



TIONG SENG HOLDINGS LIMITED

(Incorporated in the Republic of Singapore)

(Co. Reg. No: 200807295Z)

UNAUDITED 3Q 2012 FINANCIAL STATEMENT ANNOUNCEMENT FOR THE PERIOD ENDED 30 SEPTEMBER 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 September 2012 S\$'000	3 Months Ended 30 September 2011 S\$'000	Change %	9 Months Ended 30 September 2012 S\$'000	9 Months Ended 30 September 2011 S\$'000	Change %
Revenue						
Revenue from construction contracts	119,416	75,893	57	347,642	212,421	64
Revenue from sales of development properties	469	48,045	-99	469	52,701	-99
Revenue from sales of goods	3,517	3,036	16	7,564	6,765	12
Rental income	323	276	17	1,037	823	26
	<u>123,725</u>	<u>127,250</u>	-3	<u>356,712</u>	<u>272,710</u>	31
Other income	845	725	17	2,459	5,022	-51
Costs of construction	(105,205)	(68,042)	55	(309,463)	(183,991)	68
Costs of sales of development properties	(106)	(47,126)	-100	(106)	(49,200)	-100
Cost of goods sold	(2,402)	(1,544)	56	(4,832)	(3,740)	29
Depreciation and amortisation	(883)	(792)	11	(3,057)	(2,259)	35
Selling expenses	(1,167)	(1,773)	-34	(1,987)	(3,607)	-45
Staff costs	(4,833)	(3,572)	35	(14,268)	(12,875)	11
Other expenses	(3,356)	(4,048)	-17	(9,511)	(12,201)	-22
	<u>(117,952)</u>	<u>(126,897)</u>	-7	<u>(343,224)</u>	<u>(267,873)</u>	28
Profit from operating activities	6,618	1,078	>100	15,947	9,859	62
Finance income	490	970	-49	1,597	1,605	NM
Finance expenses	(1,892)	1,100	->100	(3,124)	44	->100
Net finance expense	(1,402)	2,070	->100	(1,527)	1,649	->100
Share of loss of associates, net of tax	-	-	-	-	(1)	-100
Share of profit of joint ventures, net of tax	702	6,040	-88	7,561	11,079	-32
Profit before income tax	5,918	9,188	-36	21,981	22,586	-3
Income tax	(952)	(2,993)	-68	(2,546)	(4,469)	-43
Profit for the period	4,966	6,195	-20	19,435	18,117	7

NM: Not Meaningful

	3 Months Ended 30 September 2012 S\$'000	3 Months Ended 30 September 2011 S\$'000	Change %	9 Months Ended 30 September 2012 S\$'000	9 Months Ended 30 September 2011 S\$'000	Change %
Other comprehensive (expense) / income						
Translation differences relating to financial statements of foreign subsidiaries	(6,770)	6,829	->100	(5,146)	5,800	->100
Exchange differences on monetary items forming part of net investment in a foreign operation	(1,079)	(340)	>100	(1,216)	(209)	>100
Net change in the fair value of available-for-sale investments	3	(44)	->100	5	(76)	->100
Income tax on other comprehensive income	184	66	>100	206	49	>100
Other comprehensive (expense) / income for the period	<u>(7,662)</u>	<u>6,511</u>	<u>->100</u>	<u>(6,151)</u>	<u>5,564</u>	<u>->100</u>
Total comprehensive income for the period	<u>(2,696)</u>	<u>12,706</u>	<u>->100</u>	<u>13,284</u>	<u>23,681</u>	<u>-44</u>
Profit attributable to:						
Equity holders of the Company	5,043	6,823	-26	19,792	18,182	9
Non-controlling interests	(77)	(628)	-88	(357)	(65)	>100
Profit for the period	<u>4,966</u>	<u>6,195</u>	<u>-20</u>	<u>19,435</u>	<u>18,117</u>	<u>7</u>
Total comprehensive income attributable to:						
Equity holders of the Company	(1,002)	10,645	->100	15,873	22,819	-30
Non-controlling interests	(1,694)	2,061	->100	(2,589)	862	->100
Total comprehensive income for the period	<u>(2,696)</u>	<u>12,706</u>	<u>->100</u>	<u>13,284</u>	<u>23,681</u>	<u>-44</u>
Earnings per share						
- Basic and diluted (cents) ¹	<u>0.66</u>	<u>0.89</u>	<u>-26</u>	<u>2.58</u>	<u>2.37</u>	<u>9</u>

¹ Based on 766,039,750 shares, net of non-controlling interests as at 30 September 2012 and 30 September 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 September 2012 S\$'000	3 Months Ended 30 September 2011 S\$'000	Change %	9 Months Ended 30 September 2012 S\$'000	9 Months Ended 30 September 2011 S\$'000	Change %
Business tax incentive	-	-	-	-	(1,576)	-100
Gain on disposal of property, plant and Equipment	(121)	(179)	-32	(271)	(179)	51
Gain on sale of investment properties	-	(56)	-100	(346)	(901)	-62
Fees from management of properties	(101)	(13)	>100	(363)	(249)	46
Fees from management of construction projects	(280)	(191)	47	(556)	(496)	12
Operating lease expenses	312	184	70	731	579	26
Travelling and transport	324	285	14	862	1,012	-15
Repair and maintenance expenses	451	457	-1	1,311	1,729	-24
Professional fees	214	313	-32	823	682	21
Allowance of doubtful trade receivables	8	(2)	->100	6	387	-98
Office supplies	147	197	-25	422	644	-34

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	
	30.09.2012	31.12.2011	30.09.2012	31.12.2011
	S\$'000	S\$'000	S\$'000	S\$'000
Non-current assets				
Property, plant and equipment	71,444	51,335	-	-
Intangible assets	7,038	7,593	-	-
Investment properties	18,557	20,231	-	-
Investment in subsidiaries	-	-	59,624	59,624
Associates and joint ventures	33,487	15,600	-	-
Trade and other receivables	17,326	10,421	-	-
Other investments	6,221	6,227	-	-
Deferred tax assets	8,083	7,717	-	-
	162,156	119,124	59,624	59,624
Current assets				
Inventories	1,533	1,193	-	-
Construction work-in-progress	73,562	60,877	-	-
Development properties	344,207	308,720	-	-
Trade and other receivables	160,236	128,081	8	16
Amount due from related parties	21,212	23,183	49,925	53,326
Cash and cash equivalents	42,824	79,845	459	6,183
	643,574	601,899	50,392	59,525
Total assets	805,730	721,023	110,016	119,149
Equity attributable to equity holders of the Company				
Share capital	154,552	154,552	154,552	154,552
Reserves	(78,098)	(74,179)	(45,850)	(45,850)
Accumulated profits/(losses)	137,431	125,299	(920)	8,298
	213,885	205,672	107,782	117,000
Non-controlling interests	46,402	48,959	-	-
Total equity	260,287	254,631	107,782	117,000
Non-current liabilities				
Trade and other payables	15,148	7,417	-	-
Loans and borrowings	109,216	87,806	-	-
Deferred tax liabilities	3,338	4,116	-	-
	127,702	99,339	-	-
Current liabilities				
Progress billings in excess of construction work-in-progress	8,139	1,525	-	-
Trade and other payables	269,714	216,308	837	2,141
Amount due to related parties	18,721	20,353	1,393	-
Loans and borrowings	102,854	112,730	-	-
Current tax payable	18,313	16,137	4	8
	417,741	367,053	2,234	2,149
Total liabilities	545,443	466,392	2,234	2,149
Total equity and liabilities	805,730	721,023	110,016	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 30.09.2012		As at 31.12.2011	
Secured	Unsecured	Secured	Unsecured
S\$'000	S\$'000	S\$'000	S\$'000
101,690	1,164	111,404	1,326

Amount repayable after one year

As at 30.09.2012		As at 31.12.2011	
Secured	Unsecured	Secured	Unsecured
S\$'000	S\$'000	S\$'000	S\$'000
109,216	-	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 September 2012	31 December 2011
	\$'000	\$'000
Carrying amounts of assets:		
Leasehold land	-	5,111
Leasehold properties	8,664	8,926
Investment properties	978	1,013
Development properties	19,130	20,119
Plant and machinery	3,244	3,585
Deposits pledged	16,426	17,148
Total	48,442	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 September 2012 S\$'000	3 Months Ended 30 September 2011 S\$'000	9 Months Ended 30 September 2012 S\$'000	9 Months Ended 30 September 2011 S\$'000
Operating activities				
Profit from operating activities	6,618	1,078	15,947	9,859
Adjustments for:				
Allowance for doubtful trade receivables	8	(2)	6	387
Depreciation and amortization	2,244	1,611	6,188	4,289
(Gain)/ loss on disposal of:				
- property, plant and equipment	(121)	(179)	(271)	(179)
- investment properties	-	(56)	(346)	(901)
- associate	-	(1)	-	18
Property, plant and equipment written off	65	-	72	-
Operating profit before working capital changes	8,814	2,451	21,596	13,473
Changes in working capital:				
Inventories	(389)	(49)	(404)	4
Construction work-in-progress	14,834	(18,029)	(6,091)	(35,430)
Development properties	(8,727)	28,394	(34,702)	1,084
Trade and other receivables	11,841	(68,271)	(45,411)	(82,801)
Balances with related parties (trade)	(602)	1,522	1,789	4,306
Trade and other payables	(12,349)	(17,688)	61,522	(16,128)
Cash generated/(used in) from operations	13,422	(71,670)	(1,701)	(115,492)
Income taxes paid	(2,072)	(4,841)	(5,908)	(12,846)
Income tax refunded	168	-	3,143	-
Net cash from/(used in) operating activities	11,518	(76,511)	(4,466)	(128,338)
Cash flow from investing activities				
Balances with related parties (non-trade)	2,223	(1,355)	1,350	(3,730)
Receipts from joint ventures (gross)	-	-	8,000	-
Interest received	111	55	303	250
Loan to a joint venture	-	-	(16,966)	-
Loan to a non-controlling interest	(2,386)	-	(2,386)	-
Repayment from a non-controlling interest	2,107	-	2,107	-
Net cash outflow from investment in associates/other investment	-	(2,120)	-	(5,534)
Proceeds from sale of property, plant and equipment	127	199	426	204
Proceeds from sales of investment properties	-	86	404	1,629
Purchase of property, plant and equipment	(8,495)	(5,688)	(16,831)	(21,568)
Purchase of intangible assets	(303)	(291)	(553)	(655)
Net cash used in investing activities	(6,616)	(9,114)	(24,146)	(29,404)

	3 Months Ended 30 September 2012 S\$'000	3 Months Ended 30 September 2011 S\$'000	9 Months Ended 30 September 2012 S\$'000	9 Months Ended 30 September 2011 S\$'000
Cash flow from financing activities				
Balances with related parties (non-trade)	(791)	2,889	(3,063)	(2,334)
Capital contribution by minority shareholders	-	-	130	-
Increase in deposits pledged	(83)	(875)	(88)	(15,600)
Dividends paid to equity holders	-	-	(7,240)	(7,660)
Dividends paid to minority shareholder	-	-	(98)	-
Interest paid	(2,172)	(5,768)	(13,054)	(9,862)
Repayment of quasi loan to non-controlling interests	-	-	-	(1,456)
Payments of finance lease liabilities	(313)	(29)	(384)	(113)
Proceeds from loans and borrowings	20,898	136,868	135,488	199,431
Repayment of loans and borrowings	(25,744)	(48,561)	(119,983)	(56,679)
Net cash (used in)/ from financing activities	(8,205)	84,524	(8,292)	105,727
Net decrease in cash and cash equivalents	(3,303)	(1,101)	(36,904)	(52,015)
Cash and cash equivalent at beginning of the period	-	-	62,004	84,370
Effect of exchange rate changes on balance held in foreign currencies	(2,192)	1,401	673	1,087
Cash and cash equivalents at end of the period	(5,495)	300	25,773	33,442

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	-	-	-	-	-	-	19,792	19,792	(357)	19,435
Other comprehensive income										
Translation differences relating to financial statements of foreign subsidiaries	-	-	-	-	-	(2,914)	-	(2,914)	(2,232)	(5,146)
Exchange differences on monetary items forming part of net investment in a foreign operation	-	-	-	-	-	(1,216)	-	(1,216)	-	(1,216)
Net change in the fair value of available for sales investment net of tax	-	-	-	-	5	-	-	5	-	5
Income tax on other comprehensive income	-	-	-	-	(1)	207	-	206	-	206
Total other comprehensive income / (expense)	-	-	-	-	4	(3,923)	-	(3,919)	(2,232)	(6,151)
<i>Total comprehensive income and expenses for the period</i>	-	-	-	-	4	(3,923)	19,792	15,873	(2,589)	13,284
Contributions by and distributions to owners										
Dividends to equity holders	-	-	-	-	-	-	(7,660)	(7,660)	(98)	(7,758)
Minority shareholder contribution to capital reserve	-	-	-	-	-	-	-	-	130	130
Total contributions by and distributions to owners	-	-	-	-	-	-	(7,660)	(7,660)	32	(7,628)
<i>Total transaction with owners</i>	-	-	-	-	-	-	(7,660)	(7,660)	32	(7,628)
At 30 September 2012	154,552	(77,720)	(179)	3,442	26	(3,667)	137,431	213,885	46,402	260,287

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	-	-	-	-	-	-	18,182	18,182	(65)	18,117
Other comprehensive income										
Translation differences relating to financial statements of foreign subsidiaries	-	-	-	-	-	4,873	-	4,873	927	5,800
Exchange differences on monetary items forming part of net investment in a foreign operation	-	-	-	-	-	(209)	-	(209)	-	(209)
Net change in the fair value of available-for-sale investments	-	-	-	-	(76)	-	-	(76)	-	(76)
Income tax on other comprehensive income	-	-	-	-	13	36	-	49	-	49
Total other comprehensive income / (expense)	-	-	-	-	(63)	4,700	-	4,637	927	5,564
<i>Total comprehensive income and expenses for the period</i>	-	-	-	-	(63)	4,700	18,182	22,819	862	23,681
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 September 2011	154,552	(77,720)	(179)	3,442	4	(570)	108,916	188,445	48,172	236,617

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	-	-	(1,558)	(1,558)
Dividend paid	-	-	(7,660)	(7,660)
At 30 September 2012	154,552	(45,850)	(920)	107,782
At 1 January 2011	154,552	(45,850)	7,769	116,471
Profit or loss / Total comprehensive income for the period	-	-	(1,497)	(1,497)
Dividend paid	-	-	(7,660)	(7,660)
At 30 September 2011	154,552	(45,850)	(1,388)	107,314

- 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 nine months ended 30 September 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 September 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 September 2012	3 Months Ended 30 September 2011	9 Months Ended 30 September 2012	9 Months Ended 30 September 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	0.66	0.89	2.58	2.37
(b) On a fully diluted basis	0.66	0.89	2.58	2.37

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

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 September 2012	31 December 2011	30 September 2012	31 December 2011
	(cents)	(cents)	(cents)	(cents)
Net asset value per ordinary share based on issued share capital at the end of:	27.92	26.85	14.07	15.27

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 9M2012 vs 9M2011 and 3Q2012 vs 3Q2011

Revenue

Revenue increased by approximately S\$84.0 million or 31% from approximately S\$272.7 million in 9M2011 to approximately S\$356.7 million in 9M2012, attributable mainly to an increase in revenue from construction contracts, sales of goods and rental income of approximately S\$135.2 million, S\$0.8 million and S\$0.2 million respectively, offset with a decrease in revenue from sale of development properties of approximately S\$52.2 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 and The Glyndebourne resulted in an aggregated increase in revenue by S\$137.1 million. The increase was lowered by the decrease in work done for projects, being The Wharf Residences, Volari, Hilltops and Shelford Suites totalling S\$27.6 million following their completion.

In accordance with our revenue recognition policy, work done amounting to approximately S\$39.0 million from newly commenced projects in Singapore have yet to be recognized as revenue as at 30 September 2012.

Revenue from sales of development properties

Revenue from sales of property development in 9M2012 was contributed from sale of 1 unit totaling 84 sqm in Wenchang Broadway in Yangzhou. 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 9M2011.

As at 30 September 2012, remaining 6 units, totaling 891 sqm of Phase 1 of Sunny International project, 5 units, totaling 835 sqm of Tianmen Jinwan Building 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\$0.8 million in 9M2012 was due mainly to increase of sales volume in 9M2012.

Other income

Decrease of other income by approximately S\$2.6 million in 9M2012 was due mainly to lower gain on sale of investment properties of approximately S\$0.6 million in current period and one-off receipt of business tax incentive of approximately S\$1.6 million in 9M2011. There was no such receipt in current period.

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 generally in line with the decrease of revenue from sale of development properties in 9M2012.

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 9M2012 was due mainly to higher amortisation expenses of patented technology of S\$0.9 million.

Selling expenses

Decrease in selling expenses of approximately S\$1.6 million in 9M2012 due mainly to the decrease of approximately S\$0.6 million incurred for Tianmen Jinwan Building as it was 100% sold in 2011 and decrease of approximately S\$0.9 million incurred for Equinox project in the current period.

Staff costs

Increase in staff costs of approximately S\$1.4 million in 9M2012 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\$2.7 million in 9M2012 due mainly to aggregate decrease in allowance of doubtful trade receivables, bank charges, travelling and transport expenses, insurance, office supplies and repair and maintenance totaling approximately S\$1.9 million.

Finance expenses

Finance expenses increased by approximately S\$3.2 million in 9M2012 due mainly to an appreciation in SGD vis-à-vis Renminbi, which resulted in an exchange loss of approximately S\$1.6 million in current period, as compared to exchange gain of S\$2.3 million in 9M2011.

Share of profit of joint ventures, net of tax

Share of profit of joint ventures decreased by approximately S\$3.5 million in 9M2012 due mainly to the completion of certain joint venture project in 2011, which resulted in a lower share of profits in 9M2012.

Income tax expense

Decrease in income tax expense was due to a decrease in land appreciation tax of S\$1.1 million arising from the property development business as minimal property development units have met the revenue recognition criterias as contrast to previous period. The decrease was also due to absence of a one-time tax expenses in relation to under-provision of tax of S\$1.0 million recorded in the previous period.

Profit for the period

Profit in 9M2012 increased by approximately S\$1.3 million as a result of the factors mentioned in the preceding paragraphs.

Review of Financial Position

Non-Current Assets

As at 30 September 2012, non-current assets stood at S\$162.2 million or approximately 20.1% of total assets, an increase of approximately S\$43.0 million compared to 31 December 2011.

Increase in property, plant and equipment ("PPE") of S\$20.1 million was due mainly to purchase of PPE amounting to S\$25.8 million which was offset by depreciation charges of S\$4.6 million.

Increase in associates and joint ventures by S\$17.9 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\$6.9 million was due mainly to additional retention sums from on-going projects in Singapore.

Current Assets

As at 30 September 2012, current assets stood at S\$643.6 million or approximately 79.9% of total assets. Current assets increased by approximately S\$41.7 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\$6.1 million was due mainly to increase in work-in-progress from on-going and new projects as at 30 September 2012.

The increase in development properties by S\$35.5 million was mainly due to increase in development costs for ongoing PRC development projects, being Sunny International, Equinox and Xushuguan projects of approximately S\$7.7 million, S\$25.3 million and S\$2.6 million respectively.

Trade and other receivables increased by approximately S\$32.2 million due mainly to increase in retention sums, trade receivables and accrued receivables of approximately S\$3.5 million, S\$17.2 million and S\$10.1 million respectively. As at 30 September 2012, trade receivables balance was current and not overdue.

There was a decrease in cash and cash equivalents of approximately S\$37.0 million, mainly due to net cash outflow from operating, investing and financing activities of approximately S\$4.5 million, S\$24.1 million and S\$8.3 million respectively.

Non-Current Liabilities

As at 30 September 2012, non-current liabilities totaled S\$127.7 million or approximately 23.4% of total liabilities, an increase of approximately S\$28.4 million compared to 31 December 2011.

Non-current loans and borrowings increased by S\$21.4 million due mainly to new loans of S\$26.3 million obtained from banks to finance property development projects in PRC and pre-cast business in Singapore. The increase was offset by reclassification to current portion of loans of approximately \$4.7 million.

Non-current trade and other payables increased by S\$7.7 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 30 September 2012, current liabilities stood at S\$417.7 million or approximately 76.6% of total liabilities, an increase of S\$50.7 million.

Trade and other payables increased by approximately S\$53.4 million due mainly to a net increase in trade and accrued payable of collectively approximately S\$34.0 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\$20.7 million.

Review of Statement of Cash Flows

Net cash from operating activities

For the 9 months ended 30 September 2012, the Group recorded a net cash outflow from operating activities of approximately S\$4.5 million, decreased by S\$123.9 million as compared to the previous corresponding period ended 30 September 2011.

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

- (a) Net increase in construction work-in-progress by S\$6.1 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\$34.7 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\$45.4 million, due mainly to increase in accrued receivables and trade receivables from construction projects.
- (d) Net increase in trade and other payables by S\$61.5 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 9 months ended 30 September 2012, the Group recorded a net cash outflow from investing activities of S\$24.1million, decreased by S\$5.3 million as compared to the previous corresponding period ended 30 September 2011.

This was mainly due to purchase of property, plant and equipment and intangible assets of S\$16.8 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 9 months ended 30 September 2012, the Group recorded a net cash outflow from financing activities of S\$8.3 million, increased by S\$114.0 million as compared to the previous corresponding period ended 30 September 2011.

This was mainly due to additional loans and borrowings proceeds obtained in current period with a net receipt of S\$15.5 million (9M2011 net receipts of S\$142.8 million), offset by payment of dividends of S\$7.2 million to equity shareholders, interest paid of S\$13.1 million and net cash outflow from balances with related parties of S\$3.1 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.**

Against the backdrop of uncertainty with regard to the global macro-economic environment, Singapore's economic growth is expected to remain sluggish moving into 2013.

Singapore's construction industry, however, remains as one of the bright sparks of our domestic economy, and is expected to remain resilient, aid in jobs creation and boost wages¹. Although there is ample room for growth, companies are constantly on the lookout for ways to mitigate rising material costs, the continued clampdown on foreign worker numbers, and margin squeezes amidst competition from foreign contractors.

With its focus on being an early adopter of the latest construction technology, Tiong Seng has established a strong position to meet these challenges:

1. Its flagship "**Tiong Seng Prefab Hub**", operational since May 2012, is the first and only automated pre-cast manufacturing facility in Singapore which not only reduces manual labour, but provides cleaner and safer pre-casting conditions off-site for enhanced productivity and efficiency.
2. In line with the Building and Construction Authority's call for companies to adopt BIM on a more extensive scale, Tiong Seng recently inked a Strategic Corporation Agreement with RIB Software AG, one of the world's leading providers of integrated 5D Building Information Modeling (BIM) technical Enterprise Resource Planning (ERP) software solutions for the construction industry. When completed in 3 years, Tiong Seng will be the first company in Singapore across the enterprise level 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.
3. The Group's proprietary cutting-edge concrete slab technology, **Cobiax**, which reduces the volume of concrete used in slabs by as much as 30%, has been gaining increasing acceptance in major development projects around Singapore for its green footprint and design flexibility.

From an industry-wide perspective, construction demand in 2012 is slated to remain healthy with projections ranging between S\$21 – S\$27 billion, notwithstanding a dip from S\$32 billion recorded in 2011 a result of lower projected private sector demand. In the next two years, the industry expects a healthy average construction demand of between S\$19 – S\$27 billion per annum¹, fuelled largely by a healthy pipeline of upcoming private and public projects.

Construction Order Book

In 3Q2012, Tiong Seng continued its momentum and secured new construction projects spanning various sectors, bringing its latest construction order book to S\$1.29 billion as at 30 September 2012. These orders 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

Subsequent to 30 September 2012, Tiong Seng has secured new construction projects as follows:

- 10 October 2012: Secured a S\$93 million contract from City Development Limited for 97 terrace house 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 in the PRC

The Chinese government is keeping a tight rein on property sector policies, and although a rebound in home prices is unlikely, home prices in China continued to trend upwards steadily in the last quarter even with new measures such as extending its pilot property tax reforms outside major cities².

Genuine buyer sentiment in the PRC is likely to remain despite the continued tightening, and the Chinese central government has recently pledged five billion yuan of funding to help build public housing projects in its latest move to boost fiscal spending to stimulate growth³.

The PRC's long-term urbanisation rate, which is slated to grow by 1 percentage point every year for the next 20 years to approximately 70% by 2030⁴, will also continue to propel ongoing demand for quality housing in China.

As at 30 September 2012, the Group has completed the construction and sales of Phase 1 out of 4 Phases, of the City Residence project (沧州阳光国际) in Cangzhou. The other phases are currently in construction and sales for phase 2 and phase 4 commenced in 3Q2011 and 4Q2011 respectively.

Also, the Group is currently carrying out construction for Phase 1, Phase 2 and Phase 3 out of 7 phases for the Equinox project, while sales for Phase 1 commenced in 4Q2011. Sales for Phase 2 are expected to commence in 4Q2012. As well, the construction of residential project in Suzhou New District Xushuguan Development Zone is expected to commence towards end of 4Q2012.

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 "MAS warns of sluggish growth ahead", The Straits Times, 31 Oct 2012
2 "China to expand new property tax", The Business Times, 22 Sep 2012
3 "China earmarks 5b yuan to build public housing", The Business Times, 9 Oct 2012
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
12 November 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 3rd quarter financial statements for the financial period ended 30 September 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

12 November 2012
