



TIONG SENG HOLDINGS LIMITED

(Incorporated in the Republic of Singapore)

(Co. Reg. No: 200807295Z)

UNAUDITED FULL YEAR FINANCIAL STATEMENT ANNOUNCEMENT FOR THE YEAR ENDED 31 DECEMBER 2012

PART I - INFORMATION REQUIRED FOR ANNOUNCEMENTS OF FULL YEAR RESULTS

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

	12 Months Ended 31 December 2012	12 Months Ended 31 December 2011	Change
	S\$'000	S\$'000	%
Revenue			
Revenue from construction contracts	496,412	350,685	42
Revenue from sales of development properties	3,318	53,828	-94
Revenue from sale of goods	10,312	8,806	17
Rental Income	1,385	1,192	16
	<u>511,427</u>	<u>414,511</u>	23
Other income	<u>3,521</u>	<u>9,246</u>	-62
Costs of construction	(446,790)	(313,299)	43
Costs of sales of development properties	(2,741)	(50,083)	-95
Costs of goods sold	(6,272)	(5,218)	20
Depreciation and amortisation	(4,704)	(3,886)	21
Selling expenses	(1,728)	(4,436)	-61
Staff costs	(19,730)	(17,967)	10
Other expenses	(11,711)	(12,094)	-3
	<u>(493,676)</u>	<u>(406,983)</u>	21
Profit from operating activities	<u>21,272</u>	<u>16,774</u>	27
Finance income	2,027	3,502	-42
Finance expenses	(3,333)	(3,051)	9
Net finance (expense) / income	<u>(1,306)</u>	<u>451</u>	->100
Share of loss of associates, net of tax	-	6	-100
Share of profit of joint ventures, net of tax	9,166	20,573	-55
Profit before income tax	<u>29,132</u>	<u>37,804</u>	-23
Income tax	(2,705)	(10,878)	-75
Profit for the year	<u><u>26,427</u></u>	<u><u>26,926</u></u>	-2

	12 Months Ended 31 December 2012 S\$'000	12 Months Ended 31 December 2011 S\$'000	Change %
Other comprehensive expense			
Translation differences relating to financial statements of foreign subsidiaries	(5,164)	6,733	->100
Exchange differences on monetary items forming part of net investment in a foreign operation	(1,964)	(118)	>100
Net change in the fair value of available-for-sale investments	4	(53)	->100
Income tax on other comprehensive income	425	28	>100
Other comprehensive income for the year	<u>(6,699)</u>	<u>6,590</u>	<u>->100</u>
Total comprehensive income for the year	<u>19,728</u>	<u>33,516</u>	<u>-41</u>
Profit attributable to:			
Equity holders of the Company	25,740	27,176	-5
Non-controlling interests	687	(250)	>100
Profit for the year	<u>26,427</u>	<u>26,926</u>	<u>-2</u>
Total comprehensive income attributable to:			
Equity holders of the Company	21,273	32,657	-35
Non-controlling interests	(1,545)	859	->100
Total comprehensive income for the year	<u>19,728</u>	<u>33,516</u>	<u>-41</u>
Earnings per share			
- Basic and diluted (cents) ¹	<u>3.36</u>	<u>3.55</u>	<u>-5</u>

¹Based on 766,039,750 shares, net of non-controlling interests as at 31 December 2012 and 31 December 2011

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 year:

	12 Months Ended 31 December 2012 S\$'000	12 Months Ended 31 December 2011 S\$'000	Change %
Business tax incentive	-	(1,574)	-100
Fees from management of properties	(527)	(410)	29
Fees from management of projects	(643)	(1,039)	-38
Gain from sale of carpark lots	(208)	(937)	-78
Gain on disposal of investment properties	(343)	(1,061)	-68
Gain on disposal of property, plant and equipment	(492)	(142)	>100
Provision of project administrative service	(371)	(2,622)	-86
Office supplies	619	789	-22
Operating lease expenses	1,355	801	69
Travelling and transport expenses	1,153	1,306	-12
Repair and maintenance expenses	1,572	1,456	8
Professional fees	1,147	1,075	7

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	
	31.12.2012	31.12.2011	31.12.2012	31.12.2011
	S\$'000	S\$'000	S\$'000	S\$'000
Non-current assets				
Property, plant and equipment	84,376	51,335	-	-
Intangible assets	7,146	7,593	-	-
Investment properties	18,021	20,231	-	-
Associates and joint ventures	35,093	15,600	-	-
Trade and other receivables	20,332	10,421	-	-
Investment in subsidiaries	-	-	59,624	59,624
Other investments	6,027	6,227	-	-
Deferred tax assets	6,907	7,717	-	-
	177,902	119,124	59,624	59,624
Current assets				
Inventories	2,625	1,193	-	-
Construction work-in-progress	66,408	60,877	-	-
Development properties	351,243	308,720	-	-
Other investment	194	-	-	-
Asset classified as held for sale	371	-	-	-
Trade and other receivables	163,835	128,081	11	16
Amounts due from related parties	21,137	23,183	49,925	53,326
Cash and cash equivalents	66,378	79,845	85	6,183
	672,191	601,899	50,021	59,525
Total assets	850,093	721,023	109,645	119,149
Equity attributable to equity holders of the Company				
Share capital	154,552	154,552	154,552	154,552
Reserves	(76,457)	(74,179)	(45,850)	(45,850)
Accumulated profits / (loss)	143,257	125,299	(2,201)	8,298
	221,352	205,672	106,501	117,000
Non-controlling interests	45,383	48,959	-	-
Total equity	266,735	254,631	106,501	117,000
Non-current liabilities				
Trade and other payables	13,098	7,417	-	-
Loans and borrowings	88,947	87,806	-	-
Deferred tax liabilities	2,541	4,116	-	-
	104,586	99,339	-	-
Current liabilities				
Progress billings in excess of construction work-in-progress	2,473	1,525	-	-
Trade and other payables	289,971	216,308	1,747	2,141
Amounts due to related parties	20,422	20,353	1,393	-
Loans and borrowings	149,140	112,730	-	-
Current tax payable	16,766	16,137	4	8
	478,772	367,053	3,144	2,149
Total liabilities	583,358	466,392	3,144	2,149
Total equity and liabilities	850,093	721,023	109,645	119,149

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

Amount repayable in one year or less, or on demand

As at 31.12.2012		As at 31.12.2011	
Secured	Unsecured	Secured	Unsecured
S\$'000	S\$'000	S\$'000	S\$'000
147,976	1,164	111,403	1,327

Amount repayable after one year

As at 31.12.2012		As at 31.12.2011	
Secured	Unsecured	Secured	Unsecured
S\$'000	S\$'000	S\$'000	S\$'000
88,947	-	87,806	-

Details of any collateral

1. Secured loan from a financial institution

Pursuant to a loan agreement dated 26 June 2010 and the shareholding entrusted agreements (the "Agreements"), the shareholders of our subsidiary, Tianjin Zizhulin Guangang Property Development Co., Ltd. ("Guangang"), pledged their equity interests as well as the shareholders' loan of RMB62 million to Northern International Trust & Investment Co., Ltd. as a form of security for loans up to RMB300 million to Guangang for a tenure of 24 months. Details of the loan are as per our announcement dated 29 June 2010. Notwithstanding this, Guangang remains a subsidiary of the Group. During the period, the loan repayment date has been extended to 5 August 2014.

2. 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.

3. The secured bank loans, secured loan from a financial institution and secured bank overdrafts are secured on the following assets:

	31 December 2012	31 December 2011
	\$'000	\$'000
Carrying amounts of assets:		
Leasehold land	-	5,111
Freehold land	4,983	-
Leasehold properties	8,607	8,926
Investment properties	963	1,013
Development properties	55,972	20,119
Plant and machinery	3,135	3,585
Deposits pledged	16,415	17,148
Total	90,075	55,902

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

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

	12 Months Ended 31 December 2012 S\$'000	12 Months Ended 31 December 2011 S\$'000
Operating activities		
Profit from operating activities	21,272	16,774
Adjustments for:		
Allowance for doubtful trade receivables	8	458
Depreciation and amortisation	9,026	6,952
Gain on disposal of:		
- property, plant and equipment	(492)	(142)
- investment properties	(343)	(1,061)
- intangible asset	(2)	-
- other investment	-	(636)
- associate	-	18
- scrap parts and materials	-	(295)
Write off of property, plant and equipment	58	-
Operating profit before working capital changes	29,527	22,068
Changes in working capital:		
Inventories	(1,468)	(253)
Construction work-in-progress	(4,615)	(46,061)
Development properties	(39,473)	(83,292)
Trade and other receivables	(45,810)	(18,943)
Balances with related parties (trade)	5,560	6,520
Trade and other payables	80,189	12,659
Cash used in operations	23,910	(107,302)
Income taxes paid	(7,826)	(15,731)
Income taxes refunded	3,199	32
Net cash from / (used in) operating activities	19,283	(123,001)
Cash flow from investing activities		
Balances with related parties (non-trade)	(299)	(835)
Dividend received from joint ventures	8,000	21,081
Interest received	362	347
Contribution of joint venture loan	(16,965)	-
Net cash outflow from investment in associates	-	(5,534)
Proceeds from disposal of:		
- property, plant and equipment	619	246
- investment properties	698	2,057
- other investments	-	1,020
Purchase of property, plant and equipment	(38,791)	(24,837)
Purchase of intangible assets	(1,192)	(790)
Net cash used in investing activities	(47,568)	(7,245)

	12 Months Ended 31 December 2012	12 Months Ended 31 December 2011
	S\$'000	S\$'000
Cash flow from financing activities		
Balances with related parties (non-trade)	(1,705)	1,534
Capital contribution by non-controlling interests	134	-
Dividends paid to non-controlling interests	(98)	-
Dividends paid to equity holders	(7,240)	(7,660)
(Increase) / decrease in deposits pledged	(101)	(15,711)
Interest paid	(15,506)	(11,748)
Repayment of quasi loan to non-controlling interests	-	(1,456)
Payments of finance lease liabilities	(418)	(137)
Proceeds from loan business associate	1,940	1,327
Proceeds from loans and borrowings	171,272	207,775
Repayment of loans and borrowings	(131,796)	(67,278)
Net cash from financing activities	16,482	106,646
Net decrease in cash and cash equivalents	(11,803)	(23,600)
Cash and cash equivalents at beginning of the year	62,004	84,370
Effect of exchange rate changes on balances held in foreign currencies	(919)	1,234
Cash and cash equivalents at end of the year	49,282	62,004

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	Merger reserve ⁽¹⁾	Capital reserve	Statutory reserve	Fair value reserve	Foreign currency translation reserve	Accumulated profits	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 2012	154,552	(77,720)	(179)	3,442	22	256	125,299	205,672	48,959	254,631
Total comprehensive income for the year										
Profit or loss	-	-	-	-	-	-	25,740	25,740	687	26,427
Other comprehensive income										
Translation differences relating to financial statements of foreign subsidiaries	-	-	-	-	-	(2,932)	-	(2,932)	(2,232)	(5,164)
Exchange differences on monetary items forming part of net investment in a foreign operation	-	-	-	-	-	(1,964)	-	(1,964)	-	(1,964)
Net change in the fair value of available-for-sale investments	-	-	-	-	4	-	-	4	-	4
Income tax on other comprehensive income	-	-	-	-	(1)	426	-	425	-	425
Total other comprehensive income / (expense)	-	-	-	-	3	(4,470)	-	(4,467)	(2,232)	(6,699)
<i>Total comprehensive income and expenses for the year</i>	-	-	-	-	3	(4,470)	25,740	21,273	(1,545)	19,728
Transaction with owners, recorded directly in equity										
Changes in ownership interests in subsidiaries										
Acquisition of non-controlling interests	-	-	2,067	-	-	-	-	2,067	(2,067)	-
<i>Total changes in ownership interests in subsidiaries</i>	-	-	2,067	-	-	-	-	2,067	(2,067)	-
Contributions by and distributions to owners										
Dividends to equity holders	-	-	-	-	-	-	(7,660)	(7,660)	(98)	(7,758)
Capital contribution by non-controlling interests	-	-	-	-	-	-	-	-	134	134
Transfer to statutory reserve	-	-	-	122	-	-	(122)	-	-	-
Total contributions by and distributions to owners	-	-	-	122	-	-	(7,782)	(7,660)	36	(7,624)
<i>Total transaction with owners</i>	-	-	-	122	-	-	(7,782)	(7,660)	36	(7,624)
At 31 December 2012	154,552	(77,720)	1,888	3,564	25	(4,214)	143,257	221,352	45,383	266,735

Group	Share capital	Merger reserve ⁽¹⁾	Capital reserve	Statutory reserve	Fair value reserve	Foreign currency translation reserve	Accumulated profits	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 2011	154,552	(77,720)	(179)	3,442	67	(5,270)	105,783	180,675	49,556	230,231
Total comprehensive income for the year										
Profit or loss	-	-	-	-	-	-	27,176	27,176	(250)	26,926
Other comprehensive income										
Translation differences relating to financial statements of foreign subsidiaries	-	-	-	-	-	5,624	-	5,624	1,109	6,733
Exchange differences on monetary items forming part of net investment in a foreign operation	-	-	-	-	-	(118)	-	(118)	-	(118)
Net change in the fair value of available-for-sale investments	-	-	-	-	(53)	-	-	(53)	-	(53)
Income tax on other comprehensive income	-	-	-	-	8	20	-	28	-	28
Total other comprehensive income / (expense)	-	-	-	-	(45)	5,526	-	5,481	1,109	6,590
<i>Total comprehensive income and expenses for the year</i>	-	-	-	-	(45)	5,526	27,176	32,657	859	33,516
Contributions by and distributions to owners										
Dividends to equity holders	-	-	-	-	-	-	(7,660)	(7,660)	-	(7,660)
Repayment of quasi loan from non-controlling interests	-	-	-	-	-	-	-	-	(1,456)	(1,456)
Total contributions by and distributions to owners	-	-	-	-	-	-	(7,660)	(7,660)	(1,456)	(9,116)
<i>Total transaction with owners</i>	-	-	-	-	-	-	(7,660)	(7,660)	(1,456)	(9,116)
At 31 December 2011	154,552	(77,720)	(179)	3,442	22	256	125,299	205,672	48,959	254,631

Company	Share capital	Merger Reserve	Accumulated profits	Total equity
	S\$'000	S\$'000	S\$'000	S\$'000
At 1 January 2012	154,552	(45,850)	8,298	117,000
Profit or loss / Total comprehensive income for the year	-	-	(2,839)	(2,839)
Dividend paid	-	-	(7,660)	(7,660)
At 31 December 2012	154,552	(45,850)	(2,201)	106,501
At 1 January 2011	154,552	(45,850)	7,769	116,471
Profit or loss / Total comprehensive income for the year	-	-	8,189	8,189
Dividend paid	-	-	(7,660)	(7,660)
At 31 December 2011	154,552	(45,850)	8,298	117,000

- 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.

There were no changes in the Company's share capital for the full year ended 31 December 2012.

The Company did not have any outstanding convertibles and treasury shares as at the end of the current financial period reported on and as at the end of the corresponding period of the immediately preceding financial year.

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

The Company has a total of 766,039,750 shares as at 31 December 2012 and 31 December 2011.

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

There are no treasury shares as at the end of the current financial year 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.**

The Group has adopted the same accounting policies and method of computation in the financial statements for the current year compared with the Group's most recently audited financial statements for the year ended 31 December 2011, except for the adoption of the applicable new/revised IFRSs and interpretations which came into effect on 1 January 2012.

- 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.**

Not Applicable.

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.**

	12 Months Ended 31 December 2012	12 Months Ended 31 December 2011
	(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	3.36	3.55
(b) On a fully diluted basis	3.36	3.55

The earning per ordinary share has been calculated net of non-controlling interests of 766,039,750 shares for the year ended 31 December 2012 and ended 31 December 2011.

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	
	31 December 2012	31 December 2011	31 December 2012	31 December 2011
	(cents)	(cents)	(cents)	(cents)
Net asset value per ordinary share based on issued share capital at the end of:	28.90	26.85	13.90	15.27

The net asset value per ordinary share has been calculated net of non-controlling interests of 766,039,750 shares for the year ended 31 December 2012 and for the year ended 31 December 2011.

8. **A review of the performance of the group, to the extent necessary for a reasonable understanding of the group's business. It must include a discussion of the following:**
(a) **any significant factors that affected the turnover, costs, and earnings of the group for the current financial period reported on, including (where applicable) seasonal or cyclical factors; and**
(b) **any material factors that affected the cash flow, working capital, assets or liabilities of the group during the current financial period reported on.**

Review of Group Performance for FY2012 vs FY2011

Revenue

Revenue increased by approximately S\$96.9 million or 23% from approximately S\$414.5 million in FY2011 to approximately S\$511.4 million in FY2012, attributable mainly to an increase in revenue from construction contracts, sales of goods and rental income of approximately S\$145.7 million, S\$1.5 million and S\$0.2 million respectively, offset with a decrease in revenue from sale of development properties of approximately S\$50.5 million.

Revenue from construction contract

Increase in revenue from construction contract was mainly due to increase in work done for on-going projects, being Hotel at Upper Pickering Street, Tree House, NUS Staff Housing at Kent Vale, Waterway Terraces I and II, Hundred Trees, Luxurie and The Glyndebourne resulted in an aggregated increase in revenue by S\$210.1 million. The increase was lowered by the decrease in work done for projects, being The Wharf Residences, Volari, Hilltops and Shelford Suites totalling S\$67.4 million following their completion.

In accordance with our revenue recognition policy, work done amounting to approximately S\$22.8 million from newly commenced projects in Singapore have yet to be recognized as revenue as at 31 December 2012.

Revenue from sales of development properties

Revenue from sales of property development in FY2012 was contributed from sale of 1 unit totaling 84 sqm in Wenchang Broadway in Yangzhou and 4 units totaling 681 sqm in Tianmen Jinwan Building in Tianjin. This was in comparison to sales and recognition of 9 units totaling 2,154 sqm in Tianmen Jinwan Building in Tianjin and 440 units totaling 50,293 sqm in phase 1 of Sunny International project in Cangzhou in FY2011.

As at 31 December 2012, remaining 1 unit, totaling 141 sqm of Tianmen Jinwan Building, 275 units, totaling 32,507 sqm of Sunny International Project and 4 units, totaling 239 sqm of Wenchang Broadway in Yangzhou were fully sold, but yet to be recognised as revenue in accordance to our revenue recognition policy.

Revenue from sales of goods

Increase of revenue from sales of goods by approximately S\$1.5 million in FY2012 was due mainly to increase of sales volume in FY2012.

Other income

Decrease of other income by approximately S\$5.7 million in FY2012 was due mainly to decrease of project administrative service provided to joint ventures of approximately S\$2.3 million, an aggregate decrease in gain on disposal of investment properties and sale of carpark lots of approximately S\$1.5 million, decrease of fee received from project management of approximately S\$0.3 million and non-recurrence of one-off receipt of business tax incentive of approximately S\$1.6 million in FY2011.

Cost of construction

Increase in cost of construction was generally in line with the increase in revenue from construction contracts.

Cost of sales of development properties

Decrease in cost of sales of development properties was generally in line with the decrease of revenue from sale of development properties in FY2012.

Cost of goods sold

Increase in cost of goods sold was generally in line with the increase in revenue from sales of goods.

Depreciation and amortisation expenses

Increase in depreciation and amortisation expenses of approximately S\$0.8 million in FY2012 was due mainly to acquisition of additional property, plant and equipment during the year.

Selling expenses

Decrease in selling expenses of approximately S\$2.7 million in FY2012 due mainly to the decrease of approximately S\$0.7 million incurred for Tianmen Jinwan Building as it was 100% sold in 2011 and decrease of approximately S\$2.0 million of commission paid to sales agent as Group has been using its own sales team for its Equinox project in the PRC.

Staff costs

Increase in staff costs of approximately S\$1.9 million in FY2012 was due mainly to additional staff headcount recruited to support expansion of existing construction business and new construction projects secured.

Other Expenses

Other expenses decreased by approximately S\$0.3 million in FY2012 due mainly to decrease in fees payable relating to sale of development property in RRC amounting to S\$1.4 million. However, the decrease is partially offset by the increase in operating lease expense of S\$0.6 million and an aggregate increase in operating expense of S\$0.5 million.

Net finance expenses

Net finance expense increased by approximately S\$1.8 million in FY2012 due mainly to an appreciation in SGD vis-à-vis Renminbi, which resulted in an exchange loss of approximately S\$1.5 million in current period, as compared to exchange gain of S\$1.2 million in FY2011. The increase in finance expense has been partially offset by finance income from accretion of implicit discount on long-term retention sum receivable amounting to S\$0.9 million.

Share of profit of joint ventures, net of tax

Share of profit of joint ventures decreased by approximately S\$11.4 million in FY2012 due mainly to the completion of certain joint venture projects in 2011, which resulted in a lower contribution of profits in FY2012.

Income tax expense

Income tax expense decreased by S\$8.1 million due to decrease in land appreciation tax of S\$1.8 million and corporate tax of S\$2.1 million arising from the property development business as minimal property development units have met the revenue recognition criterias as contrast to previous year. The decrease was also due to absence of an under-provision of tax of S\$3.2 million recorded in the previous year as well as the receipt of approximately S\$1 million tax incentive by one of the subsidiaries of the Group.

Profit for the year

Profit in FY2012 was decreased by approximately S\$0.5 million as a result of the factors mentioned in the preceding paragraphs.

Review of Group Financial Position

Non-Current Assets

As at 31 December 2012, non-current assets stood at S\$177.9 million or approximately 20.9% of total assets, an increase of approximately S\$58.8 million compared to 31 December 2011.

Increase in property, plant and equipment ("PPE") of S\$33.0 million was due mainly to purchase of PPE amounting to S\$40.4 million which was offset by depreciation charges of S\$6.9 million.

Increase in associates and joint ventures by S\$19.5 million was due mainly to our share of injection of loan to a joint venture of approximately S\$17.0 million, with profit recognition from certain joint ventures amounting to S\$9.1 million offset with a net receipt of dividend amounting to S\$6.6 million.

Increase in trade and other receivables by S\$9.9 million was due mainly to additional retention sums from on-going projects in Singapore.

Current Assets

As at 31 December 2012, current assets stood at S\$672.2 million or approximately 79.1% of total assets, an increase of approximately S\$70.3 million compared to 31 December 2011.

The increase in construction work-in-progress (net of excess of progress billings over construction work-in-progress) of about S\$4.6 million was due mainly to increase in work-in-progress from on-going and new projects as at 31 December 2012.

The increase in development properties by S\$42.5 million was mainly due to increase in development costs for ongoing PRC development projects, being Sunny International, Equinox and Xushuguan projects of approximately S\$14.2 million, S\$25.4 million and S\$2.9 million respectively.

Trade and other receivables increased by approximately S\$35.7 million due mainly to increase in trade receivables and accrued receivables of approximately S\$10.7 million and S\$24.2 million respectively. As at 31 December 2012, trade receivables balance were current and not overdue.

There was a decrease in cash and cash equivalents of approximately S\$13.4 million, mainly due to net cash inflow from operating and financing activities of approximately S\$19.3 million and S\$16.5 million respectively offset with net cash outflow used in investing activities of approximately S\$47.6 million.

Non-Current Liabilities

As at 31 December 2012, non-current liabilities totaled S\$104.6 million or approximately 17.9% of total liabilities, an increase of approximately S\$5.2 million compared to 31 December 2011.

Non-current loans and borrowings increased by S\$1.1 million due mainly to additional loans obtained from banks offset by reclassification to current portion of loans.

Non-current trade and other payables increased by S\$5.7 million due mainly to increase of retention sums payable as a result from increase in work done for on-going and new projects.

Current Liabilities

As at 31 December 2012, current liabilities stood at S\$478.8 million or approximately 82.1% of total liabilities, an increase of S\$111.7 million.

Trade and other payables increased by approximately S\$73.7 million due mainly to a collective net increase in trade and accrued payables of approximately S\$38.3 million arising from increase in work done for on-going and new construction projects and property development projects in current period as well as increase in receipts in advance of S\$34.7 million.

Loans and borrowings increased by S\$36.4 million mainly due to new secured bank loans obtained of S\$168.2 million to finance Robin Village operations and property development projects in the PRC offset by repayments of S\$131.8 million.

Review of Statement of Cash Flows

Net cash from operating activities

For the year ended 31 December 2012, the Group recorded a net cash inflow from operating activities of approximately S\$19.3 million due to mainly the followings:

The changes in working capital from operating activities arose mainly from:

- (a) Increase in construction work-in-progress by S\$4.6 million due mainly to current projects' work-in-progress costs, which have yet to be certified by external quality surveyors.
- (b) Increase in development properties by S\$39.5 million, due mainly to additional property development costs for Sunny International, Equinox and Xushuguan projects.
- (c) Increase in trade and other receivables by S\$45.8 million, due mainly to increase in accrued receivables and trade receivables from construction projects.
- (d) Increase in trade and other payables by S\$80.2 million, due mainly to increase in accrued trade payables for projects with their increase in work done and increase in receipts in advance of property development projects in PRC.

Net cash from investing activities

For the year ended 31 December 2012, the Group recorded a net cash outflow used in investing activities of S\$47.6 million. This was mainly due to purchase of property, plant and equipment and intangible assets of approximately S\$40.0 million and our share of loan injection to a joint venture of approximately S\$17.0 million offset by gross receipts from joint ventures of S\$8.0 million.

Net cash from financing activities

For the year ended 31 December 2012, the Group recorded a net cash inflow from financing activities of S\$16.5 million.

This was mainly due to additional loans and borrowings obtained in current period with a net receipt of S\$41.4 million (FY2011 net receipts of S\$141.8 million), offset by payment of dividends of S\$7.2 million to equity shareholders, interest paid of S\$15.5 million and net cash outflow from balances with related parties of S\$1.7 million.

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

Not applicable.

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

In January 2013, the Singapore Government released its Population White Paper, which projects Singapore's population to grow from 5.3 million to 6.9 million by 2030. To accommodate the larger population, the Government plans to increase the supply of land, while investing in housing and infrastructure¹.

In line with the White Paper's forecasts, the Building Construction Authority ("BCA") expects construction demand to range between S\$26 billion and S\$32 billion for 2013, anchored by public sector projects amounting to S\$14 to \$17 billion. For 2014 and 2015, demand is projected to range between S\$20 billion and S\$28 billion per annum².

While Tiong Seng expects to benefit from the uptick in demand, the Group will also continue to focus on cushioning the impact of three industry-wide challenges – a shortage of skilled manpower, stagnant productivity growth, and rising costs – by being a forerunner in the use of construction technologies.

During the year, Tiong Seng demonstrated its leadership in the use of construction technologies. The Group opened its flagship "**Tiong Seng Prefab Hub**", the first and only automated pre-cast plant in Singapore which enables the Group to reduce reliance on labour while expecting to double production output and trimming storage costs. In addition, the Group also collaborated with RIB Software AGA in the use of its **iTWO Enterprise software**, which integrates 4D and 5D perspectives to the existing Building Information Modeling ("BIM"). Upon completion in three years' time, Tiong Seng will be the first company in Singapore to have the full suite of RIB's iTWO Enterprise software that extends throughout the entire construction project life cycle from pre-tendering to project management across the enterprise level.

Apart from driving productivity, the Group advocated the use of environmentally-friendly construction methods and will continue to do so. Its proprietary cutting-edge concrete slab technology, CobiX, reduces the volume of concrete used in slabs by as much as 30% and has increasingly gained acceptance within the Singapore construction sector.

Construction Order Book

During the year, the Group secured S\$542 million of new contracts, bringing its order book to \$1.31 billion as at 31 December 2012. The projects came from various sectors including industrial, institutional, residential, and commercial and are expected to be fulfilled within the next 12 – 30 months.

- 2 July 2012: Secured a S\$229 million contract from NTUC Fairprice Co-Operative Limited for a 16-storey single-user warehouse development at Benoi Road & Joo Koon Circle
- 21 August 2012: Secured a \$137 million contract to build Phase 2 of SIM HQ's campus extension
- 10 October 2012: Secured a S\$93 million contract from City Development Limited for 97 terrace houses in Serangoon Garden Way

- 5 November 2012: Secured a \$413 million joint venture contract from Mediacorp Pte Ltd for the proposed erection of a 12-storey Media Complex at Mediapolis@One North. Our share in the joint venture is 20%.

Property Development Outlook

Despite the Government's efforts to curb demand, investment in property development in the PRC increased 16.2% year-on-year to RMB7.18 trillion³. More recently, in January 2013, major mainland developers continued to report strong property sales and prices.

Going forward, property sales and prices in second and third tier markets are expected to grow at a moderate pace, driven by urbanisation in the PRC. Forecasts show that every new urban resident brings in at least 100,000 yuan in investment, with real estate and construction-related sectors poised to benefit⁴.

While there are concerns that new cooling measures may be introduced to prevent property prices from soaring further, analysts expect policies to remain unchanged if the increase in property prices is matched with a growth in gross domestic product⁵. In particular, the housing policies in second- and third-tier cities could be potentially relaxed slightly in a bid to allow the market to absorb unsold inventory.

As at 31 December 2012, the Group has completed the construction of Phase 1 out of 4 Phases, of the Sunny International Project (沧州阳光国际) in Cangzhou. All units of Phase 1 have been sold. Sales have been launched for Phase 2 and Phase 4 of the project and more than 80% of units in Phase 2 and Phase 4 have been sold as at 31 December 2012. The construction for Phase 2 and Phase 4 is expected to complete towards end of 4Q 2013.

Also, the Group is currently carrying out construction for Phase 1, Phase 2 and Phase 3 out of 7 Phases for the Equinox project. The construction for Phase 1 and Phase 2 is expected to be completed towards 1Q2014 and construction for Phase 3 is expected to complete towards 4Q2014. Sales for Phase 1 and Phase 2 have commenced in 4Q2011 and 4Q2012 respectively. As at 31 December 2012, approximately 24% of the total 205 units of Phase 1 and Phase 2 have been sold.

As well, the site-plan of residential project in Suzhou New District Xushuguan Development Zone has been approved by local authority and the construction is expected to commence in 1Q2013.

The Group will continue to focus on the sales and development of its multi-phased projects in the PRC meanwhile, and look for more opportunities to acquire suitable land sites where possible.

¹ Population White Paper, National Population and Talent Division, Jan 2013

² "Public sector projects to boost construction demand in 2013", Building and Construction Authority, 16 Jan 2013

³ "China's property investment up 16.2% in 2012", Chinadaily.com.cn, 18 Jan 2013

⁴ "The dangers of China's urbanization drive", WantChinaTimes.com, 15 Jan 2013

⁵ "Mainland property cooling measures possible if home prices rise", South China Morning Post, 18 Feb 2013

11. Dividend

(a) Current Financial Period Reported On

Any dividend declared for the current financial period reported on?

Yes.

Name of Dividend:	First and Final
Dividend Type:	Cash
Dividend Rate:	1 cent per ordinary share
Tax rate:	1-tier tax-exempt

(b) Corresponding Period of the Immediately Preceding Financial Year

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

Yes.

Name of Dividend:	First and Final
Dividend Type:	Cash
Dividend rate:	1 cents per ordinary share
Tax rate:	1-tier tax-exempt

(c) Date payable

The proposed dividend, if approved at the Annual General Meeting, will be paid out at a date to be announced.

(d) Books closure date

The books closure date will be announced at a later date.

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

Not applicable

13. Interested Person Transactions (“IPT”)

The Company does not have a shareholders’ mandate on IPT.

14. Use of Proceeds

Not applicable.

PART II - ADDITIONAL INFORMATION REQUIRED FOR FULL YEAR ANNOUNCEMENT (This part is no applicable to Q1, Q2, Q3, or Half Year Results)

15. Segmented revenue and results for business or geographical segments (of the group) in the form presented in the issuer's most recently audited annual financial statements, with comparative information for the immediately preceding year.

(a) Business segments

31 December 2012	Construction S\$'000	Property Development S\$'000	Rental S\$'000	Sales of goods S\$'000	Segments total S\$'000	Others [*] S\$'000	Total S\$'000
External revenue	496,412	3,318	1,385	10,312	511,427	-	511,427
Interest income	34	584	-	19	637	105	742
Interest expenses	(615)	(309)	-	(89)	(1,013)	291	(722)
Depreciation and amortization	(6,481)	(160)	(609)	(1,638)	(8,888)	(138)	(9,026)
Reportable segment profit before income tax	29,126	(3,176)	397	(674)	25,673	(5,707)	19,966
Share of profit of associates and joint ventures, net of tax	8,979	187	-	-	9,166	-	9,166
Profit before income tax							29,132
Income tax expense							(2,705)
Profit for the year							<u>26,427</u>
Reportable segment assets	355,742	424,333	18,021	9,049	807,145	7,855	815,000
Investment in associates and joint ventures	12,409	22,684	-	-	35,093	-	35,093
Total assets							<u>850,093</u>
Reportable segment liabilities	279,209	295,788	-	4,470	579,467	3,891	583,358
Capital expenditure	40,310	99	-	1,264	41,673	73	41,746

31 December 2011	Construction S\$'000	Property Development S\$'000	Rental S\$'000	Sales of goods S\$'000	Segments total S\$'000	Others [*] S\$'000	Total S\$'000
External revenue	350,685	53,828	1,192	8,806	414,511	-	414,511
Interest income	71	226	-	47	344	-	344
Interest expenses	(551)	(273)	-	(93)	(917)	(327)	(1,244)
Depreciation and amortization	(4,228)	(88)	(629)	(1,891)	(6,836)	(116)	(6,952)
Reportable segment profit before income tax	27,104	433	563	(3,612)	24,396	(7,171)	17,225
Share of profit of associates and joint ventures, net of tax	20,582	(3)	-	-	20,579	-	20,579
Profit before income tax							37,804
Income tax expense							(10,878)
Profit for the year							<u>26,926</u>
Reportable segment assets	269,969	367,412	20,231	16,521	674,133	31,290	705,423
Investment in associates and joint ventures	10,069	5,531	-	-	15,600	-	15,600
Total assets							<u>721,023</u>
Reportable segment liabilities	202,180	249,168	-	5,551	456,899	9,493	466,392
Capital expenditure	24,210	188	-	1,062	25,460	229	25,689

*General Corporate activities

(b) Geographical segment

In presenting information on the basis of geographical segments, segment revenue is based on the geographical location of customers. Segment assets are based on the geographical location of the assets. The construction and property development segments are mainly domiciled in Singapore and the PRC respectively.

	<u>Revenue from external customers</u>		<u>Non-current assets</u>	
	2012 S\$'000	2011 S\$'000	2012 S\$'000	2011 S\$'000
Singapore	483,819	346,904	76,971	47,998
PRC	4,171	54,570	16,658	18,591
PNG	13,158	4,462	3,649	4,629
Other countries	10,279	8,575	12,265	7,941
Investment in associates and joint ventures	-	-	35,093	15,600
Other unallocated amounts	-	-	33,266	24,365
	511,427	414,511	177,902	119,124

16. In the review of performance, the factors leading to any material changes in contributions to turnover and earnings by the business or geographical segments.

Please refer to section 8.

17. A breakdown of sales and profit before tax.

	2012 S\$'000	2011 S\$'000	Increase / (Decrease) %
Sales reported for first half year	232,987	145,460	60
Operating profit after tax before deducting non-controlling interests reported for first half year	14,469	11,922	21
Sales reported for second half year	278,440	269,051	3
Operating profit after tax before deducting non-controlling interests reported for second half year	11,958	15,004	-20

18. A breakdown of the total annual dividend (in dollar value) for the issuer's latest full year and its previous full year

Total annual dividend (Refer to note 11 for the details).

	Latest full year (S\$'000)	Previous full year (S\$'000)
Ordinary	7,660	7,660
Preference	-	-
Total:	7,660	7,660

19. PERSONS OCCUPYING MANAGERIAL POSITIONS PURSUANT TO RULE 704(13)

Name	Age	Family Relationship with any Director and/or Chief Executive Officer and/or Substantial Shareholder	Current position and duties, and the year position was first held	Details of changes in duties and position held, if any, during the year
Pek Ah Tuan	87	<p>Father of Pek Lian Guan (Executive Director & Chief Executive Officer (“CEO”)) and Pek Dien Kee (Head of Asset Management) and Substantial Shareholder of the Company</p> <p>Uncle of Pay Sim Tee (Executive Director) and Pay Teow Heng (Project Director).</p> <p>Grandfather of Ong Chun Tiong (General Manager for the Group’s subsidiaries in Tianjin, PRC) and Pek Chik Lay (Manager of Cobiex Technologies (Asia) Pte Ltd).</p> <p>Granduncle of Peh Geok Soon (Deputy General Manager of Suzhou Huisheng Construction Development Co., Ltd & Deputy General Manager of Suzhou Chang He Investment & Development Co. Ltd).</p>	Non-Executive Chairman since 2010	Not Applicable
Pay Sim Tee	62	<p>Nephew of Pek Ah Tuan (Non-Executive Chairman and Substantial Shareholder of the Company).</p> <p>Cousin of Pek Lian Guan (Executive Director & CEO), Pek Dien Kee (Head of Asset Management) and Pay Teow Heng (Project Director).</p> <p>Uncle of Ong Chun Tiong (General Manager for the Group’s subsidiaries in Tianjin, PRC), Pek Chik Lay (General Manager of Cobiex Technologies (Asia) Pte Ltd) and Peh Geok Soon (Deputy General Manager of Suzhou Huisheng Construction Development Co., Ltd & Deputy General Manager of Suzhou Chang He Investment & Development Co. Ltd).</p>	Executive Director since 2010	Not Applicable

Pek Dien Kee	59	Son of Pek Ah Tuan (Non-Executive Chairman and Substantial Shareholder of the Company). Brother of Pek Lian Guan (Executive Director and CEO). Cousin of Pay Sim Tee (Executive Director).	Head of Asset Management since 2010	Not Applicable
Pay Teow Heng	46	Nephew of Pek Ah Tuan (Non-Executive Chairman and Substantial Shareholder of the Company). Cousin of Pek Lian Guan (Executive Director and CEO) and Pay Sim Tee (Executive Director).	Project Director since 2010	Not Applicable
Ong Chun Tiong	40	Grandson of Pek Ah Tuan (Non-Executive Chairman and Substantial Shareholder of the Company). Nephew of Pek Lian Guan (Executive Director and CEO) and Pay Sim Tee (Executive Director).	General Manager for the Group's subsidiaries in Tianjin, PRC. since 2004	Not Applicable
Pek Chik Lay	36	Grandson of Pek Ah Tuan (Non-Executive Chairman and Substantial Shareholder of the Company). Nephew of Pek Lian Guan (Executive Director and CEO) and Pay Sim Tee (Executive Director).	General Manager of Cobiax Technologies (Asia) Pte Ltd since 2012	Promoted to General Manager from Manger of Cobiax Technologies (Asia) Pte Ltd
Peh Geok Soon	58	Grandnephew of Pek Ah Tuan (Non-Executive Chairman and Substantial Shareholder of the Company). Nephew of Pek Lian Guan (Executive Director and CEO) and Pay Sim Tee (Executive Director).	Deputy General Manager of Suzhou Huisheng Construction Development Co., Ltd since 2003 & Deputy General Manager of Suzhou Chang He Investment & Development Co. Ltd since 2011	Not Applicable

On behalf of the Board of Directors

BY ORDER OF THE BOARD

Pek Lian Guan
Executive Director and CEO
26 February 2013