



# TIONG SENG HOLDINGS LIMITED

(Incorporated in the Republic of Singapore )

(Co. Reg. No: 200807295Z)

## UNAUDITED 1Q 2013 FINANCIAL STATEMENT ANNOUNCEMENT FOR THE PERIOD ENDED 31 MARCH 2013

### PART I - INFORMATION REQUIRED FOR ANNOUNCEMENTS OF QUARTERLY (1Q, 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 31 March 2013 S\$'000	3 Months Ended 31 March 2012 S\$'000	Change %
<b>Revenue</b>			
Revenue from construction contracts	144,049	101,158	42
Revenue from sales of development properties	315	-	>100
Revenue from sales of goods	1,843	1,475	25
Rental Income	302	376	-20
	<u>146,509</u>	<u>103,009</u>	42
Other income	9,048	1,029	>100
Costs of construction	(130,718)	(88,199)	48
Costs of sales of development properties	(123)	-	>100
Cost of goods sold	(1,016)	(800)	27
Depreciation and amortisation	(1,398)	(966)	45
Selling expenses	(818)	(278)	>100
Staff costs	(4,853)	(5,175)	-6
Other expenses	(3,328)	(2,991)	11
	<u>(142,254)</u>	<u>(98,409)</u>	45
<b>Profit from operating activities</b>	<u>13,303</u>	<u>5,629</u>	>100
Finance income	302	562	-46
Finance expenses	(1,827)	(1,172)	56
<b>Net finance expense</b>	<u>(1,525)</u>	<u>(610)</u>	>100
Share of profit of joint ventures, net of tax	418	797	-48
<b>Profit before income tax</b>	<u>12,196</u>	<u>5,816</u>	>100
Income tax	(935)	(806)	16
<b>Profit for the period</b>	<u>11,261</u>	<u>5,010</u>	>100
<b>Other comprehensive income:</b>			
<b>Items that may be reclassified subsequently to profit or loss</b>			
Translation differences relating to financial statements of foreign subsidiaries	3,964	(2,633)	->100
Exchange differences on monetary items forming part of net investment in a foreign operation	185	(152)	->100
Income tax on other comprehensive income	(31)	26	->100
<b>Other comprehensive income for the period</b>	<u>4,118</u>	<u>(2,759)</u>	>100
<b>Total comprehensive income for the period</b>	<u>15,379</u>	<u>2,251</u>	>100

	3 Months Ended 31 March 2013 S\$'000	3 Months Ended 31 March 2012 S\$'000	Change %
<b>Profit attributable to:</b>			
Equity holders of the Company	11,274	5,009	>100
Non-controlling interests	(13)	1	>-100
<b>Profit for the period</b>	<b>11,261</b>	<b>5,010</b>	<b>&gt;100</b>
<b>Total comprehensive income attributable to:</b>			
Equity holders of the Company	14,600	3,401	>100
Non-controlling interests	779	(1,150)	>-100
<b>Total comprehensive income for the period</b>	<b>15,379</b>	<b>2,251</b>	<b>&gt;100</b>
<b>Earnings per share</b>			
- Basic and diluted (cents) <sup>1</sup>	1.47	0.65	>100

<sup>1</sup> Based on 766,039,750 shares, net of non-controlling interests as at 31 March 2013 and 31 March 2012.

#### 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 31 March 2013 S\$'000	3 Months Ended 31 March 2012 S\$'000	Change %
Fees from management of properties	(89)	(95)	6
Gain on disposal of property, plant and equipment	-	(150)	>100
Gain on disposal of spare parts & scrap materials	(49)	(142)	-65
Gain on disposal of investment properties	(8,104)	(346)	>-100
Gain on disposal of other investments	(15)	-	>-100
Operating lease expenses	339	194	75
Travelling and transport	241	259	-7
Repair and maintenance expenses	460	518	-11
Professional fees	307	89	>100

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

	Group		Company	
	31.03.2013	31.12.2012	31.03.2013	31.12.2012
	S\$'000	S\$'000	S\$'000	S\$'000
<b>Non-current assets</b>				
Property, plant and equipment	84,241	84,376	-	-
Intangible assets	6,627	7,146	-	-
Investment properties	18,045	18,021	-	-
Investment in subsidiaries	-	-	59,624	59,624
Associates and joint ventures	35,511	35,093	-	-
Trade and other receivables	23,156	20,332	-	-
Other investments	6,027	6,027	-	-
Deferred tax assets	7,545	6,907	-	-
	181,152	177,902	59,624	59,624
<b>Current assets</b>				
Inventories	2,203	2,625	-	-
Construction work-in-progress	68,254	66,408	-	-
Development properties	361,983	351,243	-	-
Other investments	-	194	-	-
Trade and other receivables	204,531	163,835	1	11
Amount due from related parties	23,708	21,137	48,752	48,952
Cash and cash equivalents	45,347	66,378	84	85
Assets classified as held for sale	-	371	-	-
	706,026	672,191	48,837	49,048
<b>Total assets</b>	887,178	850,093	108,461	108,672
<b>Equity attributable to equity holders of the Company</b>				
Share capital	154,552	154,552	154,552	154,552
Reserves	(73,131)	(76,457)	(45,850)	(45,850)
Retained earnings	154,531	143,257	(2,745)	(2,201)
	235,952	221,352	105,957	106,501
<b>Non-controlling interests</b>	46,162	45,383	-	-
<b>Total equity</b>	282,114	266,735	105,957	106,501
<b>Non-current liabilities</b>				
Trade and other payables	10,865	13,098	-	-
Loans and borrowings	105,207	88,947	-	-
Deferred tax liabilities	2,473	2,541	-	-
	118,545	104,586	-	-
<b>Current liabilities</b>				
Progress billings in excess of construction work-in-progress	2,473	2,473	-	-
Trade and other payables	296,034	289,971	2,084	1,747
Amount due to related parties	18,876	20,422	420	420
Loans and borrowings	160,184	149,140	-	-
Current tax payable	8,952	16,766	-	4
	486,519	478,772	2,504	2,171
<b>Total liabilities</b>	605,064	583,358	2,504	2,171
<b>Total equity and liabilities</b>	887,178	850,093	108,461	108,672

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

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

As at 31.03.2013		As at 31.12.2012	
Secured	Unsecured	Secured	Unsecured
S\$'000	S\$'000	S\$'000	S\$'000
158,998	1,186	147,976	1,164

**Amount repayable after one year**

As at 31.03.2012		As at 31.12.2012	
Secured	Unsecured	Secured	Unsecured
S\$'000	S\$'000	S\$'000	S\$'000
105,207	-	88,947	-

**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. 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 March 2013	31 December 2012
	\$'000	\$'000
<b>Carrying amounts of assets:</b>		
Freehold land	4,979	4,983
Leasehold properties	8,828	8,607
Investment properties	634	963
Development properties	56,409	55,972
Plant and machinery	3,027	3,135
Deposits pledged	20,860	16,415
<b>Total</b>	<b>94,737</b>	<b>90,075</b>

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.**

	<b>3 Months Ended 31 March 2013 S\$'000</b>	<b>3 Months Ended 31 March 2012 S\$'000</b>
<b>Operating activities</b>		
Profit from operating activities	13,303	5,629
Adjustments for:		
Allowance for doubtful trade receivables	20	2
Depreciation and amortization	3,149	1,825
(Gain)/loss on disposal of:		
- property, plant and equipment	-	(150)
- investment properties	(8,104)	(346)
- scrap material	-	(142)
<b>Operating profit before working capital changes</b>	<b>8,368</b>	<b>6,818</b>
Changes in working capital:		
Inventories	378	82
Construction work-in-progress	(1,845)	(10,859)
Development properties	(5,996)	(3,842)
Trade and other receivables	(43,442)	(23,410)
Balances with related parties (trade)	2,086	328
Trade and other payables	1,006	13,722
Cash generated from operations	(39,445)	(17,161)
Income taxes paid	(10,445)	(711)
Income taxes refunded	976	2,919
<b>Net cash used in operating activities</b>	<b>(48,914)</b>	<b>(14,953)</b>
<b>Cash flow from investing activities</b>		
Balances with related parties (non-trade)	(2,784)	1,725
Gross distributions received from joint ventures	-	8,000
Interest received	287	34
Loan to a joint venture	-	(16,966)
Proceeds from disposal of property, plant and equipment	-	161
Proceeds from sales of investment properties	8,470	414
Proceeds from sales of other investments	209	-
Purchase of property, plant and equipment	(2,169)	(4,982)
Purchase of intangible assets	(21)	(68)
<b>Net cash from / (used in) investing activities</b>	<b>3,992</b>	<b>(11,682)</b>
<b>Cash flow from financing activities</b>		
Balances with related parties (non-trade)	(3,457)	(1,463)
(Increase) / decrease in deposits pledged	(4,154)	382
Interest paid	(1,548)	(4,874)
Payments of finance lease liabilities	(114)	(20)
Proceeds from loans and borrowings	67,062	39,706
Repayment of loans and borrowings	(38,271)	(42,130)
<b>Net cash from / (used in) financing activities</b>	<b>19,518</b>	<b>(8,399)</b>
<b>Net decrease in cash and cash equivalent</b>	<b>(25,404)</b>	<b>(35,034)</b>
Cash and cash equivalent at beginning of the period	49,282	62,004
Effect of exchange rate changes on balance held in foreign currencies	(415)	(823)
<b>Cash and cash equivalents at end of the period</b>	<b>23,463</b>	<b>26,147</b>

**1(d)(i) A statement (for the issuer and group) showing either (i) all changes in equity or (ii) changes in equity other than those arising from capitalisation issues and distributions to shareholders, together with a comparative statement for the corresponding period of the immediately preceding financial year.**

Group	Share capital	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 2013	154,552	(77,720)	1,888	3,564	25	(4,214)	143,257	221,352	45,383	266,735
<b>Total comprehensive income for the period</b>										
Profit or loss	-	-	-	-	-	-	11,274	11,274	(13)	11,261
<b>Other comprehensive income</b>										
Translation differences relating to financial statements of foreign subsidiaries	-	-	-	-	-	3,172	-	3,172	792	3,964
Exchange differences on monetary items forming part of net investment in a foreign operation	-	-	-	-	-	185	-	185	-	185
Income tax on other comprehensive income	-	-	-	-	-	(31)	-	(31)	-	(31)
Total other comprehensive income / (expense)	-	-	-	-	-	3,326	-	3,326	792	4,118
<i>Total comprehensive income and expenses for the period</i>	-	-	-	-	-	3,326	11,274	14,600	779	15,379
<i>Total transaction with owners</i>	-	-	-	-	-	3,326	11,274	14,600	779	15,379
At 31 March 2013	154,552	(77,720)	1,888	3,564	25	(888)	154,531	235,952	46,162	282,114

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
<b>Total comprehensive income for the period</b>										
Profit or loss	-	-	-	-	-	-	5,009	5,009	1	5,010
<b>Other comprehensive income</b>										
Translation differences relating to financial statements of foreign subsidiaries	-	-	-	-	-	(1,482)	-	(1,482)	(1,151)	(2,633)
Exchange differences on monetary items forming part of net investment in a foreign operation	-	-	-	-	-	(152)	-	(152)	-	(152)
Income tax on other comprehensive income	-	-	-	-	-	26	-	26	-	26
Total other comprehensive income / (expense)	-	-	-	-	-	(1,608)	-	(1,608)	(1,151)	(2,759)
<i>Total comprehensive income and expenses for the period</i>	-	-	-	-	-	(1,608)	5,009	3,401	(1,150)	2,251
<i>Total transaction with owners</i>	-	-	-	-	-	(1,608)	5,009	3,401	(1,150)	2,251
At 31 March 2012	154,552	(77,720)	(179)	3,442	22	(1,352)	130,308	209,073	47,809	256,882

Company	Share capital	Merger Reserve	Accumulated profits	Total equity
	S\$'000	S\$'000	S\$'000	S\$'000
<b>At 1 January 2013</b>	154,552	(45,850)	(2,201)	106,501
(Loss) or profit / Total comprehensive income for the period	-	-	(544)	(544)
<b>At 31 March 2013</b>	154,552	(45,850)	(2,745)	105,957
<b>At 1 January 2012</b>	154,552	(45,850)	8,298	117,000
(Loss) or profit / Total comprehensive income for the period	-	-	(679)	(679)
<b>At 31 March 2012</b>	154,552	(45,850)	7,619	116,321

- 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 three months ended 31 March 2013.

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 March 2013 and 31 December 2012.

- 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.**

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

The Group adopted a number of new standards, amendments to standards and interpretations that are effective for annual periods beginning on or after 1 January 2013. The



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

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

	3 Months Ended 31 March 2013	3 Months Ended 31 March 2012
	(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	1.47	0.65
(b) On a fully diluted basis	1.47	0.65

The earning per ordinary share has been calculated net of non-controlling interests of 766,039,750 shares as at 31 March 2013 and 31 March 2012.

**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 March 2013	31 December 2012	31 March 2013	31 December 2012
	(cents)	(cents)	(cents)	(cents)
Net asset value per ordinary share based on issued share capital at the end of:	30.80	28.90	13.88	13.90

The net asset value per ordinary share has been calculated net of non-controlling interests of 766,039,750 shares.

**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 1Q2013 compared to 1Q2012**

***Revenue***

Revenue increased by approximately S\$43.5 million or 42% from approximately S\$103.0 million in 1Q2012 to approximately S\$146.5 million in 1Q2013, attributable mainly to an increase in revenue from construction contracts, sales of development properties and goods of approximately S\$42.9 million, S\$0.3 million and S\$0.4 million respectively.

***Revenue from construction contract***

Increase in revenue was mainly due to increase in work done for new and on-going projects, being Waterway Terraces I & II, The Glyndebourne, The Archipelago, The Luxurie, Joo Koon

Integrated Hub & Fairprice Distribution Centre and SIM HQ campus extension which resulted in an aggregated increase in revenue by S\$100.3 million as compared to the same period in 1Q2012. The increase is lowered by the decrease in work done for projects, being The Wharf Residences, Volari, Hotel at Upper Pickering Street, NUS Staff Housing at Kent Vale, Hundred Trees and Tree House totaling S\$60.6 million.

In accordance with our revenue recognition policy, work done amounting to approximately S\$4.0 million from newly commenced projects in Singapore have yet to be recognized as revenue as at 31 March 2013.

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

Revenue from sales of property development in 1Q2013 was contributed mainly from the sale of 1 commercial unit of 56 sqm in Wenchang Broadway in Yang Zhou.

As at 31 March 2013, remaining 1 unit, totaling 141 sqm of Tianmen Jinwan Building, 312 units, totaling 37,321 sqm of Sunny International Project and 3 units, totaling 183 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**

Revenue from sales of goods increased by approximately S\$0.4 million in 1Q2013 due to higher sales volume in 1Q2013.

#### **Other income**

Increase in other income of approximately S\$8.1 million is mainly due to gain on disposal of investment property in Papua New Guinea in 1Q2013.

#### **Cost of construction**

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

#### **Cost of goods sold**

Increase in cost of goods sold was generally in line with the increase in revenue from sales of goods in 1Q2013.

#### **Depreciation and amortisation expenses**

Increase in depreciation and amortisation expenses of approximately S\$0.4 million in 1Q2013 was due mainly to acquisition of additional property, plant and equipment during the period.

#### **Selling expenses**

Increase in selling expenses of approximately S\$0.5 million in 1Q2013 was due mainly to the advertising and marketing costs incurred for Equinox project in PRC.

#### **Staff costs**

Decrease in staff costs of approximately S\$0.3 million in 1Q2013 was due mainly to staff cost reduction as a result of a reduction in headcounts.

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### **Other Expenses**

Other expenses increased by approximately S\$0.3 million in 1Q2013 mainly due to aggregate increase of S\$0.2 million and S\$0.1 million in professional and operating lease expenses respectively.

### **Net finance expenses**

Net finance expense increased by approximately S\$0.9 million in 1Q2013 due mainly to increase in interest expense from bank loan of approximately S\$1.0 million, partially offset by finance income from accretion of implicit discount on long term retention sum receivable amounting to S\$0.2 million.

### **Share of profit of joint ventures, net of tax**

Share of profit of joint ventures decreased by approximately S\$0.4 million in 1Q2013 due mainly to the completion of certain joint venture projects in 2012, which resulted in a lower contribution of profits in 1Q2013.

### **Income tax expense**

Income tax increased S\$0.1 million in current period while the profit for the period has increased by S\$6.4 million as compared to 1Q2012, mainly due to the non-taxable gain on disposal of investment property.

### **Profit for the period**

Profit in 1Q2013 increased by approximately S\$6.2 million as a result of the factors mentioned in the preceding paragraphs.

## **Review of Financial Position**

### **Non-Current Assets**

As at 31 March 2013, non-current assets stood at S\$181.2 million or approximately 20.4% of total assets, an increase of approximately S\$3.3 million, attributable mainly due to an increase in trade and other receivables of S\$2.8 million.

### **Current Assets**

As at 31 March 2013, current assets stood at S\$706.0 million or approximately 79.6% of total assets. Current assets increased by approximately S\$33.8 million as compared to 31 December 2012.

Development properties increased by S\$10.7 million due mainly to increase in development costs for ongoing PRC development project, being Sunny International, Equinox and Xushuguan projects of approximately S\$1.6 million, S\$6.8 million and S\$2.3 million.

Trade and other receivables increased by S\$40.7 million due mainly to increase in trade receivables and other receivables of approximately S\$13.0 million and S\$27.2 million respectively. As at 31 March 2013, 100% of the trade receivables balance are current and not overdue.

There was a decrease in cash and cash equivalents of approximately S\$25.4 million, mainly due to net cash outflow from operating activities of approximately S\$48.9 million, offset with net cash inflow from investing and financing activities of approximately S\$4.0 million and S\$19.5 million respectively.

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### **Non-Current Liabilities**

As at 31 March 2013, non-current liabilities totaled S\$118.5 million or approximately 19.6% of total liabilities, an increase of S\$14.0 million compared to 31 December 2012.

Trade and other payables decreased by approximately S\$2.2 million due to decrease in retention sum payables as at 31 March 2013.

Non-current portion loans and borrowings increased by S\$16.3 million due mainly to additional loans obtained from banks, offset by reclassification to current portion of loans.

### **Current Liabilities**

As at 31 March 2013, current liabilities stood at S\$486.5 million or approximately 80.4% of total liabilities, increase of S\$7.7 million compared to 31 December 2012.

The increase was due mainly to increase of approximately S\$11.1 million in loans and borrowings and approximately S\$6.0 million in trade and other payables, offset by decrease in current tax payable and amount due to related parties of approximately S\$7.8 million and S\$1.5 million respectively.

Increase in loans and borrowings of approximately S\$11.1 million was mainly due to new loans obtained from bank and financial institutions.

Trade and other payables increased by approximately S\$6.0 million due mainly to increase in trade payable, arising from increase in work done for the construction and development projects in current period, and receipts in advance from development projects of approximately S\$5.5 million and S\$10.9 million respectively. The increase was offset by decrease in other payables of S\$7.5 million and accrued operating expenses of S\$5.1 million for payments made in 1Q2013.

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

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

For the 3 months ended 31 March 2013, the Group recorded a net cash outflow from operating activities of S\$48.9 million due to mainly the followings:

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

- (a) Net increase in construction work-in-progress by S\$1.8 million due mainly to projects' work-in-progress costs, which have yet to be certified by external quantity surveyors.
- (b) Increase in development properties by S\$6.0 million, due mainly to additional development property costs for Sunny International, Equinox and Xushuguan projects.
- (c) Net increase in trade and other receivables by S\$43.4 million, due mainly to increase in accrued receivables and trade receivables from construction projects.

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

For the 3 months ended 31 March 2013, the Group recorded a net cash inflow from investing activities of S\$4.0 million, mainly arising from the disposal of investment property of S\$8.4 million, offset by additional S\$2.2 million purchases and S\$2.8 million settlement of balances with related parties.

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

For the 3 months ended 31 March 2013, the Group recorded a net cash inflow from financing activities of S\$19.5 million, due mainly to additional loans and borrowings obtained in current period with a net receipt of S\$28.8 million, offset by additional fixed deposits being pledged of S\$4.2 million and net cash outflow from balances with related parties of approximately S\$3.5 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**

Based on advance estimates, the Ministry of Trade and Industry announced that the Singapore economy contracted by 0.6% year-on-year (yoy) in the first quarter of 2013. The construction sector, however, grew 7.0% yoy, compared to 5.8% in the preceding year. This was primarily due to the recovery in private sector building activities<sup>1</sup>. The growth in the construction sector is in line with the Building Construction Authority's ("BCA") forecasts for construction demand in 2013, which is expected to range between S\$26 billion and S\$32 billion<sup>2</sup>.

Tiong Seng is encouraged by the overall positive climate. In 1Q2013, the Group secured S\$223.4 million worth of new private residential contracts. The contracts were for the construction of Eco Sanctuary, a condominium project, and The Springside, a terrace housing project. The Group's construction order book as at 31 March 2013 remains robust with a strong pipeline of orders valued at approximately S\$1.4 billion.

As labour costs and restrictions on foreign labour remain industry-wide concerns, the Group will continue its push for productivity through the use of advanced construction technologies. In particular, apart from adopting precast for its own use, Tiong Seng also plans to expand its precast capabilities both locally and regionally.

In April 2013, the Group signed a Memorandum of Understanding with Shwe Taung, a construction giant in Myanmar, to explore the setting up of a precast plant. The proposed joint venture seeks to cater to the rising demand for affordable housing in Myanmar. Closer to home, the Group is also exploring a second precast plant in Malaysia, to serve the growing demand for precast.

Alongside its drive for productivity, the Group will continue to promote the use of environmentally-friendly construction methods. 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.

### **Property Development in the PRC**

In the first quarter of 2013, China's home sales rose 69% as buyers rushed into the market in anticipation of property curbs to be implemented by local governments. The value of homes sold climbed to 1.2 trillion yuan, and posted the biggest first-quarter increase in three years<sup>3</sup>.

35 city governments have issued details of property measures by the government's April 1 deadline. In response, home sales fell in April, but the decline was not as big as analysts had expected and the impact on prices was modest. Looking ahead, sales in May are projected to be higher than in April, while prices will continue to rise albeit at a slower pace<sup>4</sup>, supported by urbanization and favorable mortgage financing for first-time homebuyers<sup>5</sup>.

The Group views its property development business as its second engine of growth. The majority of its property development projects are expected to complete over the next two to four years.

As at 31 March 2013, the Group has completed the construction of Phase 1 out of 4 phases of the Sunny International Project in Cangzhou. All units of Phase 1 have been sold and recognized in 2011. Sales for Phase 2 and 4 have been launched and approximately 90 % of the units have been sold as of 31 March 2013. Completion is expected towards end of 2013. Sales for phase 3 are expected to be launched in 2H 2013 and completion sometime in 2014.

As for Equinox project, construction for Phases 1 to 3, out of 7 phases, is currently in progress and completion of phase 1 and 2 expected in 2H 2014 while phase 3 towards end 2014/ early 2015. Sales for Phase 1 and 2 have already commenced with approximately 25% of the total units sold.

For Xushuguan project in Suzhou New District Development Zone, construction of Phase 1, total 2 phases, is expected to commence in 3Q 2013 with completion in 2015. Phase 2 will commence construction in 2014 with completion in 2016.

<sup>1</sup> Ministry of Trade and Industry Report, 12 Apr 2013

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

<sup>3</sup> China Home Sales Have Biggest First-Quarter Gain in 3 Years (1)", Bloomberg, 15 Apr 2013

<sup>4</sup> Cooling measures cut China home sales", South China Morning Post, 6 May 2013

<sup>5</sup> China Home Sales Growth to Slow on Property Curbs, Moody's Says", Bloomberg, 8 May 2013

## 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.

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- 13. If the group has obtained a general mandate from shareholders for IPTs, the aggregate value of such transactions as require under Rule 920(1)(a)(ii). If no IPT mandate has been obtained, a statement to that effect.**

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

- 14. Use of proceeds**

Not applicable.

On behalf of the Board of Directors

BY ORDER OF THE BOARD

Pek Lian Guan  
Executive Director and CEO  
14 May 2013

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# **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 1<sup>st</sup> quarter financial statements for the financial period ended 31 March 2013 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

14 May 2013

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