**TUAN SING HOLDINGS LIMITED**
(Company Registration No. 196900130M)
9 Oxley Rise #03-02 The Oxley Singapore 238697
Tel: (65) 6223 7211 Fax: (65) 6224 1085 (Main) / 6733 3835 (Corporate Affairs)

# FINANCIAL STATEMENTS ANNOUNCEMENT
# - UNAUDITED RESULTS FOR THE SECOND QUARTER AND HALF YEAR ENDED 30 JUNE 2014

**Singapore, 30 July 2014** - The Directors of Tuan Sing Holdings Limited ("the Company") announce the following unaudited results of the Group for the second quarter and half year ended 30 June 2014.

This announcement and the accompanying PowerPoint presentation slides and webcast are also available at the Company's website: *http://www.tuansing.com.*

If you require any clarification on this announcement, please contact Mr. Chong Chou Yuen, Group CFO, at the following e-mail address*: chong_chouyuen@tuansing.com.*

**Important Notes on Forward-Looking Statements:**

This announcement may contain forward-looking statements. Words such as 'expects', 'anticipates', 'intends' or the negative use of these terms and other similar expressions of future performance or results and their negatives are intended to identify such forward-looking statements. These forward-looking statements are based upon current expectations and assumptions regarding anticipated developments and other factors affecting the Group. They are not historical facts, nor are they guarantees of future performance or events.

These forward-looking statements involve assumptions, risks and uncertainties. The actual future performance or results may differ materially from those expressed or implied by these forward looking statements as a result of various important factors. These factors include but are not limited to, economic, political and social conditions in the geographic markets where the Group operates, interest rate and foreign currency exchange rate movements, cost of capital and availability of capital, competition from other companies and venues for sales / manufacturing / distribution of goods and services, shift in demands, customers and partners, and changes in operating costs. Further details of potential risks and uncertainties affecting the Group are discussed in the "BUSINESS DYNAMIC AND RISK FACTORS STATEMENT" section of this announcement. Unpredictable or unknown factors not discussed in this announcement could also have material adverse effects on forward-looking statements.

Readers are cautioned not to place undue reliance on these forward-looking statements which speak only as of the date of this announcement. Except as required by any applicable law or regulation, the Group expressly disclaims any obligation or undertaking to release publicly any updates or revision to any forward-looking statements contained herein to reflect any change in the Group's expectations with regard thereto or any change in events, conditions or circumstances on which any such statement is based.

## TABLE OF CONTENTS

## 1. CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

| | Note | Group Second Quarter 30.06.14 $'000 | Group Second Quarter 30.06.13 $'000 | +/(-) % | Group First Half 30.06.14 $'000 | Group First Half 30.06.13 $'000 | +/(-) % |
|---|---|---|---|---|---|---|---|
| **PROFIT OR LOSS** | | | | | | | |
| **Revenue** | (a) | **81,577** | 117,889 | (31) | **142,874** | 182,820 | (22) |
| Cost of sales | | **(67,599)** | (95,748) | (29) | **(118,588)** | (151,653) | (22) |
| **Gross profit** | (a) | **13,978** | 22,141 | (37) | **24,286** | 31,167 | (22) |
| Other operating income | (b) | **352** | 2,171 | (84) | **816** | 3,426 | (76) |
| Distribution costs | (c) | **(1,110)** | (6,580) | (83) | **(2,507)** | (9,693) | (74) |
| Administrative expenses | (d) | **(3,761)** | (3,616) | 4 | **(7,326)** | (7,358) | (0) |
| Other operating expenses | (b) | **(249)** | (1,730) | (86) | **(390)** | (2,240) | (83) |
| Share of results of equity accounted investees | (e) | **4,428** | 5,092 | (13) | **9,062** | 9,944 | (9) |
| Finance income | (f) | **1,115** | 1,250 | (11) | **2,402** | 2,414 | (0) |
| Finance costs | (g) | **(1,444)** | (963) | 50 | **(2,900)** | (2,288) | 27 |
| **Profit before tax and fair value adjustments** | | **13,309** | 17,765 | (25) | **23,443** | 25,372 | (8) |
| Fair value adjustments | (h) | **213** | 177 | 20 | **(464)** | 315 | nm |
| **Profit before tax** | | **13,522** | 17,942 | (25) | **22,979** | 25,687 | (11) |
| Income tax expenses | (j) | **(1,802)** | (2,618) | (31) | **(3,485)** | (3,873) | (10) |
| **Profit for the period** | | **11,720** | 15,324 | (24) | **19,494** | 21,814 | (11) |
| **OTHER COMPREHENSIVE INCOME** | | | | | | | |
| *Items that may be reclassified subsequently to profit or loss:* | | | | | | | |
| Exchange differences on translation of foreign operations | (k) | **(1,519)** | (10,530) | (86) | **269** | (2,553) | nm |
| Share of cash flow hedging account of equity accounted investees | (e) | **576** | (241) | nm | **1,524** | 1,152 | 32 |
| Income tax relating to components of other comprehensive income that may be reclassified subsequently | | **(156)** | 39 | nm | **(440)** | (379) | 16 |
| **Other comprehensive (loss) / income, net of tax** | | **(1,099)** | (10,732) | (90) | **1,353** | (1,780) | nm |
| **Total comprehensive income for the period** | | **10,621** | 4,592 | 131 | **20,847** | 20,034 | 4 |
| *Profit attributable to:* | | | | | | | |
| Owners of the Company | | **11,591** | 15,155 | (24) | **19,299** | 20,944 | (8) |
| Non-controlling interests | | **129** | 169 | (24) | **195** | 870 | (78) |
| | | **11,720** | 15,324 | (24) | **19,494** | 21,814 | (11) |
| *Total comprehensive income attributable to:* | | | | | | | |
| Owners of the Company | | **10,570** | 4,351 | 143 | **20,710** | 18,999 | 9 |
| Non-controlling interests | | **51** | 241 | (79) | **137** | 1,035 | (87) |
| | | **10,621** | 4,592 | 131 | **20,847** | 20,034 | 4 |
| **Basic and diluted earnings per share (in cents)** | | | | | | | |
| Excluding fair value adjustments | (m) | **1.0** | 1.3 | (25) | **1.7** | 1.8 | (5) |
| Including fair value adjustments | (m) | **1.0** | 1.3 | (24) | **1.6** | 1.8 | (9) |
| **Return on shareholders' funds ^** | | | | | **5.1%** | 5.9% | |

*nm : not meaningful*

*^ Return on shareholders' funds = net profit attributable to shareholders / average shareholders' funds over the period*

Profit has been arrived at after crediting / (charging) the following:

| | | Group Second Quarter | | Group First Half | |
|---|---|---|---|---|---|
| | | **30.06.14** | **30.06.13** | **30.06.14** | **30.06.13** |
| | **Note** | **$'000** | **$'000** | **$'000** | **$'000** |
| Depreciation of property, plant and equipment [included in cost of sales, distribution costs, administrative expenses] | | **(172)** | (170) | **(338)** | (353) |
| Gain on disposal of property, plant and equipment [included in other operating income] | (b) | **-** | 1,704 | **-** | 1,701 |
| (Allowance) / write-back of allowance for doubtful receivables, net [included in other operating income / (expenses)] | | **(37)** | 8 | **(37)** | 31 |
| (Allowance) / write-back of allowance for inventory obsolescence, net [included in other operating income / (expenses)] | | **(33)** | - | **(62)** | 1 |
| Foreign exchange (loss) / gain, net [included in other operating income / (expenses)] | (b) | **(38)** | (1,672) | **233** | (1,191) |

## Explanatory notes

(a) Group revenue was $81.6 million and $142.9 million in 2Q2014 and 1H2014 respectively, down 31% and 22% over the corresponding periods last year as there was lower revenue from Property and Industrial Services. Gross profit decreased in tandem to $14.0 million and $24.3 million respectively in 2Q2014 and 1H2014,with gross profit margin at 17% for the two periods.

| | Group Second Quarter | | Group First Half | |
|---|---|---|---|---|
| | **30.06.14** | **30.06.13** | **30.06.14** | **30.06.13** |
| | **$'000** | **$'000** | **$'000** | **$'000** |
| **Gross profit margin** | | | | |
| Property | **26%** | 26% | **26%** | 28% |
| Industrial Services | **5%** | 6% | **6%** | 6% |
| Group total | **17%** | 19% | **17%** | 17% |

Revenue of associates and jointly-controlled entities, being that of Grand Hotel Group ("GHG"), Gul Technologies Singapore Ltd ("GulTech") and Pan-West (Private) Limited ("Pan-West") was not included as their results were equity accounted for. Had their revenue been included, the Group's total revenue would have been $208.9 million and $395.4 million in 2Q2014 and 1H2014 respectively, as compared to the respective revenue of $248.8 million and $432.5 million in the prior year.

Detailed analysis of Group revenue is set out in Items 14 and 15.

(b) Other operating income decreased due to the absence of last year's gain on disposal of fixed assets. Other operating expenses decreased due primarily to lower foreign exchange losses in 2Q2014 and 1H2014.

(c) Lower distribution costs reflect lower advertising and promotion expenses relating to development property sales.

(d) Administrative expenses, including manpower costs and professional fees, remained relatively unchanged.

(e) The Group's share of results of equity accounted investees includes share of net profit and other comprehensive income from GHG and GulTech. Share of results from the 49%-owned Pan-West was not recognised as the cost of investment and the Group's contractual obligation less its share of Pan-West's accumulated losses had exceeded the Group's carrying value.

| | | Group Second Quarter | | Group First Half | |
|---|---|---|---|---|---|
| | | 30.06.14 | 30.06.13 | 30.06.14 | 30.06.13 |
| | Note | $'000 | $'000 | $'000 | $'000 |
| **Share of net profit** | | | | | |
| Share of results before fair value adjustments | | **4,428** | 5,092 | **9,062** | 9,944 |
| Share of fair value gain / (loss) on financial instruments | (h) | **213** | (14) | **(464)** | 4 |
| **Share of other comprehensive income / (loss)** | | | | | |
| Share of cash flow hedge gain / (loss) | | **576** | (241) | **1,524** | 1,152 |
| **Share of total comprehensive income** | | **5,217** | 4,837 | **10,122** | 11,100 |

Share of other comprehensive income represents the Group's share of GHG's cash flow hedge gains and losses.

(f) Finance income was comparable to last year as higher level of cash balances was offset by lower weighted average deposit rates.

(g) Finance costs include amortisation of upfront bank facility fees. Higher finance costs were in line with higher level of borrowings to fund development and investment properties in Singapore.

| | Group Second Quarter | | Group First Half | |
|---|---|---|---|---|
| | 30.06.14 | 30.06.13 | 30.06.14 | 30.06.13 |
| | $'000 | $'000 | $'000 | $'000 |
| **Finance costs** | | | | |
| Interest expense on loans and borrowings | **3,625** | 2,264 | **7,177** | 4,514 |
| Amortisation of upfront bank facility fees | **99** | 69 | **199** | 173 |
| | **3,724** | 2,333 | **7,376** | 4,687 |
| Less: | | | | |
| Amounts capitalised as project costs | **(2,280)** | (1,370) | **(4,476)** | (2,399) |
| | **1,444** | 963 | **2,900** | 2,288 |

(h) Fair value adjustments arose from the mark-to-market adjustments of financial derivative instruments held by the Group including its equity-accounted GHG and GulTech [refer to note (e)]. These fair value adjustments are unrealised and may not necessarily recur in the future. Hence they are separately disclosed so as to provide a better understanding of the underlying profit attributable to shareholders.

| | | Group Second Quarter | | Group First Half | |
|---|---|---|---|---|---|
| | | 30.06.14 | 30.06.13 | 30.06.14 | 30.06.13 |
| | Note | $'000 | $'000 | $'000 | $'000 |
| **Fair value gain / (loss) on financial instruments** | | | | | |
| Subsidiaries | | **-** | 191 | **-** | 311 |
| Share of equity accounted investees | (e) | **213** | (14) | **(464)** | 4 |
| **Total** | | **213** | 177 | **(464)** | 315 |

(j) Taxation charges were arrived at based on the statutory tax rates of the respective countries in which the Group operates and took into account non-deductible expenses and temporary differences. Included therein was deferred tax provision arising from a change in the carrying amount of the Group's investment in GHG versus its tax cost base.

| | **Group Second Quarter** | | **Group First Half** | |
|---|---|---|---|---|
| | **30.06.14 $'000** | **30.06.13 $'000** | **30.06.14 $'000** | **30.06.13 $'000** |
| **Income tax expenses** | | | | |
| Current income tax | | | | |
| - Singapore | **770** | 1,379 | **1,075** | 1,802 |
| - Foreign | **(135)** | 791 | **85** | 1,064 |
| - Overprovision in prior years | **(54)** | - | **(137)** | (16) |
| | **581** | 2,170 | **1,023** | 2,850 |
| Withholding tax expense | **11** | 272 | **60** | 411 |
| Deferred tax | **1,210** | 176 | **2,402** | 612 |
| | **1,802** | 2,618 | **3,485** | 3,873 |

(k) Exchange differences arose from the translation of the financial statements of foreign operations whose functional currencies are not denominated in the Singapore dollar as well as from the translation of foreign currency loans that form part of the Group's net investment in foreign operations.

The translation gain recognised in 1H2014 was attributable to the appreciation of Australian dollar, offset partly by the depreciation of Renminbi and United States dollar. For comparison, translation loss in 1H2013 was due mostly to the weakening of Australian dollar, mitigated partly by the strengthening of Renminbi and United States dollar.

(m) Analysis of the Group's profit before and after fair value adjustments is as below:

| | **Group First Half 2014** | | | **Group First Half 2013** | | |
|---|---|---|---|---|---|---|
| | **Before Fair Value Adjustments** | **Fair Value Adjustments** | **After Fair Value Adjustments** | **Before Fair Value Adjustments** | **Fair Value Adjustments** | **After Fair Value Adjustments** |
| | **$'000** | **$'000** | **$'000** | **$'000** | **$'000** | **$'000** |
| **Profit before tax** | **23,443** | **(464)** | **22,979** | 25,372 | 315 | 25,687 |
| Income tax expenses | **(3,454)** | **(31)** | **(3,485)** | (3,872) | (1) | (3,873) |
| **Profit after tax** | **19,989** | **(495)** | **19,494** | 21,500 | 314 | 21,814 |
| *Less:* | | | | | | |
| Non-controlling interests | **(195)** | **-** | **(195)** | (870) | - | (870) |
| **Profit attributable to owners of the Company** | **19,794** | **(495)** | **19,299** | 20,630 | 314 | 20,944 |
| **Basic and diluted earnings per share (in cent)** | **1.7** | @ | **1.6** | 1.8 | @ | 1.8 |

*@ Less than 0.1 cent*

## 2. STATEMENTS OF FINANCIAL POSITION

| | | Group | | Company | |
|---|---|---|---|---|---|
| | | 30.06.14 | 31.12.13 | 30.06.14 | 31.12.13 |
| | Note | $'000 | $'000 | $'000 | $'000 |
| **ASSETS** | | | | | |
| **Current assets** | | | | | |
| Cash and bank balances | (n) | **276,190** | 276,872 | **186** | 298 |
| Trade and other receivables | (p) | **62,625** | 62,262 | **71** | 50 |
| Amounts due from subsidiaries | (aa) | **-** | - | **295,982** | 300,334 |
| Inventories | (q) | **3,420** | 4,090 | **-** | - |
| Development properties | (r) | **398,786** | 404,285 | **-** | - |
| Total current assets | | **741,021** | 747,509 | **296,239** | 300,682 |
| **Non-current assets** | | | | | |
| Property, plant and equipment | (s) | **3,591** | 3,504 | **-** | - |
| Investment properties | (t) | **830,443** | 824,125 | **498** | 498 |
| Investments in subsidiaries | (aa) | **-** | - | **584,380** | 584,380 |
| Investments in equity accounted investees | (u) | **215,008** | 208,159 | **-** | - |
| Other non-current asset | | **14** | 14 | **-** | - |
| Total non-current assets | | **1,049,056** | 1,035,802 | **584,878** | 584,878 |
| **Total assets** | | **1,790,077** | 1,783,311 | **881,117** | 885,560 |
| **LIABILITIES AND EQUITY** | | | | | |
| **Current liabilities** | | | | | |
| Loans and borrowings | (w) | **136,073** | 150,052 | **-** | - |
| Trade and other payables | (y) | **67,930** | 79,675 | **22,386** | 21,934 |
| Amounts due to subsidiaries | | **-** | - | **321,033** | 320,734 |
| Income tax payable | | **2,997** | 3,284 | **111** | 217 |
| Total current liabilities | | **207,000** | 233,011 | **343,530** | 342,885 |
| **Non-current liabilities** | | | | | |
| Loans and borrowings | (w) | **780,730** | 767,604 | **-** | - |
| Deferred tax liabilities | (z) | **27,089** | 23,491 | **-** | - |
| Total non-current liabilities | | **807,819** | 791,095 | **-** | - |
| **Capital, reserves and non-controlling interests** | | | | | |
| Share capital | | **169,260** | 168,190 | **169,260** | 168,190 |
| Reserves | (ab) | **596,337** | 581,491 | **368,327** | 374,485 |
| Equity attributable to owners of the Company | | **765,597** | 749,681 | **537,587** | 542,675 |
| Non-controlling interests | | **9,661** | 9,524 | **-** | - |
| Total equity | | **775,258** | 759,205 | **537,587** | 542,675 |
| **Total liabilities and equity** | | **1,790,077** | 1,783,311 | **881,117** | 885,560 |
| **Working capital** | | **534,021** | 514,498 | | |
| **Total borrowings** | (w) | **916,803** | 917,656 | | |
| **Gross gearing (times) ^** | | **1.18** | 1.21 | | |
| **Net borrowings ^^** | | **640,613** | 640,784 | | |
| **Net gearing (times) ^** | | **0.83** | 0.84 | | |
| **Net asset value per share (in cents)** | | **65.1** | 63.9 | | |

^ *Gross gearing = total borrowings / total equity; Net gearing = net borrowings / total equity*
^^ *Net borrowings = total borrowings - cash and bank balances*

## Explanatory notes

(n) Cash and bank balances stood at $276.2 million for the Group as at 30 June 2014. Included therein were amounts held under the Project Accounts of Seletar Park Residence, Sennett Residence and Cluny Park Residence, whose withdrawals are restricted to payments for expenditure incurred on those projects as dictated by the provisions in the Housing Developers (Project Account) Rules in Singapore.

| | Group | | Company | |
|---|---|---|---|---|
| | **30.06.14** | **31.12.13** | **30.06.14** | **31.12.13** |
| | **$'000** | **$'000** | **$'000** | **$'000** |
| **Cash and bank balances** | | | | |
| Cash at banks and on hand | **31,567** | 29,351 | **186** | 298 |
| Fixed deposits | **96,186** | 114,768 | **-** | - |
| Amounts held under the Housing Developers (Project Account) Rules | **148,437** | 132,753 | **-** | - |
| | **276,190** | 276,872 | **186** | 298 |

(p) Trade and other receivables stood at $62.6 million at 30 June 2014, as compared to $62.3 million at the previous year-end. Included in the carrying amount were tender deposits amounting to $7.8 million (31 December 2013: $7.9 million) relating to land acquisitions in Jiaozhou, China and Gilstead Court, Singapore. The completion of Gilstead Court collective sale is subject to, *inter alia*, the outcome of a ruling by the High Court.

(q) Inventories, comprising mainly inventories held by the Industrial Services segment, decreased by 16% to $3.4 million as at 30 June 2014.

(r) Development properties decreased to $398.8 million as compared to $404.3 million at the previous year-end due to progressive billing received and receivable, offset partly by development costs capitalised.

| | Group | |
|---|---|---|
| | **30.06.14** | **31.12.13** |
| | **$'000** | **$'000** |
| **Development properties** | | |
| Land cost | **476,051** | 476,980 |
| Development costs incurred to-date | **85,754** | 49,141 |
| Interest and others | **19,776** | 16,176 |
| | **581,581** | 542,297 |
| Attributable profit | **51,375** | 37,659 |
| Progress billings received and receivable | **(240,425)** | (182,413) |
| Properties in the course of development | **392,531** | 397,543 |
| Completed properties held for sale | **6,255** | 6,742 |
| | **398,786** | 404,285 |
| **Represented by:** | | |
| Singapore, in the course of development | **367,523** | 371,599 |
| China, in the course of development | **25,008** | 25,944 |
| China, completed | **6,255** | 6,742 |
| | **398,786** | 404,285 |

(s) Property, plant and equipment remained relatively unchanged at $3.6 million as compared to the previous year-end.

(t) Investment properties include those under redevelopment. They are carried at an aggregate value of $830.4 million as compared to $824.1 million at the previous year-end. The increase was attributable to redevelopment costs and interest capitalised under Robinson Tower site redevelopment. There was no fair value adjustment made for the quarter as the Group's practice is to assess the fair value of investment properties on the basis of valuations carried out at the year-end.

| | Group | |
|---|---|---|
| | **30.06.14** | **31.12.13** |
| | **$'000** | **$'000** |
| **Investment properties** | | |
| Completed investment properties | **479,520** | 479,773 |
| Investment properties under redevelopment | **350,923** | 344,352 |
| | **830,443** | 824,125 |
| **Represented by:** | | |
| Singapore, completed investment properties | **473,350** | 473,350 |
| Singapore, investment properties under redevelopment | **350,923** | 344,352 |
| China, completed investment properties | **6,170** | 6,423 |
| | **830,443** | 824,125 |

(u) The Group's investments in equity accounted investees comprise the 50% interest in GHG, 43.3% interest in GulTech and 49% interest in Pan-West. Investments in equity accounted investees increased by 3% to $215.0 million at 30 June 2014. This was due mainly to share of total comprehensive income and foreign currency translation gain, less distribution from GHG of A$7.5 million (approximately S$8.7 million) in 1H2014.

(w) Loans and borrowings comprise interest-bearing liabilities less capitalised finance costs, stood at $916.8 million at 30 June 2014. The decrease over the previous year-end was due mainly to scheduled repayment and amortisation of capitalised finance costs.

| | Group | |
|---|---|---|
| | **30.06.14** | **31.12.13** |
| | **$'000** | **$'000** |
| Interest-bearing liabilities | **918,610** | 919,720 |
| Capitalised finance costs | **(1,807)** | (2,064) |
| | **916,803** | 917,656 |

(y) Trade and other payables decreased by 15% to $67.9 million as compared to $79.7 million at the previous year-end, reflecting lower trading activities by the Industrial Services segment.

(z) Deferred tax liabilities increased to $27.1 million at 30 June 2014, as compared to $23.5 million at the previous year-end. Deferred tax liabilities arose mainly from the recognition of profit from the development projects in Singapore whose tax liabilities are not expected to arise within twelve months as well as the Group's equity interest in GHG, Australia.

(aa) Investments in subsidiaries and amounts due from subsidiaries shown under the Company's statement of financial position are tested for impairment whenever there is any objective evidence or indication that these assets may be impaired. No impairment loss or write-back was recognised in profit or loss as a result of the above assessment for 1H2014.

(ab) Composition of reserves

| | Group | | Company | |
|---|---|---|---|---|
| | **30.06.14 $'000** | **31.12.13 $'000** | **30.06.14 $'000** | **31.12.13 $'000** |
| **Reserves** | | | | |
| Asset revaluation reserve | **76,909** | 76,909 | **-** | - |
| Foreign currency translation account | **(11,057)** | (11,384) | **-** | - |
| Other capital reserves: | | | | |
| - Non-distributable capital reserves | **102,271** | 102,271 | **101,264** | 101,264 |
| - Cash flow hedging account | **(1,806)** | (2,890) | **-** | - |
| | **100,465** | 99,381 | **101,264** | 101,264 |
| Revenue reserve | **430,020** | 416,585 | **267,063** | 273,221 |
| | **596,337** | 581,491 | **368,327** | 374,485 |

Only revenue reserve is distributable to shareholders as dividend.

Asset revaluation reserve comprises net cumulative surpluses arising from the revaluation of leasehold land, buildings and improvements held by the Group and share of revaluation reserve of the jointly-controlled company, GHG. These properties are held for the purpose of production or supply of goods and services.

Foreign currency translation account comprises foreign exchange differences arising from the translation of the financial statements of foreign operations whose functional currencies are different from the presentation currency of the Company (i.e. Singapore dollar); as well as from the translation of monetary items which form part of the Group's net investment in foreign operations at the end of the reporting period.

Non-distributable capital reserves comprise capital reduction reserve of the Company and share of enterprise expansion fund reserve of an associate, GulTech. Cash flow hedging account represents the net cumulative deficit arising from share of cash flow hedge reserve of GHG.

Movement in the Group's and the Company's reserves are set out in Item 5.

## 3. GROUP'S BORROWINGS AND DEBT SECURITIES

| | Note | Group 30.06.14 $'000 | Group 31.12.13 $'000 |
|---|---|---|---|
| **Secured borrowings** | | | |
| Amount repayable in one year or less, or on demand | | **136,073** | 150,052 |
| Amount repayable after one year | | **780,730** | 767,604 |
| | (w) | **916,803** | 917,656 |

The Group's borrowings as at 30 June 2014 and as at 31 December 2013 were denominated in Singapore dollar and were for the financing of properties in Singapore. As at 30 June 2014, 15% (31 December 2013: 16%) of the Group's borrowings were repayable within one year.

No debt securities were in issue as at 30 June 2014 and 31 December 2013, although a S$900 million Multicurrency Medium Term Note Programme has been established which allows the Group to obtain funds from the capital market as and when required.

**Details of any collateral**

As at 30 June 2014, the net book value of assets pledged or mortgaged to banks amounted to $1,254.6 million (31 December 2013: $1,253.5 million).

# 4. CONSOLIDATED STATEMENT OF CASH FLOWS

| | Note | Group Second Quarter 30.06.14 $'000 | Group Second Quarter 30.06.13 $'000 | Group First Half 30.06.14 $'000 | Group First Half 30.06.13 $'000 |
|---|---|---|---|---|---|
| **OPERATING ACTIVITIES** | | | | | |
| Profit before tax | | **13,522** | 17,942 | **22,979** | 25,687 |
| *Adjustments for:* | | | | | |
| Fair value (gain) / loss | | **(213)** | (177) | **464** | (315) |
| Share of results of equity accounted investees | | **(4,428)** | (5,092) | **(9,062)** | (9,944) |
| Depreciation of property, plant and equipment | | **172** | 170 | **338** | 353 |
| Allowance / (write-back of allowance) for inventory obsolescence, net | | **33** | - | **62** | (1) |
| Allowance / (write-back of allowance) for doubtful receivables, net | | **37** | (8) | **37** | (31) |
| Gain on disposal of property, plant and equipment | | **-** | (1,704) | **-** | (1,701) |
| Finance income | | **(1,115)** | (1,250) | **(2,402)** | (2,414) |
| Finance costs | | **1,444** | 963 | **2,900** | 2,288 |
| **Operating cash flows before movements in working capital** | | **9,452** | 10,844 | **15,316** | 13,922 |
| Development properties less progressive billings receivable | | **12,376** | 43,084 | **6,779** | 31,831 |
| Inventories | | **494** | (145) | **623** | (642) |
| Trade and other receivables | | **(1,411)** | (13,102) | **683** | 2,223 |
| Trade and other payables | | **(4,327)** | (8,878) | **(10,503)** | (2,546) |
| **Cash generated from operations** | | **16,584** | 31,803 | **12,898** | 44,788 |
| Interest received | | **525** | 500 | **1,633** | 914 |
| Income tax paid | | **(1,829)** | (2,887) | **(2,498)** | (3,815) |
| **Net cash from operating activities** | | **15,280** | 29,416 | **12,033** | 41,887 |
| **INVESTING ACTIVITIES** | | | | | |
| Additions to property, plant and equipment | | **(111)** | (184) | **(421)** | (193) |
| Disposal of property, plant and equipment | | **-** | 2,055 | **-** | 2,055 |
| Additions to investment properties | | **(3,294)** | (1,018) | **(4,522)** | (1,080) |
| Deposit paid for acquisition of subsidiaries | | **-** | (30,050) | **-** | (30,050) |
| Distribution received from a jointly-controlled company | | **2,885** | 3,501 | **8,670** | 3,501 |
| **Net cash (used in) / from investing activities** | | **(520)** | (25,696) | **3,727** | (25,767) |
| **FINANCING ACTIVITIES** | | | | | |
| Repayment of finance lease obligations | | **-** | (5) | **(2)** | (11) |
| Proceeds from loans and borrowings | | **-** | 49,000 | **15,000** | 50,000 |
| Repayment of loans and borrowings | | **(270)** | (321) | **(16,108)** | (628) |
| Interest paid | | **(3,730)** | (2,246) | **(7,175)** | (4,481) |
| Bank deposits pledged as securities for bank facilities | | **(784)** | (56,482) | **(1,043)** | (62,558) |
| Dividends paid to shareholders | | **(4,794)** | (2,161) | **(4,794)** | (2,161) |
| Distribution paid to non-controlling interests | | **-** | - | **-** | (3,603) |
| **Net cash used in financing activities** | | **(9,578)** | (12,215) | **(14,122)** | (23,442) |
| **Net increase / (decrease) in cash and cash equivalents** | | **5,182** | (8,495) | **1,638** | (7,322) |
| **Cash and cash equivalents:** | | | | | |
| At the beginning of the period | | **208,507** | 210,317 | **212,626** | 207,077 |
| Foreign currency translation adjustments | | **(296)** | 2,874 | **(871)** | 4,941 |
| **At the end of the period** | (ac) | **213,393** | 204,696 | **213,393** | 204,696 |

## Explanatory notes

(ac) Cash and cash equivalents

Fixed deposits and bank balances of $62.8 million held by banks as security for credit facilities in China and Singapore were excluded from the cash and cash equivalents at 30 June 2014 (30 June 2013: $67.1 million).

| | | Group | |
|---|---|---|---|
| | | 30.06.14 | 30.06.13 |
| | Note | $'000 | $'000 |
| **Cash and cash equivalents per consolidated statement of cash flows** | | | |
| Cash and bank balances (as per statement of financial position) | (n) | **276,190** | 271,841 |
| *Less:* | | | |
| Encumbered fixed deposit and bank balances | | **(62,797)** | (67,145) |
| | | **213,393** | 204,696 |

As at 30 June 2014, the Group had cash placed with banks in China amounting to $82.8 million (30 June 2013: $87.8 million); of which, $60.1 million (30 June 2013: $62.4 million) was pledged to a bank as security for banking facilities in Singapore. The repatriation of cash from China to Singapore is subject to the Foreign Exchange Control Regulations in China.

(ad) Free cash flow

| | Group Second Quarter | | Group First Half | |
|---|---|---|---|---|
| | 30.06.14 | 30.06.13 | 30.06.14 | 30.06.13 |
| | $'000 | $'000 | $'000 | $'000 |
| Net cash from operating activities | **15,280** | 29,416 | **12,033** | 41,887 |
| Net cash (used in) / from investing activities | **(520)** | (25,696) | **3,727** | (25,767) |
| **Free cash inflow for the period** | **14,760** | 3,720 | **15,760** | 16,120 |

*^ Free cashflow = operating cash flow + investing cash flow*

There were lower cash inflows from operating activities in 1H2014 compared to 1H2013 as the percentage of construction claims relating to the development properties during 1H2014 was lower than the 20% initial payment made by the purchasers under the sales and purchase agreements in 1H2013.

## 5. STATEMENTS OF CHANGES IN EQUITY

### The Group

| | Share capital | Asset revaluation reserve | Foreign currency translation account | Other capital reserves | Revenue reserve | Attributable to owners of the Company | Non-controlling interests | Total equity |
|---|---|---|---|---|---|---|---|---|
| | $'000 | $'000 | $'000 | $'000 | $'000 | $'000 | $'000 | $'000 |
| **2014** | | | | | | | | |
| **At 1 January 2014** | **168,190** | **76,909** | **(11,384)** | **99,381** | **416,585** | **749,681** | **9,524** | **759,205** |
| **Total comprehensive income for the period** | | | | | | | | |
| Profit for the period | **-** | **-** | **-** | **-** | **19,299** | **19,299** | **195** | **19,494** |
| Other comprehensive income / (loss), net of tax | **-** | **-** | **327** | **1,084** | **-** | **1,411** | **(58)** | **1,353** |
| | **-** | **-** | **327** | **1,084** | **19,299** | **20,710** | **137** | **20,847** |
| **Transaction with owners, recognised directly in equity** | | | | | | | | |
| Issue of shares under the Scrip Dividend Scheme | **1,070** | **-** | **-** | **-** | **-** | **1,070** | **-** | **1,070** |
| Dividend paid to shareholders | | | | | | | | |
| - Cash | **-** | **-** | **-** | **-** | **(4,794)** | **(4,794)** | **-** | **(4,794)** |
| - Share | **-** | **-** | **-** | **-** | **(1,070)** | **(1,070)** | **-** | **(1,070)** |
| **At 30 June 2014** | **169,260** | **76,909** | **(11,057)** | **100,465** | **430,020** | **765,597** | **9,661** | **775,258** |
| **2013** | | | | | | | | |
| **At 1 January 2013** | 164,545 | 77,573 | (2,214) | 96,775 | 370,950 | 707,629 | 12,932 | 720,561 |
| **Total comprehensive income for the period** | | | | | | | | |
| Profit for the period | - | - | - | - | 20,944 | 20,944 | 870 | 21,814 |
| Other comprehensive (loss) / income, net of tax | - | (154) | (2,718) | 773 | 154 | (1,945) | 165 | (1,780) |
| | - | (154) | (2,718) | 773 | 21,098 | 18,999 | 1,035 | 20,034 |
| **Transaction with owners, recognised directly in equity** | | | | | | | | |
| Transfer from revenue reserve to other capital reserves | - | - | - | 389 | (389) | - | - | - |
| Issue of shares under the Scrip Dividend Scheme | 3,645 | - | - | - | - | 3,645 | - | 3,645 |
| Dividend paid to shareholders | | | | | | | | |
| - Cash | - | - | - | - | (2,161) | (2,161) | - | (2,161) |
| - Share | - | - | - | - | (3,645) | (3,645) | - | (3,645) |
| Dividend to non-controlling interests | - | - | - | - | - | - | (3,600) | (3,600) |
| **At 30 June 2013** | **168,190** | **77,419** | **(4,932)** | **97,937** | **385,853** | **724,467** | **10,367** | **734,834** |

### The Company

| | Share capital | Other capital reserve | Revenue reserve | Total equity |
|---|---|---|---|---|
| | $'000 | $'000 | $'000 | $'000 |
| **2014** | | | | |
| **At 1 January 2014** | **168,190** | **101,264** | **273,221** | **542,675** |
| Total comprehensive loss for the period | **-** | **-** | **(294)** | **(294)** |
| Issue of shares under the Scrip Dividend Scheme | **1,070** | **-** | **-** | **1,070** |
| Dividend paid to shareholders | | | | |
| - Cash | **-** | **-** | **(4,794)** | **(4,794)** |
| - Share | **-** | **-** | **(1,070)** | **(1,070)** |
| **At 30 June 2014** | **169,260** | **101,264** | **267,063** | **537,587** |
| **2013** | | | | |
| **At 1 January 2013** | 164,545 | 101,264 | 190,648 | 456,457 |
| Total comprehensive income for the period | - | - | 1,065 | 1,065 |
| Issue of shares under the Scrip Dividend Scheme | 3,645 | - | - | 3,645 |
| Dividend paid to shareholders | | | | |
| - Cash | - | - | (2,161) | (2,161) |
| - Share | - | - | (3,645) | (3,645) |
| **At 30 June 2013** | **168,190** | **101,264** | **185,907** | **455,361** |

## 6. SHARE CAPITAL

Share Capital
Total number of issued ordinary shares as at 30 June 2014 was 1,176,155,916 as compared to 1,172,739,606 as at 31 December 2013. The increase represented 3,416,310 new shares allotted and issued on 25 June 2014 at an issue price of $0.313 per share to eligible shareholders who have elected to participate in the Company's Scrip Dividend Scheme in respect of the first and final tax exempted one-tier ordinary dividend of 0.5 cent per share for the financial year ended 31 December 2013 (the "FY2013 Dividend").

Except as mentioned above, there has been no change 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 31 March 2014, being the end of the preceding period reported on. There were no outstanding convertibles for which shares may be issued.

Treasury Shares
The Company did not hold any treasury shares as at 30 June 2014 and as at 31 December 2013, the end of the corresponding period of the immediate preceding year. There were also no sales, transfers, disposal, cancellation and / or use of treasury shares during 1H2014 and FY2013.

## 7. AUDIT

The financial statements have not been audited nor reviewed by the Company's external auditors.

## 8. AUDITORS' REPORT

Not applicable.

## 9. BASIS OF PREPARATION

The financial statements are prepared in accordance with the provisions of the Singapore Companies Act and Singapore Financial Reporting Standards ("FRS") and are on historical cost basis except for the revaluation of certain non-current assets and financial instruments that have been measured at their fair values and amortised costs respectively.

## 10. ACCOUNTING POLICIES

Except as disclosed in Item 11 below, the Group has applied the same accounting policies and methods of computation in the financial statements for the current financial period as compared with those of the audited financial statements for the financial year ended 31 December 2013.

## 11. CHANGES IN ACCOUNTING POLICIES

In the current financial period, the Group adopted all the new and revised FRSs that are relevant to its operations and effective for annual periods beginning on or after 1 January 2014. The adoption of these new or revised FRSs does not result in changes to the Group's and Company's accounting policies and has no material effect on the amounts reported for the current or prior periods / years.

## 12. EARNINGS PER ORDINARY SHARE

| | Group Second Quarter | | Group First Half | |
|---|---|---|---|---|
| | **30.06.14** | **30.06.13** | **30.06.14** | **30.06.13** |
| **(a) Earnings per ordinary share based on the weighted average number of ordinary shares in issue (in cents):** | | | | |
| Excluding fair value adjustments | **1.0** | 1.3 | **1.7** | 1.8 |
| Including fair value adjustments | **1.0** | 1.3 | **1.6** | 1.8 |
| Weighted average number of ordinary shares in issue (in millions) | **1,173.0** | 1,162.7 | **1,172.9** | 1,162.0 |
| **(b) Earnings per ordinary share based on fully diluted basis (in cents)** | | | | |
| Excluding fair value adjustments | **1.0** | 1.3 | **1.7** | 1.8 |
| Including fair value adjustments | **1.0** | 1.3 | **1.6** | 1.8 |
| Adjusted weighted average number of ordinary shares (in millions) | **1,173.0** | 1,162.7 | **1,172.9** | 1,162.0 |

There were no outstanding dilutive potential ordinary shares; hence diluted earnings per ordinary share were the same as the earnings per ordinary share for the respective periods.

## 13. NET ASSET VALUE PER ORDINARY SHARE

| | Group | | Company | |
|---|---|---|---|---|
| | **30.06.14** | **31.12.13** | **30.06.14** | **31.12.13** |
| Net asset value per ordinary share (in cents) | **65.1** | 63.9 | **45.7** | 46.3 |
| Total number of issued shares as on the date (in millions) | **1,176.2** | 1,172.7 | **1,176.2** | 1,172.7 |

## 14. REVIEW OF GROUP PERFORMANCE

### Overview

Despite the property cooling measures in Singapore, the Group continues to recognise revenue and profit from development properties already sold based on percentage of completion method.

For the second quarter ended 30 June 2014, the Group recorded revenue of $81.6 million; this brought the first half year 2014 revenue to $142.9 million. Profit after tax for the quarter amounted to $11.7 million; first half year was $19.5 million. Earnings per share were 1.0 cent for the quarter and 1.6 cents for the first half year; down from 1.3 cents and 1.8 cents respectively a year earlier. However, net asset value per share rose to 65.1 cents at 30 June 2014, up from 63.9 cents at the previous year-end.

### Financial Performance

For the half year, Group revenue of $142.9 million was 22% lower than the same period in 2013 due to lower sales in Property and Industrial Services. For Property, lower revenue was due to lower sales from development properties. As compared to last year same period, progressive revenue recognition for, instead of sales of, units already sold at Seletar Park Residence and Sennett Residence formed the bulk of the revenue in the current period; in addition to rental income from Robinson Point.

As a result, gross profit decreased by 22% to $24.3 million, and distribution costs reduced by 74% to $2.5 million. Administrative expenses remained relatively unchanged at $7.3 million. The Group's associates and jointly-controlled company contributed a share of profit before fair value adjustments of $9.1 million, down 9% from last year due to lower contribution from GulTech mitigated partly by higher contribution from GHG.

Finance income of $2.4 million and finance costs of $2.9 million were reported, as compared to finance income of $2.4 million and finance costs of $2.3 million a year earlier. Separately, there was a net fair value loss of $0.5 million reported in the current period, as compared to a net fair value gain of $0.3 million a year ago.

Overall, profit after tax decreased by 11% to $19.5 million. After deducting non-controlling interests, the Group recorded a net profit attributable to shareholders of $19.3 million, as compared to $20.9 million reported in the first half of previous year.

### Financial Position

Group total assets of $1,790.1 million represented a marginal increase from the previous year-end due to development costs capitalised and higher carrying amount of investments in GHG and GulTech, offset by progressive billings for development properties. Group total liabilities of $1,014.8 million represented a marginal decrease from the previous year-end due mainly to lower level of trade and other payables.

Total borrowings edged down by $0.9 million to $916.8 million, whereas cash and bank balances decreased by $0.7 million to $276.2 million. Consequently, the Group's net borrowings reduced slightly by $0.2 million to $640.6 million, as compared to $640.8 million at the previous year-end. Gross gearing ratio reduced to 1.18 times, and net gearing ratio decreased to 0.83 times.

Shareholders' funds grew 2% over the six-month period or by $15.9 million to $765.6 million at end June 2014. The increase reflected profit recognised, Australian dollar translation gain, and share of other comprehensive income of GHG. The impact was offset partially by the Company's payment of dividend to shareholders, net of new shares issued under the Tuan Sing Scrip Dividend Scheme.

Accordingly, 3.4 million new shares were issued and the Company's share capital increased by $1.1 million.

**Cash Flow**

Net cash from operating activities was $12.0 million for the first half 2014, attributable to operating profit, progressive billings for development properties, receipt of interest income less payment of income tax. For comparison, net cash of $41.9 million was generated for the corresponding period last year attributable mainly to higher level (20%) of sales proceeds received from development properties upon signing of the sale and purchase agreements.

Net cash from investing activities was $3.7 million. The Group received $8.7 million distribution from GHG, but paid $4.5 million on the Robinson Tower redevelopment and $0.4 million on other capital expenditure projects. In contrast, net cash of $25.8 million was used in the corresponding period last year due largely to the payment of deposit relating to the acquisition of Robinson Point.

Financing activities accounted for a net cash outflow of $14.1 million due mainly to a net loan repayment, payment of interest expense and dividend paid to shareholders. For comparison, a net cash outflow of $23.4 million was reported in the same period last year due mainly to the pledging of fixed deposits in China for banking facilities in Singapore, payment of interest, dividend but offset by a net loan drawdown.

Overall, cash and cash equivalents increased to $213.4 million at 30 June 2014 from $212.6 million at the previous year-end. Free cash flow of $15.8 million was generated in the first half 2014.

## 15. REVIEW OF SEGMENT PERFORMANCE

**Property**

For the first half year, Property revenue declined 19% to $74.2 million, but profit after tax increased 8% to $13.7 million as compared to the same period last year. The current period revenue and profit were derived mainly from the progressive recognition based on percentage of construction completion on units sold at Seletar Park Residence and Sennett Residence, as well as the initial recognition of new bookings at Cluny Park Residence.

Revenue from investment properties grew 61% to $8.2 million as rental income from Robinson Point has commenced since October 2013. Overall, Property contributed 52% of the Group's total revenue and 70% of the Group's total profit after tax for the period.

**Hotels Investment**

GHG's net property income increased by 3% to A$20.6 million on account of higher contribution from Grand Hyatt Melbourne but offset by lower contribution from Hyatt Regency Perth. The combined hotel Revenue Per Available Room ("RevPar") for the two hotels was up by 1% year-on-year on account of higher average rate notwithstanding lower occupancy rate. Rental income from non-hotel properties increased by 2% and interest expenses dropped by 2% as compared to the corresponding period last year.

Including a fair value gain on interest rate hedging, net profit reported by GHG increased by 31% to A$5.8 million. Consequently, the Group's share of GHG's profit and fair value gain increased to S$3.3 million, from S$2.8 million a year earlier. After deducting finance costs and deferred tax provision at the investment holding company level, Hotels Investment contributed a profit after tax of S$2.1 million, up 79% from S$1.2 million posted a year ago.

**Industrial Services**

For the first half year, Industrial Services reported revenue of $69.0 million and profit after tax of $0.8 million. In comparison, revenue of $91.3 million and profit after tax of $1.4 million were reported in the previous corresponding period. Revenue from SP Corp fell by 25% to $64.5 million due to lower tyre distribution and commodities trading activities. As a result, SP Corp's profit after tax dipped to $1.0 million, from $1.4 million a year earlier.

**Other Investments**

GulTech reported a 5% increase in revenue to US$134.1 million. However, profit after tax dropped by 25% to US$17.9 million due mainly to non-cash fair value losses on exchange rate hedging. Consequently, GulTech's net profit attributable to shareholders declined to US$9.6 million from US$13.4 million a year ago. This translated into a lower share of profit (including fair value loss) of S$5.3 million for the Group.

## 16. VARIANCE FROM PROSPECT STATEMENT

Not applicable.

## 17. OUTLOOK

While property cooling measures in Singapore and China had affected market sentiments, the Group will continue to strengthen its property portfolio and grow strong, related and resilient businesses. The Group will also explore opportunities in the region.

For development properties in Singapore, the Group had secured total order book of $749.5 million on Seletar Park Residence, Sennett Residence and Cluny Park Residence as at end-June 2014. The progress of construction work has been generally on track and this would enable revenue and profits from the projects to be progressively recognised, which in turn would form the bulk of the revenue and profit for the current year and in 2015. Temporary Occupation Permit for the Seletar Park Residence is expected to be in 1Q2015 and Sennett Residence by end of 2015.

For investment properties, the redevelopment of Robinson Tower site is on-going. The proposed redevelopment shall comprise a 28-storey commercial building with 1-level sky terrace, retail podium and 6-level of fully automatic mechanised basement carpark. It would be a platform for future growth of the Group's investment property contributing steady recurring income upon its completion in the year 2016/17.

In China, the Group tendered successfully the third plot of residential-cum-commercial land of approximately 60,000 sq. m. in Jiaozhou, Qingdao. Together with the two existing and abutting plots, the site is currently about 179,400 sq. m. in size. In Australia, the Group is negotiating the acquisition of the remaining 50% stake in GHG.

For Other Investments, GulTech's third plant, in Wuxi, has commenced construction. When completed, it will add additional capacity to meet growing customers demand. GulTech is expected to achieve satisfactory performance for the year.

Barring unforeseen circumstances, the Group is optimistic of achieving better operational performance before fair value adjustments for the year 2014, as compared to 2013.

## 18. BUSINESS DYNAMIC AND RISK FACTORS STATEMENT

The risks identified by the Group vary widely and a number of them are beyond the control of the Board and the management. The Group believes that its commitment to maintaining the group-wide Enterprise Risk Management (ERM) system has enhanced its operational resilience and ensured that it is well-placed to sustain earnings and drive long-term increase in shareholder value.

Regionally and across business segments, the performance of the Group may be impacted, *inter alia,* by the following risks:

<u>Strategic Risk</u>

- The Group may not be able to successfully implement its business strategy due to limited opportunities, foreign ownership restrictions, government policies, political considerations or specific preference of sellers
- The Group's operations are subject to country-specific risks, including political, regulatory, economic and currency risks
- Regulatory issues and changes in law may have an adverse impact on the Group's businesses
- Industries that the Group operates in are highly competitive. The increasing competition could adversely affect the business and financial position of the Group
- The Group's property business is exposed to inherent construction and property development risks
- The Group's property and hotels investment businesses are capital intensive and rely on the availability of a sizable quantum of external funding
- The Group may face reputation risk arising from negative publicity over adverse happenings or events

<u>Operational Risk</u>

- The Group is exposed to alliance risk due to possible conflict of interests between the Group and its business associates or joint venture partners
- The Group relies on third-party contractors for various services and there is no assurance that the services rendered by such third-parties will match the quality and timing the Group requires
- The Group is exposed to efficiency risk arising from inefficient operations
- The Group may incur additional cost or liability arising from climatic and environmental issues
- Unexpected loss of key personnel or a failure in the execution of succession plans may jeopardise the successful implementation of business plans
- The Group may encounter vendors whose services are not satisfactory or match the quality level required
- The Group is exposed to work health and safety risks arising from process incidents, pandemics, general operational hazards
- The Group is subject to operational risks that may not be insurable or risk of having insufficient insurance coverage

<u>Financial Risk</u>

- The Group is exposed to volatility in the underlying market factors such as interest rates, foreign exchange and equity prices
- The Group is exposed to interest rate and foreign exchange risks arising from its operations and use of financial instruments
- The Group is exposed to liquidity risks arising mainly from bank borrowings
- The Group is exposed to risk of policy changes which may render its capital structure ineffective or inefficient
- The Group faces credit risks when counterparties default on their contractual obligations resulting in financial loss to the Group
- The Group is exposed to risks associated with the utilisation of derivative financial instruments
- The Group is subject to tax exposure in foreign jurisdictions in which the tax regulations are complex and subject to changes at short notice

- The Group's investment value may fluctuate due to changes in the economic conditions

Compliance Risk
- The Group may be held responsible for any liabilities arising as a result of non-compliance with laws and regulations, prescribed practices or ethical standards
- The Group may be exposed to the risk of inappropriate documentation of contractual relationships
- The Group may face compliance risk as its internal control systems and related framework may not be kept up-to-date in this dynamic business environment

The Group takes proactive measures to manage the risks arising from its existing and growing businesses, as well as from the constantly changing business environment. Despite best efforts, the Group recognises that risks can never be entirely eliminated, especially in an evolving landscape of uncertainties and vulnerabilities. Moreover, the cost of minimising these risks may also outweigh potential benefits.

For the period under review, the Group is satisfied that there were no risks that could threaten the ability of the Group to continue as a going concern.

## 19. DIVIDEND

(a) Current financial period reported on

No dividend has been recommended or declared for the second quarter and half year ended 30 June 2014.

(b) Corresponding period of the immediately preceding financial year

No dividend was declared for the second quarter and half year ended 30 June 2013, being the corresponding period of the immediately preceding year.

(c) Date payable

Not applicable.

(d) Books closure date

Not applicable.

## 20. SEGMENTAL ANALYSIS

For management purpose, the Group is organised into strategic business units based on its products and services. The Group's principal business operating units, during and at the end of the reporting period, are Property, Hotels Investment, Industrial Services and Other Investments. Accordingly, the Group's reportable operating segments under FRS 108 are as follows:

| Segment | Principal activities |
|---|---|
| Property | Development of properties for sale, property investment and provision of property management and property consultancy services. |
| Hotels Investment | Investment in 5-star hotels through GHG, a jointly-controlled company in Australia. |
| Industrial Services | Trading and marketing of selected industrial commodities; distribution of tyres and re-treading of tyres, as well as manufacturing of polypropylene woven bags. |
| Other Investments | Investments in GulTech, a printed circuit boards manufacturer with operations in Singapore and China, and Pan-West, a retailer of golf-related products. |
| Corporate and Others | Provision of corporate-level services. |

Segment revenue represents revenue generated from external and internal customers. Segment profit represents the profit earned by each segment after allocation of central administrative costs and finance costs. This is the measure reported to the chief operating decision maker for the purpose of resource allocation and assessment of segment performance.

Management monitors the operating results of each of its business unit for the purpose of making decisions on resource allocation and performance assessment. Corporate and Others are managed on a group basis and are not allocated to operating segments. Segment assets and liabilities are presented net of inter-segment balances. Inter-segment pricing is determined on arm's length basis.

Information regarding each of the Group's reportable segments is presented below:

## Segment revenues and results

| | Property $'000 | Hotels Investment $'000 | Industrial Services $'000 | Other Investments $'000 | Corporate and Others $'000 | Inter-Segment Eliminations $'000 | Total Consolidated $'000 |
|---|---|---|---|---|---|---|---|
| **1H2014** | | | | | | | |
| **Revenue** | | | | | | | |
| External revenue | 73,831 | @ | 68,953 | @ | 90 | - | 142,874 |
| Inter-segment revenue | 404 | - | - | - | 3,958 | (4,362) | - |
| | 74,235 | - | 68,953 | - | 4,048 | (4,362) | 142,874 |
| **Results** | | | | | | | |
| Gross profit | 19,423 | - | 3,902 | - | 700 | 261 | 24,286 |
| Other operating income | 496 | 131 | 161 | - | 39 | (11) | 816 |
| Distribution costs | (1,205) | - | (1,302) | - | - | - | (2,507) |
| Administrative expenses | (1,862) | (94) | (2,026) | (2) | (1,020) | (2,322) | (7,326) |
| Other operating expenses | (150) | (53) | (136) | (37) | (14) | - | (390) |
| Share of results of equity accounted investees | - | 3,011 | - | 6,051 | - | - | 9,062 |
| Finance income | 2,548 | 54 | 352 | 55 | - | (607) | 2,402 |
| Finance costs | (2,894) | (608) | (5) | - | - | 607 | (2,900) |
| **Profit before tax and fair value adjustments** | 16,356 | 2,441 | 946 | 6,067 | (295) | (2,072) | 23,443 |
| Fair value adjustments | - | 302 | - | (766) | - | - | (464) |
| **Profit before tax** | 16,356 | 2,743 | 946 | 5,301 | (295) | (2,072) | 22,979 |
| Income tax expenses | (2,677) | (683) | (122) | (3) | - | - | (3,485) |
| **Profit for the period** | 13,679 | 2,060 | 824 | 5,298 | (295) | (2,072) | 19,494 |
| **Profit attributable to:** | | | | | | | |
| Owners of the Company | 13,682 | 2,060 | 626 | 5,298 | (295) | (2,072) | 19,299 |
| Non-controlling interests | (3) | - | 198 | - | - | - | 195 |
| **Profit for the period** | 13,679 | 2,060 | 824 | 5,298 | (295) | (2,072) | 19,494 |
| **1H2013** | | | | | | | |
| **Revenue** | | | | | | | |
| External revenue | 91,477 | @ | 91,251 | @ | 92 | - | 182,820 |
| Inter-segment revenue | 576 | - | - | - | 12,261 | (12,837) | - |
| | 92,053 | - | 91,251 | - | 12,353 | (12,837) | 182,820 |
| | | | | | | | - |
| **Results** | | | | | | | |
| Gross profit | 25,429 | - | 5,140 | - | 9,549 | (8,951) | 31,167 |
| Other operating income | 3,096 | 105 | 207 | - | 30 | (12) | 3,426 |
| Distribution costs | (8,323) | - | (1,370) | - | - | - | (9,693) |
| Administrative expenses | (3,708) | (47) | (2,447) | (2) | (1,701) | 547 | (7,358) |
| Other operating expenses | (1,823) | (310) | (106) | - | (6,821) | 6,820 | (2,240) |
| Share of results of equity accounted investees | - | 2,784 | - | 7,160 | - | - | 9,944 |
| Finance income | 2,709 | 20 | 276 | 55 | - | (646) | 2,414 |
| Finance costs | (2,297) | (639) | - | - | - | 648 | (2,288) |
| **Profit before tax and fair value adjustments** | 15,083 | 1,913 | 1,700 | 7,213 | 1,057 | (1,594) | 25,372 |
| Fair value adjustments | 311 | 4 | - | - | - | - | 315 |
| **Profit before tax** | 15,394 | 1,917 | 1,700 | 7,213 | 1,057 | (1,594) | 25,687 |
| Income tax (expenses) / write-back | (2,773) | (765) | (341) | (2) | 8 | - | (3,873) |
| **Profit for the period** | 12,621 | 1,152 | 1,359 | 7,211 | 1,065 | (1,594) | 21,814 |
| **Profit attributable to:** | | | | | | | |
| Owners of the Company | 12,035 | 1,152 | 1,075 | 7,211 | 1,065 | (1,594) | 20,944 |
| Non-controlling interests | 586 | - | 284 | - | - | - | 870 |
| **Profit for the period** | 12,621 | 1,152 | 1,359 | 7,211 | 1,065 | (1,594) | 21,814 |

*@ No revenue is reported under "Hotels Investment" and "Other Investments" as the Group equity accounts for its investment in GHG, GulTech and Pan-West.*

 

**Segment assets, liabilities and other segment information**

| | Property $'000 | Hotels Investment $'000 | Industrial Services $'000 | Other Investments $'000 | Corporate and Others $'000 | Total Consolidated $'000 |
|---|---|---|---|---|---|---|
| **30.06.14** | | | | | | |
| **Assets** | | | | | | |
| Segment assets | **1,494,260** | **8,822** | **71,206** | **26** | **755** | **1,575,069** |
| Investment in equity accounted investees | **-** | **162,116** | **-** | **52,892** | **-** | **215,008** |
| **Total assets** | **1,494,260** | **170,938** | **71,206** | **52,918** | **755** | **1,790,077** |
| **Liabilities** | | | | | | |
| Segment liabilities | **(48,736)** | **(49)** | **(18,004)** | **(34)** | **(1,107)** | **(67,930)** |
| Loan and borrowings | **(916,803)** | **-** | **-** | **-** | **-** | **(916,803)** |
| Current and deferred tax liabilities | **(7,216)** | **(22,046)** | **(595)** | **(32)** | **(197)** | **(30,086)** |
| **Total liabilities** | **(972,755)** | **(22,095)** | **(18,599)** | **(66)** | **(1,304)** | **(1,014,819)** |
| **Net assets** | **521,505** | **148,843** | **52,607** | **52,852** | **(549)** | **775,258** |
| **31.12.13** | | | | | | |
| **Assets** | | | | | | |
| Segment assets | 1,494,489 | 3 | 79,778 | 36 | 846 | 1,575,152 |
| Investment in equity accounted investees | - | 159,655 | - | 48,504 | - | 208,159 |
| **Total assets** | 1,494,489 | 159,658 | 79,778 | 48,540 | 846 | 1,783,311 |
| **Liabilities** | | | | | | |
| Segment liabilities | (51,766) | (299) | (26,956) | (35) | (619) | (79,675) |
| Loan and borrowings | (917,656) | - | - | - | - | (917,656) |
| Current and deferred tax liabilities | (5,315) | (20,413) | (711) | (32) | (304) | (26,775) |
| **Total liabilities** | (974,737) | (20,712) | (27,667) | (67) | (923) | (1,024,106) |
| **Net assets** | 519,752 | 138,946 | 52,111 | 48,473 | (77) | 759,205 |

## 21. INTERESTED PERSON TRANSACTIONS

The Company did not seek and does not have a shareholders' general mandate pursuant to Rule 920 of the Listing Manual.

## 22. SUBSEQUENT EVENTS

In the opinion of the Directors, no factor has arisen between 1 July 2014 and the date of this announcement which would materially affect the results of the Group and of the Company for the period just ended.

## 23. CONFIRMATION BY THE BOARD

We, Ong Beng Kheong, and William Nursalim alias William Liem, being two directors of Tuan Sing Holdings Limited (the "Company"), do hereby confirm on behalf of the directors of the Company 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 financial results of the second quarter and half year ended 30 June 2014 to be false or misleading in any material aspect.

**Ong Beng Kheong**
Chairman

**William Nursalim alias William Liem**
Chief Executive Officer

**BY ORDER OF THE BOARD**

**Mary Goh Swon Ping**
Group Company Secretary
30 July 2014