



TIONG SENG HOLDINGS LIMITED

(Incorporated in the Republic of Singapore)

(Co. Reg. No: 200807295Z)

UNAUDITED HALF-YEAR 2012 FINANCIAL STATEMENT ANNOUNCEMENT FOR THE PERIOD ENDED 30 JUNE 2012

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

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

| | 3 Months Ended 30 June 2012 S\$'000 | 3 Months Ended 30 June 2011 S\$'000 | Change % | 6 Months Ended 30 June 2012 S\$'000 | 6 Months Ended 30 June 2011 S\$'000 | Change % |
|---|--|--|-----------------|--|--|-------------|
| Revenue | | | | | | |
| Revenue from construction contracts | 127,068 | 80,578 | 58 | 228,226 | 136,528 | 67 |
| Revenue from sales of development properties | - | 1,095 | -100 | - | 4,656 | -100 |
| Revenue from sales of goods | 2,572 | 2,018 | 27 | 4,047 | 3,729 | 9 |
| Rental income | 338 | 232 | 46 | 714 | 547 | 31 |
| | <u>129,978</u> | <u>83,923</u> | 55 | <u>232,987</u> | <u>145,460</u> | 60 |
| Other income | 585 | 1,868 | -69 | 1,614 | 4,297 | -62 |
| Costs of construction | (116,059) | (67,417) | 72 | (204,258) | (115,949) | 76 |
| Costs of sales of development properties | - | (468) | -100 | - | (2,074) | -100 |
| Cost of goods sold | (1,630) | (1,327) | 23 | (2,430) | (2,196) | 11 |
| Depreciation and amortisation | (1,208) | (692) | 75 | (2,174) | (1,467) | 48 |
| Selling expenses | (542) | (892) | -39 | (820) | (1,834) | -55 |
| Staff costs | (4,260) | (4,560) | -7 | (9,435) | (9,303) | 1 |
| Other expenses | (3,164) | (4,762) | -34 | (6,155) | (8,153) | -25 |
| | <u>(126,863)</u> | <u>(80,118)</u> | 58 | <u>(225,272)</u> | <u>(140,976)</u> | 60 |
| Profit from operating activities | 3,700 | 5,673 | -35 | 9,329 | 8,781 | 6 |
| Finance income | 545 | 394 | 38 | 1,107 | 635 | 74 |
| Finance expenses | (60) | (568) | -89 | (1,232) | (1,056) | 17 |
| Net finance expense | 485 | (174) | ->100 | (125) | (421) | -70 |
| Share of loss of associates, net of tax | - | (1) | -100 | - | (1) | -100 |
| Share of profit of joint ventures, net of tax | 6,062 | 4,430 | 37 | 6,859 | 5,039 | 36 |
| Profit before income tax | 10,247 | 9,928 | 3 | 16,063 | 13,398 | 20 |
| Income tax | (788) | (993) | -21 | (1,594) | (1,476) | 8 |
| Profit for the period | 9,459 | 8,935 | 6 | 14,469 | 11,922 | 21 |

| | 3 Months Ended 30 June 2012 S\$'000 | 3 Months Ended 30 June 2011 S\$'000 | Change % | 6 Months Ended 30 June 2012 S\$'000 | 6 Months Ended 30 June 2011 S\$'000 | Change % |
|--|--|--|-----------------|--|--|-----------------|
| Other comprehensive (expense) / income | | | | | | |
| Translation differences relating to financial statements of foreign subsidiaries | 4,257 | (446) | ->100 | 1,624 | (1,029) | ->100 |
| Exchange differences on monetary items forming part of net investment in a foreign operation | 15 | 89 | -83 | (137) | 131 | ->100 |
| Net change in the fair value of available-for-sale investments | 2 | (32) | ->100 | 2 | (32) | ->100 |
| Income tax on other comprehensive income | (4) | (10) | -60 | 22 | (17) | ->100 |
| Other comprehensive (expense) / income for the period | <u>4,270</u> | <u>(399)</u> | <u>->100</u> | <u>1,511</u> | <u>(947)</u> | <u>->100</u> |
| Total comprehensive income for the period | <u>13,729</u> | <u>8,536</u> | <u>61</u> | <u>15,980</u> | <u>10,975</u> | <u>46</u> |
| Profit attributable to: | | | | | | |
| Equity holders of the Company | 9,740 | 9,220 | 6 | 14,749 | 11,359 | 30 |
| Non-controlling interests | (281) | (285) | -1 | (280) | 563 | ->100 |
| Profit for the period | <u>9,459</u> | <u>8,935</u> | <u>6</u> | <u>14,469</u> | <u>11,922</u> | <u>21</u> |
| Total comprehensive income attributable to: | | | | | | |
| Equity holders of the Company | 13,474 | 9,106 | 48 | 16,875 | 12,174 | 39 |
| Non-controlling interests | 255 | (570) | ->100 | (895) | (1,199) | -25 |
| Total comprehensive income for the period | <u>13,729</u> | <u>8,536</u> | <u>61</u> | <u>15,980</u> | <u>10,975</u> | <u>46</u> |
| Earnings per share | | | | | | |
| - Basic and diluted (cents) ¹ | <u>1.27</u> | <u>1.20</u> | <u>6</u> | <u>1.93</u> | <u>1.48</u> | <u>30</u> |

¹ Based on 766,039,750 shares, net of non-controlling interests as at 30 June 2012 and 30 June 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 period:

| | 3 Months Ended 30 June 2012 S\$'000 | 3 Months Ended 30 June 2011 S\$'000 | Change % | 6 Months Ended 30 June 2012 S\$'000 | 6 Months Ended 30 June 2011 S\$'000 | Change % |
|---|--|--|-------------|--|--|-------------|
| Business tax incentive | - | - | - | - | (1,576) | -100 |
| Gain on disposal of property, plant and equipment | - | - | - | (150) | - | 100 |
| Gain on sale of investment properties | - | (845) | -100 | (346) | (845) | -59 |
| Fees from management of properties | (167) | (97) | 72 | (262) | (174) | 51 |
| Operating lease expenses | 225 | 184 | 22 | 419 | 395 | 6 |
| Travelling and transport | 279 | 356 | -22 | 538 | 727 | -26 |
| Repair and maintenance expenses | 342 | 902 | -62 | 860 | 1,272 | -32 |
| Professional fees | 520 | 194 | >100 | 609 | 369 | 65 |
| Allowance of doubtful trade receivables | (4) | 309 | ->100 | (2) | 389 | ->100 |
| Advertisement expenses | 38 | 165 | -77 | 85 | 311 | -73 |
| Office supplies | 157 | 301 | -48 | 275 | 447 | -38 |

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

| | Group | | Company | |
|--|------------|------------|------------|------------|
| | 30.06.2012 | 31.12.2011 | 30.06.2012 | 31.12.2011 |
| | S\$'000 | S\$'000 | S\$'000 | S\$'000 |
| Non-current assets | | | | |
| Property, plant and equipment | 63,964 | 51,335 | - | - |
| Intangible assets | 7,171 | 7,593 | - | - |
| Investment properties | 19,353 | 20,231 | - | - |
| Investment in subsidiaries | - | - | 59,624 | 59,624 |
| Associates and joint ventures | 32,785 | 15,600 | - | - |
| Trade and other receivables | 14,562 | 10,421 | - | - |
| Other investments | 6,225 | 6,227 | - | - |
| Deferred tax assets | 7,475 | 7,717 | - | - |
| | 151,535 | 119,124 | 59,624 | 59,624 |
| Current assets | | | | |
| Inventories | 1,164 | 1,193 | - | - |
| Construction work-in-progress | 84,150 | 60,877 | - | - |
| Development properties | 342,094 | 308,720 | - | - |
| Trade and other receivables | 175,047 | 128,081 | 8 | 16 |
| Amount due from related parties | 21,636 | 23,183 | 49,926 | 53,326 |
| Cash and cash equivalents | 48,902 | 79,845 | 527 | 6,183 |
| | 672,993 | 601,899 | 50,461 | 59,525 |
| Total assets | 824,528 | 721,023 | 110,085 | 119,149 |
| Equity attributable to equity holders of the Company | | | | |
| Share capital | 154,552 | 154,552 | 154,552 | 154,552 |
| Reserves | (72,053) | (74,179) | (45,850) | (45,850) |
| Accumulated profits/(losses) | 132,388 | 125,299 | (441) | 8,298 |
| | 214,887 | 205,672 | 108,261 | 117,000 |
| Non-controlling interests | 48,099 | 48,959 | - | - |
| Total equity | 262,986 | 254,631 | 108,261 | 117,000 |
| Non-current liabilities | | | | |
| Trade and other payables | 13,086 | 7,417 | - | - |
| Loans and borrowings | 106,867 | 87,806 | - | - |
| Deferred tax liabilities | 3,575 | 4,116 | - | - |
| | 123,528 | 99,339 | - | - |
| Current liabilities | | | | |
| Progress billings in excess of construction work-in-progress | 3,855 | 1,525 | - | - |
| Trade and other payables | 284,333 | 216,308 | 1,400 | 2,141 |
| Amount due to related parties | 18,363 | 20,353 | 420 | - |
| Loans and borrowings | 112,749 | 112,730 | - | - |
| Current tax payable | 18,714 | 16,137 | 4 | 8 |
| | 438,014 | 367,053 | 1,824 | 2,149 |
| Total liabilities | 561,542 | 466,392 | 1,824 | 2,149 |
| Total equity and liabilities | 824,528 | 721,023 | 110,085 | 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 30.06.2012 | | As at 31.12.2011 | |
|------------------|-----------|------------------|-----------|
| Secured | Unsecured | Secured | Unsecured |
| S\$'000 | S\$'000 | S\$'000 | S\$'000 |
| 111,541 | 1,208 | 111,404 | 1,326 |

Amount repayable after one year

| As at 30.06.2012 | | As at 31.12.2011 | |
|------------------|-----------|------------------|-----------|
| Secured | Unsecured | Secured | Unsecured |
| S\$'000 | S\$'000 | S\$'000 | S\$'000 |
| 106,867 | - | 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 RMB 300 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 loans repayment date has been extended to March 2013.

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") which is undertaking the Xushuguan Project in Suzhou, 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:

| | 30 June 2012 | 31 December 2011 |
|------------------------------------|---------------|------------------|
| | \$'000 | \$'000 |
| Carrying amounts of assets: | | |
| Leasehold land | - | 5,111 |
| Leasehold properties | 8,770 | 8,926 |
| Investment properties | 1,023 | 1,013 |
| Development properties | 19,858 | 20,119 |
| Plant and machinery | 3,357 | 3,585 |
| Deposits pledged | 16,987 | 17,148 |
| Total | 49,995 | 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.

| | 3 Months Ended 30 June 2012 S\$'000 | 3 Months Ended 30 June 2011 S\$'000 | 6 Months Ended 30 June 2012 S\$'000 | 6 Months Ended 30 June 2011 S\$'000 |
|---|--|--|--|--|
| Operating activities | | | | |
| Profit from operating activities | 3,700 | 5,673 | 9,329 | 8,781 |
| Adjustments for: | | | | |
| Allowance for doubtful trade receivables | (4) | 309 | (2) | 389 |
| Depreciation and amortization | 2,119 | 1,257 | 3,944 | 2,678 |
| Gain/ loss on disposal of: | | | | |
| - property, plant and equipment | - | - | (150) | - |
| - investment properties | - | (845) | (346) | (845) |
| - associate | - | - | - | 19 |
| - scrap material | (59) | (11) | (201) | (45) |
| Property, plant and equipment written off | 7 | - | 7 | - |
| Operating profit before working capital changes | 5,763 | 6,383 | 12,581 | 10,977 |
| Changes in working capital: | | | | |
| Inventories | (97) | (19) | (15) | 53 |
| Construction work-in-progress | (10,066) | (338) | (20,925) | (17,401) |
| Development properties | (22,133) | (21,342) | (25,975) | (27,310) |
| Trade and other receivables | (33,842) | (25,583) | (57,252) | (14,483) |
| Balances with related parties (trade) | 2,063 | 3,390 | 2,391 | 2,784 |
| Trade and other payables | 60,350 | 3,498 | 74,072 | 1,560 |
| Cash (used in)/ generated from operations | 2,038 | (34,011) | (15,123) | (43,820) |
| Income taxes paid | (3,125) | (2,816) | (3,836) | (8,007) |
| Income tax refunded | 56 | - | 2,975 | - |
| Net cash used in operating activities | (1,031) | (36,827) | (15,984) | (51,827) |
| Cash flow from investing activities | | | | |
| Balances with related parties (non-trade) | (2,598) | (1,876) | (873) | (2,375) |
| Receipts from joint ventures (gross) | - | - | 8,000 | - |
| Interest received | 158 | 70 | 192 | 195 |
| Loan to a joint venture | - | - | (16,966) | - |
| Net cash outflow from investment in associates/other investment | - | (3,414) | - | (3,414) |
| Proceeds from property, plant and equipment | 138 | 2 | 299 | 5 |
| Proceeds from sales of investment properties | 5 | 1,543 | 419 | 1,543 |
| Purchase of property, plant and equipment | (3,354) | (6,599) | (8,336) | (15,880) |
| Purchase of intangible assets | (182) | (280) | (250) | (364) |
| Net cash used in investing activities | (5,833) | (10,554) | (17,515) | (20,290) |

| | 3 Months Ended 30- June 2012 S\$'000 | 3 Months Ended 30 June 2011 S\$'000 | 6 Months Ended 30 June 2012 S\$'000 | 6 Months Ended 30 June 2011 S\$'000 |
|---|---|--|--|--|
| Cash flow from financing activities | | | | |
| Balances with related parties (non-trade) | (809) | (5,137) | (2,272) | (5,223) |
| Capital contribution by minority shareholders | 132 | - | 132 | - |
| Increase in deposits pledged | (387) | (14,725) | (5) | (14,725) |
| Dividends paid to equity holders | (7,240) | (7,660) | (7,240) | (7,660) |
| Dividends paid to minority shareholder | (98) | - | (98) | - |
| Interest paid | (6,008) | (1,521) | (10,882) | (4,094) |
| Repayment of quasi loan to non-controlling interests | - | - | - | (1,456) |
| Payments of finance lease liabilities | (51) | (43) | (71) | (84) |
| Proceeds from loans and borrowings | 74,884 | 50,347 | 114,590 | 62,563 |
| Repayment of loans and borrowings | (52,109) | (7,337) | (94,239) | (8,118) |
| Net cash from/(used in) financing activities | 8,314 | 13,924 | (85) | 21,203 |
| Net increase/(decrease) in cash and cash equivalents | 1,450 | (33,457) | (33,584) | (50,914) |
| Cash and cash equivalent at beginning of the period | - | - | 62,004 | 84,370 |
| Effect of exchange rate changes on balance held in foreign currencies | 3,671 | (1,232) | 2,848 | (314) |
| Cash and cash equivalents at end of the period | 5,121 | (34,689) | 31,268 | 33,142 |

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 | 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 period | | | | | | | | | | |
| Profit or loss | - | - | - | - | - | - | 14,749 | 14,749 | (280) | 14,469 |
| Other comprehensive income | | | | | | | | | | |
| Translation differences relating to financial statements of foreign subsidiaries | - | - | - | - | - | 2,239 | - | 2,239 | (615) | 1,624 |
| Exchange differences on monetary items forming part of net investment in a foreign operation | - | - | - | - | - | (137) | - | (137) | - | (137) |
| Net change in the fair value of available for sales investment net of tax | - | - | - | - | 2 | - | - | 2 | - | 2 |
| Income tax on other comprehensive income | - | - | - | - | (1) | 23 | - | 22 | - | 22 |
| Total other comprehensive income / (expense) | - | - | - | - | 1 | 2,125 | - | 2,126 | (615) | 1,511 |
| <i>Total comprehensive income and expenses for the period</i> | - | - | - | - | 1 | 2,125 | 14,749 | 16,875 | (895) | 15,980 |
| Contributions by and distributions to owners | | | | | | | | | | |
| Dividends to equity holders | - | - | - | - | - | - | (7,660) | (7,660) | (98) | (7,758) |
| Transferred to capital reserve | - | - | - | - | - | - | - | - | 133 | 133 |
| Total contributions by and distributions to owners | - | - | - | - | - | - | (7,660) | (7,660) | 35 | (7,625) |
| <i>Total transaction with owners</i> | - | - | - | - | - | - | (7,660) | (7,660) | 35 | (7,625) |
| At 30 June 2012 | 154,552 | (77,720) | (179) | 3,442 | 23 | 2,381 | 132,388 | 214,887 | 48,099 | 262,986 |

| Group | Share capital | Merger reserve | 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) | 98,394 | 173,286 | 48,766 | 222,052 |
| Total comprehensive income for the period | | | | | | | | | | |
| Profit or loss | - | - | - | - | - | - | 11,359 | 11,359 | 563 | 11,922 |
| Other comprehensive income | | | | | | | | | | |
| Translation differences relating to financial statements of foreign subsidiaries | - | - | - | - | - | 733 | - | 733 | (1,762) | (1,029) |
| Exchange differences on monetary items forming part of net investment in a foreign operation | - | - | - | - | - | 131 | - | 131 | - | 131 |
| Net change in the fair value of available-for-sale investments | - | - | - | - | (32) | - | - | (32) | - | (32) |
| Income tax on other comprehensive income | - | - | - | - | 5 | (22) | - | (17) | - | (17) |
| Total other comprehensive income / (expense) | - | - | - | - | (27) | 842 | - | 815 | (1,762) | (947) |
| <i>Total comprehensive income and expenses for the period</i> | - | - | - | - | (27) | 842 | 11,359 | 12,174 | (1,199) | 10,975 |
| 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 30 June 2011 | 154,552 | (77,720) | (179) | 3,442 | 40 | (4,428) | 102,093 | 177,800 | 46,111 | 223,911 |

| Company | Share capital S\$'000 | Merger Reserve S\$'000 | Accumulated profits S\$'000 | Total equity S\$'000 |
|--|--------------------------|---------------------------|--------------------------------|-------------------------|
| At 1 January 2012 | 154,552 | (45,850) | 8,298 | 117,000 |
| Profit or loss / Total comprehensive income for the period | - | - | (1,079) | (1,079) |
| Dividend paid | - | - | (7,660) | (7,660) |
| At 30 June 2012 | 154,552 | (45,850) | (441) | 108,261 |
| At 1 January 2011 | 154,552 | (45,850) | 7,769 | 116,471 |
| Profit or loss / Total comprehensive income for the period | - | - | (956) | (956) |
| Dividend paid | - | - | (7,660) | (7,660) |
| At 30 June 2011 | 154,552 | (45,850) | (847) | 107,855 |

- 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 six months ended 30 June 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 30 June 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 period reported on.

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

The figures has 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 period 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.**

| | 3 Months Ended 30 June 2012 | 3 Months Ended 30 June 2011 | 6 Months Ended 30 June 2012 | 6 Months Ended 30 June 2011 |
|--|-----------------------------------|-----------------------------------|-----------------------------------|-----------------------------------|
| | (cents) | (cents) | (cents) | (cents) |
| Earnings per ordinary share of the group, after deducting any provision for preference dividends (in cents): | | | | |
| (a) Based on weighted average number of ordinary shares on issue; and | 1.27 | 1.20 | 1.93 | 1.48 |
| (b) On a fully diluted basis | 1.27 | 1.20 | 1.93 | 1.48 |

The earning per ordinary share has been calculated net of non-controlling interests of 766,039,750 shares as at 30 June 2012 and 30 June 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 | |
|---|--------------|------------------|--------------|------------------|
| | 30 June 2012 | 31 December 2011 | 30 June 2012 | 31 December 2011 |
| | (cents) | (cents) | (cents) | (cents) |
| Net asset value per ordinary share based on issued share capital at the end of: | 28.05 | 26.85 | 14.13 | 15.27 |

The net asset value per ordinary share has been calculated net of non-controlling interests of 766,039,750 shares as at 30 June 2012 and 30 June 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 1H2012 vs 1H2011 and 2Q2012 vs 2Q2011

Revenue

Revenue increased by approximately S\$87.5 million or 60% from approximately S\$145.5 million in 1H2011 to approximately S\$233.0 million in 1H2012, attributable mainly to an increase in revenue from construction contracts, sales of goods and rental income of approximately S\$91.7 million, S\$0.3 million and S\$0.2 million respectively, offset with a decrease in revenue from sale of development properties of approximately S\$4.7 million.

Revenue from construction contract

Increase in revenue from construction contract was mainly due to increase in work done for on-going projects, being The Wharf Residences, Volari, Hotel at Upper Pickering Street, Tree House, NUS Staff Housing at Kent Vale projects, Waterway Terraces I, Hundred Trees and The Glyndebourne which resulted in an aggregated increase in revenue by S\$104.6 million. The increase was lowered by the decrease in work done for projects, being Hilltops and Shelford Suites totalling S\$13.0 million.

In accordance with our revenue recognition policy, work done amounting to approximately S\$32.8 million from newly commenced projects in Singapore have yet to be recognized as revenue as at 30 June 2012.

Revenue from sales of development properties

Revenue from sales of property development in 1H2011 was contributed mainly from the sale of 6 units totaling 1,739 sqm in Tianmen Jinwan Building in Tianjin. As at 30 June 2012, remaining 6 units, totaling 891 sqm, and 5 units, totaling 835 sqm, of Phase 1 of Sunny International project and Tianmen Jinwan Building respectively were fully sold, but yet to be recognised as revenue in accordance to our revenue recognition policy.

Revenue from sales of goods

Revenue from sales of goods increased by approximately S\$0.3 million in 1H2012 due to increase sales volume in 1H2012.

Cost of construction

Increase in cost of construction was generally in line with the increase in revenue from construction contracts. The decrease in gross profit margin is mainly due to comparatively lower margin ongoing projects as compared to the previous period.

Cost of sales of development properties

Decrease in cost of sales of development properties was due mainly to there was no revenue from sale of development properties in 1H2012.

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\$0.7 million in 1H2012 was due mainly to higher amortisation expenses of patented technology of S\$0.4 million and additional depreciation expenses of approximately S\$0.3 million which relates to the newly constructed automated pre-fabrication hub which commenced operation in the current period.

Selling expenses

Decrease in selling expenses of approximately S\$1.0 million in 1H2012 due mainly to the decrease in selling expenses incurred of approximately S\$0.6 million for Tianmen Jinwan Building as it was 100% sold in 2011 and decrease in selling expenses incurred for Equinox project of approximately \$0.5 million in current period.

Other Expenses

Other expenses decreased by approximately S\$2.0 million in 1H2012 due mainly to aggregate decrease in allowance of doubtful trade receivables, travelling and transport expenses, advertisement expenses, legal fees, office supplies and repair and maintenance totaling approximately S\$1.7 million.

Finance Income

Finance income increased by approximately S\$0.5 million in 1H2012 due mainly to increase in accretion of discount implicit in retention sum receivables.

Finance expenses

Finance expenses increased by approximately S\$0.2 million in 1H2012 due mainly to increase of interest expense on bank loans of approximately of S\$0.3 million.

Share of profit of joint ventures, net of tax

Share of profit of joint ventures increased by approximately S\$1.8 million in 1H2012 due mainly to the increase in share of profit from our various joint venture projects.

Income tax expense

In tandem with the increase in profit for the current period, the Group's corporate income tax increased \$0.7 million in current period, offset by a decrease in land appreciation tax of \$0.6 million occurred from the property development business in the previous period.

Profit for the period

Profit in 1H2012 increased by approximately S\$2.5 million as a result of the factors mentioned in the preceding paragraphs.

Review of Financial Position

Non-Current Assets

As at 30 June 2012, non-current assets stood at S\$151.5 million or approximately 18.4% of total assets, an increase of approximately S\$32.4 million compared to 31 December 2011.

Increase in property, plant and equipment ("PPE") of S\$12.6 million was due mainly to purchase of PPE amounting to S\$15.5 million which was offset by depreciation charges of S\$2.9 million.

Increase in associates and joint ventures by S\$17.2 million was due mainly to our share of injection of loan to a joint venture of approximately S\$17.0 million.

Increase in trade and other receivables by S\$4.1 million was mainly due to additional retention sums from on-going projects in Singapore.

Current Assets

As at 30 June 2012, current assets stood at S\$673.0 million or approximately 81.6% of total assets. Current assets increased by approximately S\$71.1 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\$20.9 million was due mainly to increase in work-in-progress from on-going and new projects as at 30 June 2012.

The increase in development properties by S\$33.4 million was mainly due to increase in development costs for ongoing PRC development projects, being Sunny International, Equinox and Xushuguan projects of approximately S\$4.5 million, \$24.7 million and \$3.1 million respectively.

Trade and other receivables increased by approximately S\$47.0 million due mainly to increase in retention sums, trade receivables and accrued receivables of approximately S\$2.7 million, S\$20.5 million and S\$28.4 million respectively and offset by decrease in deposit and prepayments of S\$6.0 million. As at 30 June 2012, trade receivables balance was current and not overdue.

There was a decrease in cash and cash equivalents of approximately S\$30.9 million, mainly due to net cash outflow from operating activities of approximately S\$16.0 million, net cash outflow from investing activities of approximately S\$17.5 million, and net cash outflow from financing activities of approximately S\$0.1 million.

Non-Current Liabilities

As at 30 June 2012, non-current liabilities totaled S\$123.5 million or approximately 22.0% of total liabilities, an increase of approximately S\$24.2 million compared to 31 December 2011.

Non-current loans and borrowings increased by S\$19.1 million due mainly to new loans of S\$21.9 million obtained from banks and financial institutions to finance property development projects in PRC. The increase was offset by repayment of loans of approximately \$2.7 million.

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 projects.

Current Liabilities

As at 30 June 2012, current liabilities stood at S\$438.0 million or approximately 78.0% of total liabilities, an increase of S\$71.0 million.

The increase was due mainly to increase of approximately S\$70.6 million in aggregate in trade and other payables and current tax payables, offset by decrease of amount due to related parties of approximately \$2.0 million.

Trade and other payables increased by approximately S\$68.0 million due mainly to increase in accrued payable of approximately S\$65.2 million arising from increase in work done for on-going construction projects in current period.

Decrease in amount due to related parties of approximately S\$2.0 million was mainly due to repayment of non-trade amount due to joint ventures and minority shareholders aggregate of approximately S\$6.1 million, offset by increase in loans from minority shareholders of approximately S\$3.6 million.

Review of Statement of Cash Flows

Net cash from operating activities

For the 6 months ended 30 June 2012, the Group recorded a net cash outflow from operating activities of approximately S\$16.0 million, decreased by S\$35.8 million as compared to the previous corresponding period ended 30 June 2011.

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

- (a) Net increase in construction work-in-progress by S\$20.9 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\$26.0 million, due mainly to additional PRC property development costs for Sunny International, Equinox and Xushuguan projects.
- (c) Net increase in trade and other receivables by S\$57.3 million, due mainly to increase in accrued receivables and trade receivables from construction projects.
- (d) Net increase in trade and other payables by S\$74.1 million, due mainly to increase in accrued trade payables for projects with their increase in work done.

Net cash from investing activities

For the 6 months ended 30 June 2012, the Group recorded a net cash outflow from investing activities of S\$17.5 million, decreased by S\$2.8 million as compared to the previous corresponding period ended 30 June 2011.

This was mainly due to purchase of property, plant and equipment of S\$8.3 million, our share of loan injection to a joint venture of approximately S\$17.0 million and net cash outflow from balances with related parties of S\$0.9 million, offset by gross receipts from joint ventures of S\$8.0 million.

Net cash from financing activities

For the 6 months ended 30 June 2012, the Group recorded a net cash outflow from financing activities of S\$0.1 million, increased by S\$21.3 million as compared to the previous corresponding period ended 30 June 2011.

This was mainly due to additional loans and borrowings proceeds obtained in current period with a net receipt of S\$20.4 million, offset by payment of dividends of S\$7.7 million to equity shareholders, interest paid of S\$10.9 million and net cash outflow from balances with related parties of S\$1.9 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.

In view of the renewed uncertainties in the global economic environment, Singapore's economic growth is expected to remain subdued in the second half of 2012.

In 2012, construction demand continues to be healthy – projected to be between S\$21 billion to S\$27 billion, although it is lower compared to the S\$32 billion recorded in 2011. This is largely due to the lower projected demand from the private sector of between S\$8 billion and S\$12 billion.

In the next two years, the industry is projecting an average construction demand of between S\$19 billion to S\$27 billion per annum¹.

Broadly speaking, the operating environment is expected to remain challenging for the industry as a whole. Rising construction costs, higher material costs, foreign workers' levies, reduction in the number of foreign workers and strong competition from foreign contractors are factors contributing to the challenging landscape. In addition, more stringent safety standards is now required of industry players as construction workers will soon to pass a practical safety test before working in Singapore².

Despite these challenges, Tiong Seng is well-supported by investments in technology such as the "Tiong Seng Prefab Hub", which officially opened in May 2012, and is the first and only automated pre-cast manufacturing facility in Singapore. Coupled with its widespread use of Cobiax - a cutting-edge green construction technology that reduces the volume of concrete used in slabs by as much as 30% - the Group is confident of its leadership position in championing productivity in the construction sector.

In addition, the Group is focused on training to improve productivity and efficiency, and will leverage on other construction technologies such as BIM and advanced formwork systems to reduce its reliance on labour and increase cost efficiencies. These measures are firmly in tune with the government's call for higher productivity within the construction sector.

In 2Q2012, the Group secured a new substantial construction contract worth approximately S\$229 million from NTUC Fairprice Co-Operative Limited for the proposed erection of a 16-storey single-user warehouse development at Benoi Road & Joo Koon Circle, and its construction order book as at 30 June 2012 remained robust with a strong pipeline of orders valued at approximately S\$1.29 billion. These orders are expected to be fulfilled within the next 12 – 30 months.

Property Development in the PRC

Whilst the Chinese government continues to implement curbs on property, the Group is of the view that genuine buyer sentiment in the PRC will sustain despite the constant tightening of controls, evident from the strong home prices which continue to rise in recent months. The PRC government continues to step up efforts to bolster growth by introducing stimulus packages in various Chinese cities, despite forecasted slower growth for the rest of the year.

Also, PRC's urbanisation rate is expected to continue to drive demand for quality housing in China in the longer term. At 47%, the PRC's current urbanisation rate still lags behind the 85%³ in developed countries, and therefore has more room to grow by an expected 1 percentage point every year for the next 20 years to approximately 70% by 2030⁴.

As at 30 June 2012, the Group has completed the construction and sales of Phase 1 out of 4 Phases, of the Sunny International project. The other phases are currently in construction and sales for phase 2 and phase 4 commenced in 2Q2011 and 4Q2011 respectively. In addition,

the Group is currently carrying out construction for Phase 1, Phase 2 and Phase 3 out of 7 phases, for the Equinox project and sales for Phase 1 has commenced in 4Q2011. Sales for Phase 2 is expected to commence in 3Q2012. Commencement of the construction of residential project in Suzhou New District Xushuguan Development Zone is expected to be in 4Q2012.

Meanwhile, the Group will continue to focus on the sales and development of its China projects, and look for more opportunities to acquire suitable land sites where possible.

¹ "Public sector projects to sustain construction demand in 2012", Building and Construction Authority, 16 Jan 2012

² "Safety training boost for construction crews", The Straits Times, 29 Jun 2012

³ "China's urbanisation rate to reach 50% by 2020", Chinadaily.com.cn, quoting the 2009 City Development Report of China, 5 Dec 2010.

⁴ "Urbanisation to drive China's growth", Chinadaily.com.cn, 26 Mar 2011

11. Dividend

(a) Current Financial Period Reported On

Any dividend declared for the current financial period reported on?

No

(b) Corresponding Period of the Immediately Preceding Financial Year

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

No.

(c) Date payable

Not Applicable

(d) Books closure date

Not Applicable

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

Not applicable.

On behalf of the Board of Directors

BY ORDER OF THE BOARD

Pek Lian Guan
Executive Director and CEO
13 August 2012



TIONG SENG HOLDINGS LIMITED

(Incorporated in the Republic of Singapore)

(Co. Reg. No: 200807295Z)

CONFIRMATION BY DIRECTORS PURSUANT TO RULE 705(5) OF THE LISTING MANUAL OF SGX-ST

On behalf of the Board of Directors of TIONG SENG HOLDINGS LIMITED (the "Company"), we, the undersigned, confirm that to the best of our knowledge, nothing has come to the attention of the Board of Directors of the Company which may render the half-year financial statements for the financial period ended 30 June 2012 to be false or misleading in any material aspect.

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

Pek Lian Guan
Executive Director & CEO

Pay Sim Tee
Executive Director

13 August 2012
