TUAN SING HOLDINGS LIMITED

Creating A Clear Distinction

2Q2017 AND 1H2017 RESULTS ANNOUNCEMENT

27 July 2017

Overview

- Group's 2Q2017 revenue was $84.1 million, a decrease of 21% as compared to $106.6 million same period last year. Group's revenue for 1H2017 was $158.9 million, a decrease by 25% from $212.0 million in 1H2016
- Net profit attributable to shareholders decreased by 64% to $1.8 million in 2Q2017 (2Q2016: $5.1 million). For 1H2017, net profit attributable to shareholders was $7.2 million, a decrease of 51% from $14.7 million in 1H2016
- Earnings per share was 0.1 cent for 2Q2017 (2Q2016: 0.4 cent) and 0.6 cent for 1H2017 (1H2016: 1.2 cents)
- Lower revenue and profit were due to the three development projects having been completed in the previous quarters
- Net asset value per share was 77.0 cents as at 30 June 2017, as compared to 77.7 cents at 31 December 2016. Distribution of dividend and translation loss caused the small drop

Group Financial Performance

($'m)	2Q2017	2Q2016	Chg	1H2017	1H2016	Chg
Revenue	84.1	106.6	-21%	158.9	212.0	-25%
Gross profit	12.6	19.8	-36%	28.1	43.7	-36%
Profit before tax & fair value adj	2.5	5.5	-54%	8.9	17.5	-49%
Profit before tax	2.4	5.6	-57%	8.8	17.7	-50%
Profit after tax	1.8	5.1	-64%	7.1	14.7	-52%
Net profit attributable to shareholders	1.8	5.1	-64%	7.2	14.7	-51%
EPS (cents)	0.1	0.4	-75%	0.6	1.2	-50%

Review of Financial Performance

- Group revenue decreased to $84.1 million in 2Q2017 and $158.9m in 1H2017 as compared to the corresponding periods last year mainly due to lower revenue from development properties
- Distribution costs decreased to $1.1 million in 2Q2017 and $2.3 million in 1H2017 in tandem with lower promotion and commission expenses. The decrease in administrative expenses to $6.9 million in 2Q2017 and $12.5 million reflected lower legal fees relating to the termination of the previous main contractor at Seletar Park Residence
- A reduction in other operating expenses to $0.8 million in 2Q2017 and $2.0 million in 1H2017 reflected a smaller foreign currency exchange loss arising from the depreciation of USD and lower net allowance for diminution in value for development properties
- Share of results of 44.5%-owned GulTech was $3.8 million in 2Q2017 and $7.4 million in 1H2017, an increase of 57% and 78% respectively as compared to the corresponding periods last year
- Overall, the Group’s profit after tax (inclusive fair value adjustment) was $1.8 million in 2Q2017 and $7.1 million in 1H2017, a decrease of 64% and 52% respectively from the corresponding periods last year

Group Financial Position

($'m)	31.06.17	31.12.16	Chg
Total assets	2,558.3	2,123.1	+20%
Total liabilities	1,633.2	1,192.6	+37%
Total borrowings	1,463.2	1,020.8	+43%
Cash and bank balances	177.9	163.7	+9%
Shareholders' funds	914.5	919.4	*
NAV per share (cents)	77.0	77.7	*
Gross gearing^	1.58X	1.10X	+44%
Net gearing^^	1.39X	0.92X	+51%

^ Gross gearing = total borrowings / total equity
^^ Net gearing = net borrowings / total equity; Net borrowings = total borrowings – cash and bank balances
* Less than 1%

Review of Financial Position

- As at 30 June 2017, Group's total assets increased 20.5% or $435.2 million to $2,558.3 million from the previous year-end consequent to the acquisition of the Sime Darby Centre and the vacant land at Jalan Remaja and an increase cash and bank balances
- Group's total liabilities increased 36.9% or $440.6 million to $1,633.2 million due to higher level of borrowings including the $150 million notes so as to fund the acquisitions
- Gross gearing increased from 1.10 times to 1.58 times and net gearing increased from 0.92 times to 1.39 times
- Shareholders' funds decreased slightly to $914.5 million mainly caused by the Company's payment of dividends and foreign currency translation loss, the amount of which were higher than the profit earned for the six months period.

Group Cash Flow

($'m)	1H2017	1H2016
Operating cash flow	(3.3)	51.9
Investing cash flow	(400.9)	(7.2)
Financing cash flow	422.5	(79.2)
Foreign currency translation adjustments	(1.3)	(3.4)
Cash & cash equivalent at period-end^	112.9	67.7
Free cash (out)/inflow^^	(404.1)	44.7

^ Net of encumbered bank balances
^^ Free cash flow = operating cash flow + investing cash flow

Review of Cash Flow

- Net cash used in operating activities in 1H2017 was $3.3 million as there was certain cash payment for the vacant land at Jalan Remaja. Such amount was much larger than the cash received from the sale of completed development properties.
- Net cash used in investing activities of $400.9 million was mainly for the acquisition of Sime Darby Centre, construction of the 18 Robinson and capital expenditure for the two hotels in Australia
- Net cash generated from financing activities was $422.5 million, reflecting the net borrowings of $443.4 million including the $150 million notes, offset by interest repayment of $16.2 million and cash dividends to shareholders of $5.9 million
- Cash and cash equivalents stood at $112.9 million, a decrease of 18% from $95.9 million as at 31 December 2016

Revenue by Segment

($'m)	2Q2017	2Q2016	Chg	1H2017	1H2016	Chg
Property	26.0	58.9	-56%	48.7	107.8	-55%
Hotels Investment	28.3	27.9	1%	58.3	58.1	*
Industrial Services	37.4	27.8	35%	63.4	57.8	10%
Other Investments^^	-	-	-	-	-	-
Corporate & Others#	(7.6)	(8.0)	5%	(11.5)	(11.7)	2%
Group Total	84.1	106.6	-21%	158.9	212.0	-25%
Proforma Group including Associates	185.4	183.6	1%	355.1	370.0	-4%

Revenue decreased mainly due to lower contribution from Property Segment.

^^ GulTech and Pan-West were not included as their results were equity accounted for
# Comprise mainly group-level services and consolidation adjustments
* Less than 1% change

Profit after tax by Segment

($'m)	2Q2017	2Q2016	Chg	1H2017	1H2016	Chg
Property	3.4	5.9	-42%	5.4	13.0	-58%
Hotels Investment	(2.3)	(2.8)	18%	0.7	0.1	600%
Industrial Services	(0.1)	(0.1)	-	(0.4)	0.2	nm
Other Investments	3.7	2.5	51%	7.3	4.3	70%
Corporate & Others#	(2.9)	(0.4)	-625%	(5.9)	(2.9)	-103%
Group Total	1.8	5.1	-65%	7.1	14.7	-52%

Other Investments followed by Property were the main contributors for the Group's total profit after tax in 2Q2017 and 1H2017.

Comprise mainly group-level services and consolidation adjustments

Property

- Property revenue for the second quarter decreased 56% to $26.0 million; from $58.9 million in the same period last year. For 1H2017, it decreased to $48.7 million; from $107.8 million in 1H2016
- Profit after tax for 2Q2017 was $3.4 million, down from $5.9 million a year ago. For 1H2017, it was $5.4 million, down from $13.0 million a year ago
- Decrease in revenue and profit after tax were mainly due to lower revenue from Seletar Park Residence, Sennett Residence and Cluny Park Residence as these development property projects have been completed and substantially sold in the previous quarters

Hotels Investment

- 2Q2017 revenue was A$27.0 million as compared to A$27.5 million in 2Q2016. It was A$55.0 million in 1H2017 and A$57.4 million in 1H2016.
- Net income from hotel operations reduced by 3% to A$11.1 million as both Grand Hyatt Melbourne and Hyatt Regency Perth registered a combined 2.7% drop in RevPAR despite higher occupancy rate.
- Profit after tax for 1H2017 was A$0.6 million as compared to A$0.1 million in 1H2016 attributable to a reduction in administrative expenses

Industrial Services

- For 2Q2017, revenue of $37.4 million was higher than the $27.8 million in 2Q2016. For 1H2017, the $63.4 million was also higher than the $57.8 million in 1H2016.
- Higher activities from Commodities Trading were offset partially by the lower activities in Tyre Distribution.
- Higher loss in the Tyre Distribution caused Industrial Services reported a loss of $0.1 million in 2Q2017 as compared to the $0.1 million loss in 2Q2016. In 1H2017, the loss was $0.4 million as contrast to a profit of $0.2 million in 1H2016

Other Investments

- For the second quarter, GulTech reported revenue of US$71.2 million and profit after tax of US$8.2 million, an increase of 29% and 64% respectively from the previous corresponding period. Revenue and profit after tax for 1H2017 were US$136.4 million and US$15.9 million respectively
- The increase was mainly attributable to improved performance from all its three plants
- Consequently, GulTech's net profit attributable to shareholders improved 67% to US$11.7 million in 1H2017; from US$7.0 million in 1H2016
- This translated into Group's increased share of net profit (including fair value loss) of $7.3 million

Outlook

- The Group will continue to market vigorously the remaining unsold units of its three completed residential developments
- The Group is scheduled to launch "Kandis Residence" in the third quarter of 2017. This project, located very near Sembawang Park, has 130 one- to three-bed-room units spread over three and seven-storey buildings with full condominium facilities
- The purchase of a freehold vacant lot at No. 1 Jalan Remaja was completed on 14 June 2017. The Group plans to develop it into approximately 100 units of condominium apartments and targets to launch it in 2Q2018
- The Group completed the $365 million purchase of Sime Darby Centre on 16 June 2017. The Group is looking into repositioning the property into a hub of activities to serve the needs of the vast residential community in the vicinity
- The construction of 18 Robinson, formerly known as "Robinson Towers" has been progressing well and is expected to be completed before end of 2018
- Hotels Investment in Australia is expected to continue to contribute sustainable recurring income and cash flow to the Group
- Barring unforeseen circumstances, the Group will be profitable for the year 2017

Thank You

For further information, please contact:

Chong Chou Yuen
Group CFO
chong_chouyuen@tuansing.com