE 2016

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

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

	3 Months Ended 30 June 2016 S\$'000	3 Months Ended 30 June 2015 S\$'000	Change %	6 Months Ended 30 June 2016 S\$'000	6 Months Ended 30 June 2015 S\$'000	Change %
<b>Revenue</b>						
Revenue from construction contracts	136,342	88,292	54	288,350	186,168	55
Revenue from sales of development properties	19,858	4,560	>100	111,645	5,971	>100
Revenue from sales of goods	1,438	1,261	14	4,358	3,878	12
Rental income	386	684	-44	852	1,096	-22
	<u>158,024</u>	<u>94,797</u>	67	<u>405,205</u>	<u>197,113</u>	>100
Other income	2,414	3,625	-33	4,023	5,121	-21
Costs of construction	(124,424)	(81,178)	53	(263,612)	(168,434)	57
Costs of sales of development properties	(15,689)	(4,536)	>100	(103,540)	(5,940)	>100
Cost of goods sold	(873)	(491)	78	(3,192)	(2,192)	46
Depreciation and amortisation	(1,148)	(2,004)	-43	(2,410)	(3,832)	-37
Selling expenses	(1,139)	(725)	57	(1,798)	(1,112)	62
Staff costs	(4,770)	(4,732)	1	(10,153)	(10,271)	-1
Other expenses	(3,212)	(2,213)	45	(6,185)	(5,484)	13
	<u>(151,255)</u>	<u>(95,879)</u>	58	<u>(390,890)</u>	<u>(197,265)</u>	98
<b>Profit from operating activities</b>	9,183	2,543	>100	18,338	4,969	>100
Finance income	1,046	805	30	1,337	2,935	-54
Finance expenses	(2,897)	(1,997)	45	(7,055)	(3,755)	88
<b>Net finance expense</b>	<u>(1,851)</u>	<u>(1,192)</u>	55	<u>(5,718)</u>	<u>(820)</u>	>100
Share of (loss)/profit of joint ventures, net of tax	(733)	407	N.M	(1,402)	836	N.M
<b>Profit before tax</b>	6,599	1,758	>100	11,218	4,985	>100
Tax	(2,788)	(358)	>100	(3,790)	(954)	>100
<b>Profit for the period</b>	<u>3,811</u>	<u>1,400</u>	>100	<u>7,428</u>	<u>4,031</u>	84

N.M : Not meaningful

	3 Months Ended 30 June 2016 S\$'000	3 Months Ended 30 June 2015 S\$'000	Change %	6 Months Ended 30 June 2016 S\$'000	6 Months Ended 30 June 2015 S\$'000	Change %
<b>Other comprehensive income</b>						
<b>Items that may be reclassified subsequently to profit or loss:</b>						
Translation differences relating to financial statements of foreign subsidiaries	(6,555)	(3,275)	100	(15,741)	4,663	N.M
Exchange differences on monetary items forming part of net investment in a foreign operation	(2,781)	(4,851)	-43	(6,083)	929	N.M
<b>Other comprehensive income for the period</b>	<b>(9,336)</b>	<b>(8,126)</b>	<b>15</b>	<b>(21,824)</b>	<b>5,592</b>	<b>N.M</b>
<b>Total comprehensive income for the period</b>	<b>(5,525)</b>	<b>(6,726)</b>	<b>-18</b>	<b>(14,396)</b>	<b>9,623</b>	<b>N.M</b>
<b>Profit attributable to:</b>						
Owners of the Company	4,473	1,488	>100	8,210	4,666	76
Non-controlling interests	(662)	(88)	>100	(782)	(635)	23
<b>Profit for the period</b>	<b>3,811</b>	<b>1,400</b>	<b>&gt;100</b>	<b>7,428</b>	<b>4,031</b>	<b>84</b>
<b>Total comprehensive income attributable to:</b>						
Owners of the Company	(3,170)	(6,200)	-49	(9,532)	9,475	N.M
Non-controlling interests	(2,355)	(526)	>100	(4,864)	148	N.M
<b>Total comprehensive income for the period</b>	<b>(5,525)</b>	<b>(6,726)</b>	<b>-18</b>	<b>(14,396)</b>	<b>9,623</b>	<b>N.M</b>
<b>Earnings per share</b>						
- Basic and diluted (cents) <sup>1</sup>	0.98	0.32	>100	1.80	1.02	76

<sup>1</sup> Based on weighted average number of shares outstanding after share consolidation and excluding treasury shares of 457,085,041 (2015: 459,623,849)

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

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

	3 Months Ended 30 June 2016 S\$'000	3 Months Ended 30 June 2015 S\$'000	Change %	6 Months Ended 30 June 2016 S\$'000	6 Months Ended 30 June 2015 S\$'000	Change %
Fees from property management	(184)	(215)	-14	(372)	(360)	3
Gain on disposal of spare parts and scrap materials	(102)	(35)	>100	(186)	(77)	>100
Gain on disposal of investment properties	(218)	(593)	-63	(218)	(593)	-63
Gain on disposal of property, plant and equipment	(174)	(1,277)	-86	(231)	(1,857)	-88
Operating lease expenses	320	70	>100	669	445	50
Travelling and transport	192	246	-22	425	477	-11
Repair and maintenance expenses	416	40	>100	636	527	21
Legal and professional fees	535	430	24	800	963	-17
Tender expenses	70	20	>100	395	30	>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	
	30.06.2016	31.12.2015	30.06.2016	31.12.2015
	S\$'000	S\$'000	S\$'000	S\$'000
<b>Non-current assets</b>				
Property, plant and equipment	113,000	101,606	-	-
Intangible assets	1,424	1,747	-	-
Investment properties	14,355	15,880	-	-
Investment in subsidiaries	-	-	59,624	59,624
Associates and joint ventures	22,200	22,200	-	-
Trade and other receivables	30,432	30,748	-	-
Other investments	6,124	6,130	-	-
Deferred tax assets	2,907	3,140	-	-
	190,442	181,451	59,624	59,624
<b>Current assets</b>				
Inventories	1,652	1,875	-	-
Construction work-in-progress	27,010	45,430	-	-
Development properties	338,573	445,341	-	-
Trade and other receivables	209,040	206,113	16	6
Amount due from related parties	49,353	52,799	130,284	125,685
Available-for-sale financial assets	1,219	-	-	-
Cash and cash equivalents	79,304	93,210	2,528	2,980
	706,151	844,768	132,828	128,671
<b>Total assets</b>	<b>896,593</b>	<b>1,026,219</b>	<b>192,452</b>	<b>188,295</b>
<b>Equity attributable to owners of the Company</b>				
Share capital	181,947	181,947	181,947	181,947
Treasury shares	(968)	(244)	(968)	(244)
Reserves	(71,743)	(54,001)	(45,850)	(45,850)
Retained earnings / (Accumulated losses)	138,453	132,510	(19,194)	(23,994)
	247,689	260,212	115,935	111,859
<b>Non-controlling interests</b>	<b>54,935</b>	<b>59,799</b>	<b>-</b>	<b>-</b>
<b>Total equity</b>	<b>302,624</b>	<b>320,011</b>	<b>115,935</b>	<b>111,859</b>
<b>Non-current liabilities</b>				
Trade and other payables	18,920	15,936	-	-
Loans and borrowings	88,111	87,244	74,337	74,129
Deferred tax liabilities	5,472	4,556	-	-
	112,503	107,736	74,337	74,129
<b>Current liabilities</b>				
Progress billings in excess of construction work-in-progress	4,407	15,138	-	-
Trade and other payables	324,728	342,438	2,180	2,307
Amount due to related parties	19,303	17,314	-	-
Loans and borrowings	121,414	211,566	-	-
Current tax payable	11,614	12,016	-	-
	481,466	598,472	2,180	2,307
<b>Total liabilities</b>	<b>593,969</b>	<b>706,208</b>	<b>76,517</b>	<b>76,436</b>
<b>Total equity and liabilities</b>	<b>896,593</b>	<b>1,026,219</b>	<b>192,452</b>	<b>188,295</b>

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

**Amount repayable in one year or less, or on demand**

As at 30.06.2016		As at 31.12.2015	
Secured	Unsecured	Secured	Unsecured
S\$'000	S\$'000	S\$'000	S\$'000
121,414	-	211,566	-

**Amount repayable after one year**

As at 30.06.2016		As at 31.12.2015	
Secured	Unsecured	Secured	Unsecured
S\$'000	S\$'000	S\$'000	S\$'000
13,774	74,337	13,115	74,129

**Details of any collateral**

**1. Secured loan from a bank**

Pursuant to a loan facility arrangement with a bank, the Group pledges its shares in Chang De Investment Private Limited ("ChangDe"), Tiong Seng Properties (Private) Limited ("TSP"), Tianjin Zizhulin Development Co. Ltd. ("Zizhulin"), and Suzhou Changhe Investment and Development Co., Ltd ("Changhe") as well as the subordination of the group's share of existing and future shareholder's loan to those companies, to the bank as securities for loans of up to approximately S\$100 million to ChangDe for a tenure of 72 months. Notwithstanding this, ChangDe, TSP, Zizhulin and Changhe still remain as subsidiaries of the Group.

**2. The secured bank loans and bank overdrafts are secured on the following assets:**

	30 June 2016	31 December 2015
	\$'000	\$'000
<b>Carrying amounts of assets:</b>		
Leasehold land	12,594	12,853
Freehold land	4,169	4,111
Leasehold properties	30,365	30,949
Investment properties	458	487
Development properties	-	172,673
Plant and machinery	12,441	13,448
Motor vehicles	1,113	1,296
Deposits pledged	1,010	1,165
<b>Total</b>	<b>62,150</b>	<b>236,982</b>

The secured bank loans and bank overdrafts are also secured by assignment of rights, interests and benefits in connection with the construction contracts and corporate guarantee of the Company.

**1(c) A cash flow statement (for the group), together with a comparative statement for the corresponding period of the immediately preceding financial period.**

	3 Months Ended 30 June 2016 S\$'000	3 Months Ended 30 June 2015 S\$'000	6 Months Ended 30 June 2016 S\$'000	6 Months Ended 30 June 2015 S\$'000
<b>Cash flow from operating activities</b>				
Profit from operating activities	9,183	2,543	18,338	4,969
Adjustments for:				
Allowance for doubtful trade receivables	-	(17)	-	(17)
Depreciation and amortisation	3,704	3,568	7,975	7,075
Gain on disposal of:				
- property, plant and equipment	(174)	(1,277)	(231)	(1,857)
- investment properties	(218)	(593)	(218)	(593)
<b>Operating profit before working capital changes</b>	<b>12,495</b>	<b>4,224</b>	<b>25,864</b>	<b>9,577</b>
Changes in working capital:				
Inventories	116	291	211	452
Construction work-in-progress	16,315	9,674	8,671	10,891
Development properties	14,694	6,341	85,032	(35,943)
Trade and other receivables	(22,619)	5,843	(2,449)	10,503
Balances with related parties (trade)	1,774	(2,965)	1,927	(3,342)
Trade and other payables	11,778	(22,935)	(18,023)	(19,550)
Cash generated from/(used in) operations	34,553	473	101,233	(27,412)
Taxes paid	(1,256)	(2,573)	(1,419)	(2,781)
<b>Net cash from / (used in) operating activities</b>	<b>33,297</b>	<b>(2,100)</b>	<b>99,814</b>	<b>(30,193)</b>
<b>Cash flow from investing activities</b>				
Balances with related parties (non-trade)	(2,939)	4,974	(1,849)	(2,018)
Distributions received from joint ventures	-	-	7,497	-
Distributions received from other investments	232	-	232	-
Investment in a joint venture	-	(83)	-	(83)
Interest received	492	34	538	77
Proceeds from disposal of property, plant and equipment	245	2,971	685	3,863
Proceeds from disposal of investment properties	324	629	324	629
Redemption/(purchase) of available-for-sale financial assets	873	-	(1,219)	-
Purchase of property, plant and equipment	(7,698)	(1,547)	(18,646)	(4,428)
Purchase of intangible assets	-	(45)	-	(118)
<b>Net cash (used in)/from investing activities</b>	<b>(8,471)</b>	<b>6,933</b>	<b>(12,438)</b>	<b>(2,078)</b>

	3 Months Ended 30 June 2016 S\$'000	3 Months Ended 30 June 2015 S\$'000	6 Months Ended 30 June 2016 S\$'000	6 Months Ended 30 June 2015 S\$'000
<b>Cash flow from financing activities</b>				
Balances with related parties (non-trade)	165	(1,972)	(3,625)	4,976
Increase in restricted cash	339	-	(636)	-
Decrease/ (increase) in deposits pledged	35	(514)	86	33,153
Dividends paid to owners of the company	(2,267)	(1,838)	(2,267)	(1,838)
Interest paid	(2,081)	(862)	(4,253)	(3,085)
Purchase of treasury shares	(280)	-	(724)	-
Payments of finance lease liabilities	(226)	(306)	(451)	(578)
Proceeds from loans and borrowings	8,028	5,542	18,950	35,719
Repayment of loans and borrowings	(18,969)	(9,866)	(107,852)	(42,073)
<b>Net cash (used in) / from financing activities</b>	<b>(15,256)</b>	<b>(9,816)</b>	<b>(100,772)</b>	<b>26,274</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>	<b>9,570</b>	<b>(4,983)</b>	<b>(13,396)</b>	<b>(5,997)</b>
Cash and cash equivalent at beginning of the period	66,546	50,336	88,774	53,209
Effect of exchange rate changes on balance held in foreign currencies	(1,727)	(1,261)	(989)	(3,120)
<b>Cash and cash equivalents at end of the period</b>	<b>74,389</b>	<b>44,092</b>	<b>74,389</b>	<b>44,092</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 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 period</b>										
Profit for the period	-	-	-	-	-	-	8,210	8,210	(782)	7,428
<b>Other comprehensive income</b>										
Translation differences relating to financial statements of foreign subsidiaries	-	-	-	-	-	(11,659)	-	(11,659)	(4,082)	(15,741)
Exchange differences on monetary items forming part of net investment in a foreign operations	-	-	-	-	-	(6,083)	-	(6,083)	-	(6,083)
Total other comprehensive income	-	-	-	-	-	(17,742)	-	(17,742)	(4,082)	(21,824)
<i>Total comprehensive income and expenses for the period</i>	-	-	-	-	-	(17,742)	8,210	(9,532)	(4,864)	(14,396)
<b>Transaction with owners, recognised directly in equity</b>										
<b>Contributions by and distributions to owners</b>										
Purchase of treasury shares	-	(724)	-	-	-	-	-	(724)	-	(724)
Dividends paid	-	-	-	-	-	-	(2,267)	(2,267)	-	(2,267)
<i>Total transaction with owners of the Company</i>	-	(724)	-	-	-	-	(2,267)	(2,991)	-	(2,991)
At 30 June 2016	181,947	(968)	(77,720)	1,888	3,564	525	138,453	247,689	54,935	302,624

Group	Share capital	Merger reserve	Capital reserve	Statutory reserve	Fair value reserve	Foreign currency translation reserve	Retained earnings	Total	Non-controlling interests	Total equity
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
At 1 January 2015	181,947	(77,720)	1,888	3,564	15	17,485	124,111	251,290	45,430	296,720
<b>Total comprehensive income for the period</b>										
Profit or for the period	-	-	-	-	-	-	4,666	4,666	(635)	4,031
<b>Other comprehensive income</b>										
Translation differences relating to financial statements of foreign subsidiaries	-	-	-	-	-	3,880	-	3,880	783	4,663
Exchange differences on monetary items forming part of net investment in a foreign operations	-	-	-	-	-	929	-	929	-	929
Total other comprehensive income	-	-	-	-	-	4,809	-	4,809	783	5,592
<i>Total comprehensive income and expenses for the period</i>	-	-	-	-	-	4,809	4,666	9,475	148	9,623
<b>Transactions with owners, recognised directly in equity</b>										
<b>Contributions by and distributions to owners</b>										
Dividends paid	-	-	-	-	-	-	(1,838)	(1,838)	-	(1,838)
Capital contribution by non-controlling interest	-	-	-	-	-	-	-	-	9,698	9,698
<i>Total transaction with owners of the Company</i>	-	-	-	-	-	-	(1,838)	(1,838)	9,698	7,860
At 30 June 2015	181,947	(77,720)	1,888	3,564	15	22,294	126,939	258,927	55,276	314,203

Company	Share Capital S\$'000	Treasury Shares S\$'000	Merger Reserve S\$'000	Retained earnings S\$'000	Total equity S\$'000
<b>At 1 January 2016</b>	181,947	(244)	(45,850)	(23,994)	111,859
Total comprehensive income for the period	-	-	-	7,067	7,067
Purchase of treasury shares	-	(724)	-	-	(724)
Dividend paid	-	-	-	(2,267)	(2,267)
<b>At 30 June 2016</b>	181,947	(968)	(45,850)	(19,194)	115,935
<b>At 1 January 2015</b>	181,947	-	(45,850)	(16,656)	119,441
Total comprehensive income for the period	-	-	-	(2,801)	(2,801)
Dividend paid	-	-	-	(1,838)	(1,838)
<b>At 30 June 2015</b>	181,947	-	(45,850)	(21,295)	114,802



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

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

<b>Issued and fully paid ordinary shares, with no par value</b>	<b>No of shares</b>	<b>S\$'000</b>
At 1 April 2016	456,655,449	181,947
Share buy-backs	(1,161,400)	-
Balance at 30 June 2016	455,494,049	181,947

As at 30 June 2016, the Company held 4,129,800 treasury shares (Nil treasury shares as at 30 June 2015).

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

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

	<b>No of shares</b>	
	30 June 2016	31 December 2015
Total number of issued shares excluding treasury shares	455,494,049	458,535,349

- 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.**

The Company held 4,129,800 treasury shares as at the end of the current financial period ended 30 June 2016. There were no sales, transfers, disposal, cancellation and/or use of treasury shares as at the end of the current financial period reported on.

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

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

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

Not Applicable

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

Except as disclosed in paragraph 5 below, the Group has applied the same accounting policies and methods of computation in the financial statements for the current reporting period as those of the audited financial statements for the year ended 31 December 2015.

**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 2016. The adoptions of these new standards, amendments to standard and interpretations did not result in any significant impact on the financial statements of the Group.

**6. Earnings per ordinary share of the group for the current financial period reported on and the corresponding period of the immediately preceding financial year, after deducting any provision for preference dividends.**

	3 Months Ended 30 June 2016	3 Months Ended 30 June 2015	6 Months Ended 30 June 2016	6 Months Ended 30 June 2015
	(cents)	(cents)	(cents)	(cents)
Earnings per ordinary share of the group, after deducting any provision for preference dividends (in cents):				
(a) Based on weighted average number of ordinary shares on issue; and	0.98	0.32	1.80	1.02
(b) On a fully diluted basis	0.98	0.32	1.80	1.02

The earning per ordinary share net of non-controlling interests has been calculated based on weighted average number of shares outstanding after share consolidation and excluding treasury shares of 457,085,041 (2015: 459,623,849) 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 2016	31 December 2015	30 June 2016	31 December 2015
	(cents)	(cents)	(cents)	(cents)
Net asset value per ordinary share based on issued share capital at the end of:	54.38	56.75	25.45	24.39

The net asset value per ordinary share, net of non-controlling interests and excluding treasury shares, has been calculated based on 455,494,049 shares and 458,535,349 shares as at 30 June 2016 and 31 December 2015 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:
- any significant factors that affected the turnover, costs, and earnings of the group for the current financial period reported on, including (where applicable) seasonal or cyclical factors; and
  - any material factors that affected the cash flow, working capital, assets or liabilities of the group during the current financial period reported on.

### Review of Group Performance for 1H2016 vs 1H2015

#### Overview

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

	<u>Construction</u>	<u>Property Development</u>	<u>Sales of Goods</u>	<u>Rental</u>	<u>Others</u>	<u>Total</u>
	6 Months Ended 30 June 2016					
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
Revenue	288,350	111,645	4,358	852	-	405,205
Costs	(263,612)	(103,540)	(3,192)	-	-	(370,344)
Gross Profit	24,738	8,105	1,166	852	-	34,861
Other income	1,441	1,723	32	182	645	4,023
Depreciation	(1,487)	(104)	(274)	(520)	(25)	(2,410)
Selling expenses	-	(1,681)	(117)	-	-	(1,798)
Staff costs	(7,199)	(1,017)	(520)	-	(1,417)	(10,153)
Other operating expenses	(3,688)	(1,054)	(160)	-	(1,283)	(6,185)
Profit / (loss) from operating activities	13,805	5,972	127	514	(2,080)	18,338

	<u>Construction</u>	<u>Property Development</u>	<u>Sales of Goods</u>	<u>Rental</u>	<u>Others</u>	<u>Total</u>
	6 Months Ended 30 June 2015					
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
Revenue	186,168	5,971	3,878	1,096	-	197,113
Costs	(168,434)	(5,940)	(2,192)	-	-	(176,566)
Gross Profit	17,734	31	1,686	1,096	-	20,547
Other income	3,978	73	22	593	455	5,121
Depreciation	(2,801)	(42)	(369)	(571)	(49)	(3,832)
Selling expenses	-	(885)	(227)	-	-	(1,112)
Staff costs	(7,125)	(1,187)	(1,127)	-	(832)	(10,271)
Other operating expenses	(3,058)	(841)	(336)	-	(1,249)	(5,484)
Profit / (loss) from operating activities	8,728	(2,851)	(351)	1,118	(1,675)	4,969

As a whole, the Group's profit from operating activities improved by S\$13.4 million or 269.0% year-on-year (yoy) from approximately S\$5.0 million in 1H2015 to S\$18.3 million in 1H2016. The improvement was mainly driven by increased in revenue in construction segment that pushed up the profit in this segment by S\$5.1 million to S\$13.8 million in 1H2016 and Phase I revenue recognition for Tranquility property development project, which reversed a loss of approximately S\$2.9 million in 1H2015 to profit of approximately S\$6.0 million in 1H2016.

## Revenue

Revenue increased by approximately S\$208.1 million or 105.6% yoy from approximately S\$197.1 million in 1H2015 to approximately S\$405.2 million in 1H2016, attributable mainly to increase in both revenue from construction and development properties segments by S\$102.2 million and S\$105.7 million respectively.

### **Revenue from construction contract**

The increase in revenue by approximately S\$102.2 million from S\$186.2 million in 1H2015 to S\$288.4 million was mainly due to differences in stages of revenue recognition for various construction contracts.

In accordance with our revenue recognition policy, work done amounting to approximately S\$7.3 million from newly commenced projects have yet to be recognized as revenue as at 30 June 2016.

### **Revenue from sales of development properties**

Revenue from sales of development properties in 1H2016 amounted to approximately S\$111.6 million was contributed mainly from the sale recognition of 490 units (55,331 sqm) of phase I from Tranquility Project and 29 units (3,034 sqm) of phases II, III and IV from Sunny International Project respectively.

As at 30 June 2016, approximately S\$93.6 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 recognise	
			Units	Sqm
Equinox	280	91	82	19,577
Tranquility Residences	554	490	56	16,103

### **Revenue from sales of goods**

The increase in revenue from sales of goods by approximately S\$0.5 million from S\$3.9 million in 1H2015 to S\$4.4 million in 1H2016 was due mainly to increase in sales volume.

### **Other income**

A decrease in other income of approximately S\$1.1 million from S\$5.1 million in 1H2015 to S\$4.0 million in 1H2016 was mainly due to a collective gain on disposal of property, plant and equipment and investment properties of S\$1.7 million in 1H2015 following the completion of a few projects in Papua New Guinea in FY2014.

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

Gross profit margin decreased approximately 0.9 percentage points from 9.5% in 1H2015 to 8.6% in 1H2016 due mainly to project mix.

**Gross profit in property development segment**

Gross profit margin increased approximately 6.8% from 0.5% in 1H2015 to 7.3% in 1H2016, due mainly to the revenue recognition of phase I of the Tranquility project and phase III of Sunny International project with better profit margin.

**Gross profit in sales of goods segment**

Gross profit margin decreased from 43.5% in 1H2015 to 26.8% in 1H2016, due mainly to a decrease in licensing income with higher profit margins and reduction of profit margin in component sales.

**Depreciation and amortization**

Decrease in depreciation and amortisation expenses of approximately S\$1.4 million to S\$2.4 million in 1H2016 due mainly to lower assets values for property, plant & equipment and intangible assets following the full depreciation of certain equipments and previous impairment made in intangible assets in FY2015. At the same time, higher utilization of property, plant and equipment in the construction projects resulted in these depreciation being directly charged to cost of construction.

**Selling expenses**

Increase in selling expenses of approximately S\$0.7 million to S\$1.8 million in 1H2016 due mainly to the increased in sales and marketing activities for the properties in the People's Republic of China.

**Other expenses**

Increase in other expenses of approximately S\$0.7 million to S\$6.2 million in 1H2016 due mainly to aggregate increase in tender expenses, operating leases and repair and maintenance expenses.

**Net finance expenses**

Net finance expenses increased by approximately S\$4.9 million to S\$5.7 million in 1H2016 due mainly to a net exchange loss of approximately S\$3.2 million in 1H2016 as a result of depreciation in Renminbi (RMB) vis-à-vis SGD, in contrast to an exchange gain of approximately S\$1.9 million in the corresponding period.

**Share of (loss)/ profit of joint ventures, net of tax**

The Group registered a share of loss from joint ventures of approximately S\$1.4 million in 1H2016 due mainly to net loss recognition in certain joint venture projects.

**Income tax expense**

Income tax expense increased by approximately S\$2.8 million to S\$3.8 million in 1H2016 due mainly to land appreciation tax and underprovision of corporate tax in property development projects in PRC and higher taxable profits in the construction segment.

**Profit for the period**

Profit in 1H2016 increased by approximately S\$3.4 million to S\$7.4 million as a result of the factors mentioned in the preceding paragraphs.

## **Review of Financial Position**

### **Non-Current Assets**

As at 30 June 2016, non-current assets stood at S\$190.5 million or approximately 21.2% of total assets, an increase of approximately S\$9.0 million as compared to 31 December 2015.

Increase in property, plant & equipment ("PPE") of approximately S\$11.4 million to S\$113.0 million as at 30 June 2016 was mainly due to addition in PPE amounting to S\$18.9 million, partially offset by depreciation during the same period.

Decrease in intangible assets by S\$0.3 million to S\$1.4 million mainly due to amortization over the period reported on.

### **Current Assets**

As at 30 June 2016, current assets stood at S\$706.2 million or approximately 78.8% of total assets, a decrease of approximately S\$138.6 million as compared to 31 December 2015.

Decrease in construction work-in-progress (net of excess of progress billings over construction work-in-progress) of about S\$7.7 million was due mainly to differences in stages of various construction projects.

Decrease in development properties by S\$106.8 million to S\$338.6 million as at 30 June 2016 was due mainly to revenue recognition in phase I of Tranquility project and phase II, III and IV of Sunny International project.

Available-for sale financial assets were financial products purchased from the bank amounted to S\$1.2 million for short term placement of cash.

### **Non-Current Liabilities**

As at 30 June 2016, non-current liabilities amounted to S\$112.5 million or approximately 18.9% of total liabilities, an increase of approximately S\$4.8 million as compared to 31 December 2015.

Non-current trade and other payables increased by S\$3.0 million to S\$18.9 million as at 30 June 2016 due mainly to increase in retention sum money arising from the construction projects.

Deferred tax liabilities increased by S\$0.9 million to S\$5.5 million as at 30 June 2016 was mainly due to timing differences on accounting and taxable profit in construction segment.

### **Current Liabilities**

As at 30 June 2016, current liabilities stood at S\$481.5 million or approximately 81.1% of total liabilities, a decrease of approximately S\$117.0 million as compared to 31 December 2015.

An increase in amount due to related parties of approximately S\$2.0 million to S\$19.3 million as at 30 June 2016 was due mainly to increase in trade payable to affiliated corporation of S\$2.9 million.

Loans and borrowings decreased by S\$90.2 million to S\$121.4 million as at 30 June 2016 mainly due to net repayment of loan during the period reported on.

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

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

For the 6 months ended 30 June 2016, the Group recorded a net cash inflow from operating activities of approximately S\$99.8 million, as compared to S\$30.2 million net cash outflow in the previous corresponding period ended 30 June 2015. Net cash inflow from operating activities was mainly due to the improved operating cash flow from the property development segment following the increased in sales and profit recognition in both construction and property development segments.

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

For the 6 months ended 30 June 2016, the Group recorded a net cash outflow from investing activities of S\$12.4 million, an increase of S\$10.4 million as compared to previous corresponding period ended 30 June 2015. This was mainly due to higher investment in property, plant and equipment of approximately S\$18.6 million in 1H2016 as compared to S\$4.4 million in 1H2015.

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

For the 6 months ended 30 June 2016, the Group recorded a net cash outflow from financing activities of approximately S\$100.8 million, as compared to net cash inflow of S\$26.3 million in previous corresponding period ended 30 June 2015. This was due mainly to net repayment of loans and borrowings of S\$88.9 million for the 6 months ended 30 June 2016 and the absence of reduction in deposits pledged of S\$33.2 million in previous corresponding period ended 30 June 2015.

**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**

On 14 July 2016, the Ministry of Trade and Industry (“MTI”)<sup>1</sup> announced advance estimates for Singapore. Data released shows the economy growing 2.2% yoy in 2Q2016, up from 2.1% yoy in 1Q2016. Singapore also grew 0.8% on a quarter-on-quarter (“qoq”) basis. Despite the continued slowdown in construction activities in the private sector, overall construction rose 2.7% yoy. This was, however, lower compared to the 4.5% yoy growth rate in the previous quarter.

In June 2016, the Group secured a S\$98.3 million contract from Public Utilities Board for the supply and installation of water transmission pipeline from Ayer Rajah Expressway/Henderson Road to River Valley Road.

In July 2016, the Group was awarded a contract by Ministry of Home Affairs for the development and construction of Selarang Park Complex along Upper Changi Road North.

This updates the Group’s order book to approximately S\$1.3 billion as at todate and is expected to extend till year 2020.

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<sup>1</sup>“Singapore’s GDP grew by 2.2 per cent in the second quarter of 2016”, MTI, 14 July 2016

## Property Development Outlook

Based on data from the National Statistics Bureau (“NBS”)<sup>2</sup>, home prices in China's 70 major cities grew 7.3% yoy in June. This was comparably higher than the 6.9% yoy rise in May as higher-tier cities continued to lead the growth momentum. On the other hand, housing prices rose 0.8% qoq in June, lower compared to 0.9% qoq in May. The incremental decline follows the introduction of more restrictive housing regulations such as increasing mortgage down payment prerequisites and tightening mortgage loan standards.

These regulations, however, are mainly confined to the larger cities and the remaining second and third-tier cities are still expected to benefit from supportive monetary and regulatory policies in order to further reduce excess housing inventory levels.

As at 30 June 2016, approximately S\$93.6 million of gross development value comprises 82 units (19,577 sqm) of the Equinox and 56 units (16,103 sqm) of Tranquility Residences were sold, but yet to be recognized as revenue in accordance to Tiong Seng's revenue recognition policy.

As at 30 June 2016, approximately 62% of the total 280 units launched for Equinox have been sold. Based on current existing phase development plan and schedule, the Group is currently carrying out construction for its B3 which is expected to be completed in mid 2018. Also, both phase C and E1 is expected to be completed and handover in 3Q2016.

For Tranquility Residences project in Suzhou New District Development zone, construction of Phase 1 of total 2 phases, was completed and handed over in 1Q2016 whereas construction of Phase 2 is expected to be completed and handover in 3Q2017.

### 11. Dividend

#### (a) Current Financial Period Reported On

Any dividend declared for the current financial period reported on?

No

#### (b) Corresponding Period of the Immediately Preceding Financial Year

Any dividend declared for the corresponding period of the immediately preceding financial year?

No

#### (c) Date payable

Not Applicable

#### (d) Books closure date

Not Applicable

### 12. If no dividend has been declared/recommended, a statement to that effect.

No interim dividend has been declared/recommended by the Directors in 2Q2016.

### 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.

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<sup>2</sup>“Slowing China home price rises add to doubts about economy”, Reuters, 18 July 2016



Pursuant to Rule 920(1)(a)(ii), the following interested person transactions were entered into during the financial period ended 30 June 2016.

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)	
	2Q2016	1H2016	2Q2016	1H2016
Peck Tiong Choon Transport (Pte) Ltd – Hiring charges	-	-	3,154,000	4,970,000

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

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

On behalf of the Board of Directors

BY ORDER OF THE BOARD

Pek Lian Guan  
Executive Director and CEO  
5 August 2016



# **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 2016 to be false or misleading in any material aspect.

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

Pek Lian Guan  
Executive Director & CEO

Pay Sim Tee  
Executive Director

5 August 2016